

CAROLINE SLOCOCK

29 August 1989

RL

STANDARD SPENDING ASSESSMENTS (SSA)

I do not think you need trouble the Prime Minister with these papers, unless major inter-departmental conflict arises. But that is unlikely. The Treasury tell me that they think the DOE proposals are broadly OK, although there may be one or two points of detail to flag. (But there will not be any Treasury response until the end of next week, when their expert returns from leave.)

By way of background, the major decision on next year's local government finance package was taken in E(LF) in July - the aggregate Government contribution (some £23 billion). SSA is the Government's assessment of what a local authority ought to be spending to provide a given, reasonable level of service and Government grant will be pegged to that. What an authority may then spend above this figure will have to be financed from the Community Charge. SSA is a deliberate attempt to reduce the absurd complexities of the present methods for calculating grant, and has been discussed at great length over the past year. Hunt's annex reduces all that discussion to its bare essentials. It does not raise any new issues of policy.

So I suggest you put these papers in the pending tray with further consideration whether to draw it all to the Prime Minister's attention only if responses from Departments and the Treasury reveal a marked lack of agreement on principles.

*John Mills*

JOHN MILLS