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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP  
 Secretary of State for the Environment  
 Department of the Environment  
 2 Marsham Street  
 London  
 SW1P 3EB

12 February 1985

Dear Secretary of State,

**RATE LIMITATION: FINALISATION OF PRESENT LIMITS  
 FOR PRECEPTING AUTHORITIES**

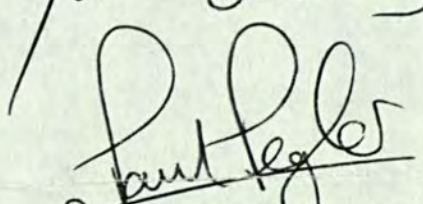
I have seen a copy of your letter of 11 February to Willie Whitelaw about the Orders you propose to lay on Wednesday to set rate limits.

I understand the reasons behind your proposals to increase the rate limits for Leicester and Lewisham, and I accept your judgment on the new levels proposed.

For Hackney the position is rather more difficult, and I am concerned about the principle of validating deficits on the rate fund account - especially one of the size which appears to be emerging in Hackney. It is unfortunate to have to do this, given the presentational difficulties of turning a small rate cut into a large rate rise and the more general problem of the encouragement it may give to other authorities to attempt similar manoeuvres. But if in your opinion the nature of the new information you have received makes this step essential I will not press my objections.

It does seem to me important to satisfy ourselves that we have adequate controls to prevent authorities from budgetting for a deficit. I understand your officials are looking into this and I hope they will pursue it quickly, in consultation with Treasury officials.

I am copying this letter to the Prime Minister, members of E(LA), John Biffen, John Wakeham and Sir Robert Armstrong.

Yours Sincerely,  


PETER REES

Approved by the Chief Secretary  
 and signed in his presence

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