

CONFIDENTIAL



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My ref:

Your ref:

18 February 1985

Dear Willie,

RATE LIMITATION: FINALISATION OF RATE LIMITS FOR RATING AUTHORITIES

In my letter of 11 February I put forward proposals for the rate limits which I proposed to include in the necessary draft Affirmative Order (which I laid yesterday).

There was one change in the rate limits included in the Order from those which I described in my letter. In the case of Lewisham, the rate limit in the Order is not 104.70p but 99.66p. The reason for this change is that, after I wrote my letter, I looked again at the information available to me regarding Lewisham's financial position. While I remained of the view that there was a good case for my considering a larger part of their creative accounting than I had previously allowed for in the context of a "Merseyside" adjustment for substantial use of special funds, I was less certain on reflection about the need to make any allowance for a possible deficit. The information provided by the authority is not conclusive and we have no evidence of the District auditor having warned the authority about a likely deficit. (In Hackney's case the Council has sent us evidence of a warning from the District Auditor.)

In these circumstances I concluded that I should make allowance in the rate limit only for the creative accounting factor as previously described. I am satisfied that the resulting rate limit of 99.66p is a reasonable one in all the circumstances.

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

You are
Patrick

PATRICK JENKIN

Relations: Local Gov. Pt 25

18 FEB 1985

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