



DEPARTMENT OF THE ENVIRONMENT  
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*CCP*

*NBM*

My ref:  
Your ref: HU/PSO/30238/89

*REC 6  
2/9*

18 September 1989

*D J.L.*

**COMMUNITY CHARGES : STANDARD SPENDING ASSESSMENTS**

Thank you for your letter of 11 <sup>*will obtain it req'd*</sup> September to David Hunt commenting on the proposals for Standard Spending Assessments. David is out of the country at present and I am therefore replying on his behalf.

I am glad to hear that you are content with the proposed framework, and that you consider the 24% weighting suggested for the AEN factor to be defensible when combined with the transitional grant arrangements.

On the two points of detail which you raise, first I can reassure you that we do intend to adopt the simplified sparsity index enhanced by 50%. On your second point concerning the extension of the area cost adjustment to cover the whole of the South East, the information which we have from the New Earnings Survey suggests that labour costs are significantly higher in the whole of the South East and not simply the London area. If this is the case then it should be properly reflected in Standard Spending Assessments. I feel that our proposed approach strikes the right balance between the relative adjustments to be made within London, the fringe authorities around London, and the rest of the South East.

I am extremely concerned at your suggestion that you might wish to take a further look at SSAs before finalising your position. We need to finalise proposals for the settlement by mid October (in practice this means we have to take decisions before the Party conference). This leaves us very little time for further consideration of SSAs. We need an SSA package to enable us to reach agreement on other elements of the settlement. I must therefore proceed on the basis of views expressed in you letter.

I am copying this letter to members of E(LG) and to Sir Robin Butler.

CHRISTOPHER HOPE

The Rt Hon John Macgregor OBE MP



Local Court  
Pt 14

