



APU

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-276 3000

My ref:

Your ref:

The Rt Hon John Wakeham MP  
Lord President of the Council  
Privy Council Office  
Whitehall  
LONDON  
SW1A 2AT

ABM  
RCC  
9/1

8 March 1989

Dear Lord President

We have recently become aware of certain inadequacies in the Audit Commission's powers to arrange for the certification of grant claims and other financial returns by local authorities. It is very important for us and other Departments involved that all the claims and returns are properly checked and independently certified. Without such certification we could not be confident in the returns and claims nor could Departmental Accounting Officers defend to Parliament the regularity and propriety of payments based on them. We believe the most effective way of securing proper independent certification is for it to be arranged by the Commission. Accordingly, subject to colleagues agreement, and provided it is within scope, I propose to take a provision in the Local Government and Housing Bill to seek to widen the Commission's powers in this area.

At present the Commission's powers to undertake certification work, at the request of local authorities, are restricted to the certification of claims and returns in respect of grants or subsidies paid by Ministers and accounts submitted to Ministers for payment. We are currently aware of three areas where this formulation will not be wide enough to enable the Commission to arrange certification.

Firstly, from 1 April this year the Housing Corporation will be authorised to pay Housing Association Grant. At present the Commission does not have the power to certify local authority claims in respect of grants paid by the Corporation for local authority sponsored schemes, as the grants would not be paid by a Minister of the Crown.

Secondly, under the proposed new capital finance system a provision, to which colleagues have given approval, and which we will be seeking to include by amendment in Part IV of the Bill, will give me broad powers to require financial information from local authorities and that the information be certified by the

Chief Finance Officer or auditor. Much of this information does not relate to expenditure supported by grant and subsidy and its certification would not therefore come within the Commission's current powers.

Thirdly, the Department of Education and Science, who administer the Teachers' Superannuation Scheme, are considering in future requiring all Local Education Authorities to submit certified returns of their collection and remittance of contributions to the Scheme. Once again such certification would be outside the Commission's present powers as the contributions do not relate to grant or subsidy.

I therefore propose to amend the provisions of section 29(1) of the Local Government Finance Act 1982 so as to widen the Commission's enabling powers to allow them to arrange certification of any claims or returns relating to the accounts of a local authority if asked to do so by the authority. The Commission would, as now, be required to charge the local authority the full cost of providing such services. We have consulted the Commission on this who consider that the proposed formulation would cover all foreseeable demands and have said that they would welcome an early amendment.

I do not believe that this will be a difficult or controversial amendment though I do consider it is a very necessary one. Provided it is within scope of the Local Government and Housing Bill (and we already have a provision in the Bill extending the functions of the Audit Commission) I would propose to take this as an amendment to that Bill. I hope colleagues will agree that this should go forward and give their consent to drafting approval.

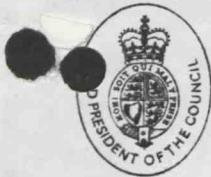
I am copying this letter to members of E(LF) and L.

*Yours sincerely,*  
*NR*

NICHOLAS RIDLEY

*(approved by the Secretary of State and signed in his absence)*

cc/PA



PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

4 April 1989

NBM

RCCG  
574

Dear Nick

LOCAL GOVERNMENT AND HOUSING BILL : AUDIT COMMISSION PROVISION

at Ref.

Thank you for your letter of 8 March seeking colleagues' agreement to your tabling an amendment to the Local Government and Housing Bill to widen the Audit Commission's powers for certifying grant claims and other financial returns by local authorities.

I have seen the letters from Kenneth Baker, Kenneth Clarke and John Major supporting your proposals. No member of L Committee has commented and you make take it, therefore, that you have the Committee's agreement to the introduction of a provision on the lines you proposed.

I am copying this letter to members of E(LF) and L Committees, Sir Robin Butler and First Parliamentary Counsel.

