



CC PH  
QUEEN ANNE'S GATE LONDON SW1H 9AT

22 October 1990

*La Chris,*

*Attachment*

Thank you for copying to me your minute of 16 October to the Prime Minister setting out your proposals for community charge capping next year.

I am not aware of any earlier formal consultation between colleagues or our officials on the criteria for charge capping, and I was therefore rather surprised to receive your proposals only a little over a week before you intended to announce them. The proposals are by no means uncontroversial, and I have serious reservations about the way the criteria would apply to single service police and fire and civil defence authorities. We have to constrain their spending, of course, but I do not think they should be treated in the same way as multi-service authorities. Whereas county or district councils which are capped or at risk of capping can decide where budget reductions are to be made, and distribute the reduction over the whole range of their services, a single service authority has no such choice. The full effect would fall exclusively on their particular service, which could have a damaging effect on the levels of police or fire cover. Furthermore, I think it is recognised that there are imperfections in some of the SSA distribution mechanisms, particularly in relation to fire, and while authorities providing a range of services can mitigate the effect of this by switching resources between services, single service authorities have no such flexibility. A single service authority which was genuinely disadvantaged as a result of the SSA distribution formula would therefore run a greater risk of being capped, through no fault of its own.

I think this latter point may be illustrated in relation to the Metropolitan Fire Civil Defence Authorities in exemplifications attached to your note. The permitted increases would bite particularly severely on West and South Yorkshire, allowing increases for 1991-92 relative to this year's budget of only 3.9% and 5% respectively. This year's pay settlement for the fire service will be of the order of 9%, and I have no doubt that the proposals as they stand would require both Authorities to reduce their establishments of firefighters, and as a result prejudice severely their ability to meet their statutory duties of providing the agreed minimum standards of fire cover. I should be placed in considerable difficulties if either Authority applied to me for my approval of a reduction in the number of firefighters or appliances (as they are statutorily required to do) as a consequence of charge capping and it was clear that standards of fire cover would be compromised.

The Rt Hon Christopher Patten, MP.  
Secretary of State for the Environment  
2 Marsham Street  
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/over...

It seems to me that both Authorities face particular difficulties as a consequence of the SSA distribution formula for fire and the particular characteristics of the areas which they serve. This is illustrated by the fact that this year both Authorities' budgets are set some 25% above their SSAs and while I have no doubt that there is room for savings and economies in both Authorities, I have no evidence that either Authority's expenditure this year has been profligate. Both authorities have made submissions to officials in your Department arguing that the distribution formula should be changed so that it more accurately reflects their needs relative to those of other fire authorities. As I have indicated earlier, I think w22e are agreed that the distribution formula for fire does not ideally reflect the relative needs of different fire authorities, and that we should continue to search for a more equitable formula, although this has proved elusive in the past. It follows that we should allow some latitude to fire authorities, particularly single service authorities where there is no freedom of manoeuvre between different services.

For these reasons I cannot accept your proposals as they stand. I understand that your powers permit different capping criteria for different classes of authority, and that Metropolitan County Fire and Civil Defence Authorities and Metropolitan County Police Authorities are such a separate class. I would therefore propose that we consider different criteria for these single service authorities which reflect the particular difficulties and constraints which apply to them. I appreciate that there is some urgency about promulgating your capping criteria, but I am afraid I cannot agree to proposals which, in my judgment, would leave the single service fire and police authorities more vulnerable to capping than the generality of local authorities.

I am copying this letter to the Prime Minister, E(LG) colleagues, Nick Lyell and Sir Robin Butler.

