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Oddi wrth Ysgrifennydd Gwladol Cymru

From The Secretary of State for Wales

The Rt Hon David Hunt MBE MP

CT/6235/90

12th October 1990

Dear Norman

NEW BURDENS ON LOCAL GOVERNMENT

Thank you for copying to me your letter of 14 August to Chris Patten. I have now seen the responses from Chris, David Waddington and Kenneth Clarke.

Like them, I support wholeheartedly your suggestion that new burdens on local authorities should be identified and properly costed at the earliest opportunity. Since I have responsibility for most local government matters in Wales I am concerned to ensure that we are fully aware of the implications for local government expenditure of policy proposals put forward by colleagues.

I have reservations, however, about your suggestion that before imposing a new burden colleagues should consider whether they would be willing to give up an equivalent amount of spending on another programme. This is not always a practical measure of the priority which should be accorded. It would certainly make sense where local authorities take on functions previously funded by other public sector bodies, as David points out. In the case of totally new functions however (perhaps preparation for the community charge is a case in point) there appears to be no logical connection between the policy imposing the additional burden and other central programmes. I do not see, therefore, how we could determine the degree of priority to give a new initiative by measuring it against other, totally unrelated Government programmes. Nor, as you concede, is there a ready mechanism for switching between Central Government expenditure and local authority spending.

With regard to your final suggestion that new burdens should not be prayed-in-aid to support increases in AEF unless offsetting savings can be found, I agree with Chris that since we must take such changes in the need to spend into account in setting TSS, our subsequent decisions on AEF should be determined by our independent assessment of the appropriate level of community charge to finance that level of expenditure. We ought not, in setting AEF,

/automatically...



automatically discount those burdens for which no offsetting savings had been found as if they did not add to local authority spending. This would be harsh treatment indeed for chargepayers who would as a result bear the full cost of the new policy. It would leave us open to the accusation that high community charges did reflect inadequate support for burdens imposed by central government rather than the local authorities' own spending decisions - precisely what we are trying to avoid, of course.

Copies go to the Prime Minister, Geoffrey Howe, other members of E(LG) and Sir Robin Butler.

Yours ever

A handwritten signature in cursive script, appearing to read 'Norman Lamont', written in dark ink.

The Rt Hon Norman Lamont MP
Chief Secretary
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