JOHN WAKEHAM

The Rt Hon Nicholas Ridley AMICE MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
LONDON  
SW1P 3EB

Local Govt : Relations Pt 36



*WFO*



SWYDDFA GYMREIG  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-270 3000 (Switsfwrdd)  
01-270 (Llinell Union)

WELSH OFFICE  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-270 3000 (Switchboard)  
01-270 (Direct Line)

*Oddi wrth y Gweinidog Gwladol*

*From The Minister of State*

CT/6070/89

31 March 1989

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*Dear John,*

Peter has seen Nicholas Ridley's letter to you of 8 March, outlining his proposals to extend the powers of the Audit Commission to undertake the certification of local authority financial returns, and Kenneth Baker's letter of 20 March expressing his approval of the proposals. *will request if required*

We too would like to add our support to these proposals, since it is agreed that it is vital for proper, independent checks to be carried out on the information supplied to us by local authorities, and that the Audit Commission is the ideal body for arranging such checks.

I am copying this letter to members of E(LF) and L.

*Yours ever  
Wyn*

WYN ROBERTS

The Rt Hon John Wakeham MP  
Lord President of the Council  
Privy Council Office  
Whitehall  
LONDON SW1A 2AT



the department for Enterprise

In keeping with our previous approach and the decisions taken by your Department, we have used the NEC's public sector status in order to secure substantial ERDF funding for its development. This also applies to the International Convention Centre which is being built in an inner city area in Birmingham by the NEC company. I have recently been pressing the new Commission not to reduce the level of ERDF receipts to the UK. Neither my Department nor, I believe, yours has been able to determine how, or even whether, such ERDF funding could be protected if the NEC were to be privatised.

It is not clear from your letter whether, in opening negotiations with Birmingham City Council, you would have in mind a specific timetable by which you would expect the NEC to have moved into the private sector or merely that you would expect to conclude such negotiations within an agreed timetable. My concern is that I do not think we are yet in a position to propose a timetable which we could be confident would prove realistic. I should welcome your further comments on this. Similarly, I would have some reservations about opening negotiations if we were not clear precisely what we hoped to achieve as an end result. If you would find it helpful I would be pleased to ask my officials to discuss these matters urgently with yours.

Finally, I notice that, perhaps in view of the urgency, you have not copied your letter widely. There are, however, some colleagues such as Norman Fowler who I believe would have a clear interest. I would hope you will be able to consult them in any further correspondence.

I am copying this letter to the Prime Minister and John Major.

TONY NEWTON

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Relative  
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PH 17

CC PA



ANBPM  
R2CG  
4/10

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
London  
SW1P 3EB

3<sup>rd</sup> April 1989

Dear Nick,

**AUDIT COMMISSION WIDENING OF POWERS IN THE  
LOCAL GOVERNMENT AND HOUSING BILL**

Map

Thank you for copying to me your letter of 8 March 1989 to John Wakeham, in which you propose to take a provision in the Local Government and Housing Bill to seek to rectify a technical anomaly in the certification powers of the Audit Commission.

Reliable, audited information will certainly be necessary for the effectiveness of the new current and capital finance regime. I am therefore, content with your proposals.

A copy of this letter goes to E(LF) and L Committees.

Yours Ever,  
John

JOHN MAJOR



Local Govt - Relations Pr 36





DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

cc PD

From the Secretary of State for ~~Social Services~~ Health

The Rt Hon Nicholas Ridley AMICE MP  
Secretary of State  
Department of the Environment  
2 Marsham Street  
LONDON  
SW1P 3EB

copy

23 March 1989

Dear Nick,

AUDIT COMMISSION POWERS

file with PA

I refer to your letter of 8 March to the Lord President. There are no health audit implications in what you propose and I am content for you to proceed according to the terms of your letter.

I am copying this letter to members of E(LF) and L.

*[Handwritten signature]*

KENNETH CLARKE

Local Govt - Relations

