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David Hunt Esq MBE MP
Minister for Local Government and Inner Cities
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

26 September 1989

Dear David,

COMMUNITY CHARGES: STANDARD SPENDING ASSESSMENTS

file with R
I wrote to you on 11 September giving my view on the package of standard spending assessments you had circulated on 21 August. In that letter I did not give my view on the proposals for capital financing to which I wanted to give further consideration. Having looked at them in more detail I am content with the proposal that the distribution for historic debt should be based on the GRE for capital financing for 1989-90, and that the distribution for new debt should be related to credit approvals.

However, I share Cecil Parkinson's concern about your proposed adjustment of the assessment to take account of capital receipts used to redeem debt. Like him I am concerned about the effect this may have on those authorities with little potential for creating receipts. Indeed I would go further than him and suggest that we should consider attributing all receipts used for debt redemption to the assessments of the relevant authorities. I do not think this will undermine the incentive to realise surplus assets, and it will put authorities with poor receipts potential on an equal footing with others.

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

Yours ever,
J.H.

Local Govt: Rates P. 14

