

CONFIDENTIAL

PRIME MINISTER

SIMPLIFIED NEEDS ASSESSMENTS

E(LF) agreed last year on the broad basis for determining needs assessments under the post-1990 grants system for local authorities. It is now necessary to carry the detailed work forward.

Mr. Ridley's minute of 15 November (Flag A) proposes issuing to local authorities as a basis for consultation a paper setting out a package of options. He also attaches a table showing the illustrative effects on community charges: this would not be sent to the local authorities.

Various spending Ministers have said they are content with this proposed approach. But in his minute of 25 November (Flag B) the Chief Secretary indicates the importance of stressing that no decisions have yet been taken on an alternative basis of needs assessment; this is essential in order to avoid legal difficulties with the operation of the 1989/90 regime. His agreement to the consultation process is therefore dependent on making adjustments to the paper to be issued to local authorities. The revised approach set out in the Chief Secretary's note has, I understand, been discussed and agreed with DoE, who now recognise the point about potential legal difficulties.

Content for the consultation to proceed on the revised basis set out by the Chief Secretary?

Paul G.

(PAUL GRAY)

25 November 1988

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