



CC/NO

Prime Minister⁽²⁾

To note.

MF

AT 4/5

PRIME MINISTER

RATES BILL: EXCLUSIONS FROM THE OPERATION OF GENERAL RATE LIMITATION

As proposed in your Private Secretary's letter of 26 April, William Waldegrave and I met with Willie Whitelaw, Peter Rees and Bertie Denham last Friday morning to discuss the amendment to the Rates Bill proposed in my minute of 16 April, and the reservations expressed by Nigel Lawson in his minute of 18 April.

The principal point of difficulty was whether authorities should be excluded from the operation of the general limitation scheme if for some years they had met either their expenditure target or their grant related expenditure (as I had proposed), or whether it should be necessary for both expenditure figures to be complied with to secure exemption (as Nigel preferred).

We were able to agree that we should retain an either/or test, but strengthen it so that authorities would be required to have met the relevant test for 3 years and be budgetting to do so again in the year the decision on exemption falls to be made.

One further point of concern about this approach, which Peter Rees put to me, was that it might be taken as an indication that we no longer attached importance to the achievement of targets by authorities spending below their GRE. That is not the case, of course, and I have agreed that, in moving the amendment in the House of Lords next week, Irwin Bellwin should include an agreed statement on the importance we attach to all authorities meeting their expenditure targets.



/ In the light of this agreement the amendment (copy attached) has been put down and will be taken on the final day of Lords Committee on 8 May.

I am copying this minute to members of E(LF), to John Wakeham, Bertie Denham and to Sir Robert Armstrong.

A.H. Davis

for
P J

4 May 1984

Approved by the SAS and
signed in his absence

CL10/8/14 79A
CL10/8/18 80A
CL10/8/19 81A

§ B

CLAUSE 10

RATES BILL

NOTES ON AMENDMENTS

HOUSE OF LORDS

COMMITTEE STAGE

BY THE LORD BELLWIN

79A★ Page 8, line 14, leave out (" subsection (2) ") and insert (" subsections (1A) and (2) ")

80A★ Page 8, line 18, at end insert—

(" (1A) If in any financial year it appears to the Secretary of State from the best information available to him that an authority—

(a) has in each of the three preceding financial years complied with subsection (1B) below; and

(b) is likely to comply with that subsection in that financial year,

he shall by a notice in writing served on that authority exempt it from the operation of subsection (1) above in relation to the next financial year.

(1B) An authority complies with this subsection in a financial year if it has not been designated in relation to that year under section 2 above and either—

(a) its total expenditure in that year does not exceed its grant-related expenditure for that year; or

(b) it complies in that year with any guidance issued to it for the purposes of section 59(6)(cc) of the Local Government, Planning and Land Act 1980."

81A★ Page 8, line 19, after (" If ") insert (" in a case to which subsection (1A) above does not apply ")

Local God: Relations Pt 20



4 MAY 1964