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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

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

29 March 1985

Dear Secretary of State,

LONDON REGIONAL TRANSPORT LEVY: RATE 'STRIKE'

As you know, payment of the first instalment of the LRT Levy for 1985-86 is due from London rating authorities on 12 April. I have been considering how best to deal with those rating authorities in London which are postponing making a general rate for 1985-86 because of their dispute with the Government over rate limitation.

If all eight Boroughs affected by rate limitation defaulted, together with Newham and Tower Hamlets, which I understand are taking a similar stand, the income lost to the Exchequer would be some £4.5 million per monthly instalment - about one quarter of the total income from the levy. I understand that you are expecting most, if not all, of these authorities to fall into line and set a rate. However, in view of the difficulties which will arise if matters come to a head, I believe that we must do everything we can to encourage the Boroughs to fulfil their statutory duties of their own accord.

On 14 March you answered a Parliament Question from John Watson MP drawing attention to the implications of failing to set a rate. There is also the court action

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currently being taken by a ratepayer in Hackney which may have a beneficial effect. However, since the first instalment of the LRT levy is now imminent (due on 12 April) I think it would be appropriate for a letter to go from my Department to the Chief Executives of any authorities which still have not set rates for 1985-86 by the middle of next week. The letter would draw attention to the statutory requirement to collect and pay the levy and would reinforce the point made in your Answer about the possibility of audit sanctions. It would not of course commit the Government to any course of action. If matters did come to a head, we would want to consider very carefully whether and if so, how we should get involved.

The first instalment of the Receiver of the Metropolitan Police's precept also falls due on 12 April. Leon Brittan may wish to consider whether his Department, or the Receiver's Office, should be associated with the letter.

/ I attach a draft letter for this purpose and I should be grateful for your agreement to what I propose, by midday next Tuesday 2 April to give time for the letter to be sent and received before Easter.

/ I am copying this letter to the Prime Minister and other members of MISC 109, as on the attached list, and to Sir Robert Armstrong.

Yours sincerely,

Richard Allen

(Private Secretary)

for NICHOLAS RIDLEY

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

MISC 109

Lord President of the Council

Home Secretary

Secretary of State for Education and Science

Secretary of State for Social Services

Lord Privy Seal

Chief Secretary

Attorney General

Minister for Local Government

DRAFT OFFICIAL LETTER TO CHIEF EXECUTIVES

1. I understand that your authority has not yet set a general rate for 1985-86.

2. As you know, the first instalment of the London Regional Transport levy, made under s13 of the London Regional Transport Act 1984, is due on 12 April, as specified in the demand letter sent by my Department to your Council on 14 February. Under the terms of the statute and by virtue of that demand, your Council is obliged to levy as part of the general rate for your rating area, the required rate of 10.80 pence in the pound, and to make payments as specified in the demand. YOU may wish to draw to your Council's attention to the provisions of s12 of the General Rate Act 1967, as applied by s14 of the LRT Act, concerning the Secretary of State's powers to require your authority to pay interest on amounts due under the levy which are not paid on or before the date specified.

3. I should be grateful if you would let me know as soon as possible of your Council's intentions regarding the collection and payment of the levy.

29 MAR 1985

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QUEEN ANNE'S GATE LONDON SW1H 9AT

4th April 1985

2 Nick

NBPM
JWA 9/4

LONDON REGIONAL TRANSPORT LEVY: RATES 'STRIKE'

In your letter of 29 March to Patrick Jenkin, you invited me to consider whether my Department or the Receiver for the Metropolitan Police District should be associated with the proposed letter from your Department to Chief Executives of local authorities which have still not set rates for 1985/86 by the middle of this week, reminding them of your statutory powers to require interest to be paid on amounts due under the LRT levy which remain unpaid after the due date.

I quite understand the importance from your Department's standpoint of sending the letter you propose. But so far as the Home Office is concerned, even if all ten authorities referred to in your letter were to withhold payment of the precept levied on them by the Receiver (and the signs are that not all of them will), the total amount involved would be small in relation to total receipts to the Metropolitan Police Fund. There would be no immediate cash flow problem for the Metropolitan Police; indeed, the effect is unlikely to be felt for many months. In any event, however, responsibility for collecting the Metropolitan Police precept is placed by statute not on me, as police authority, but on the Receiver. He would not welcome personal association with the letter because of the possible implications for a number of policing initiatives on which the Metropolitan Police are seeking the co-operation of the boroughs. The Receiver is, of course, able to take the necessary action through the courts to recover any outstanding sums in due course. In the circumstances, therefore, I would prefer neither my name or the Receiver's to be associated with the letter.

I am copying this letter to the Prime Minister, to other members of MISC 109, and to Sir Robert Armstrong.

The Rt Hon Nicholas Ridley, M.P.

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TRANSPORT : LRT
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2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

2 April 1985

Dear Secretary of State

Thank you for your letter of 29 March about the LRT levy.

I am content with your proposal to write at official level to the Chief Executives of those boroughs which have not yet rated, and have no comments on the draft letter. Subject to the Home Secretary's views, it would seem sensible to refer also to the Metropolitan Police precept.

As you say we will need to consider very carefully what further action, if any, to take if it appears that a loss of income to the Exchequer - albeit I assume a temporary one - may arise as a result of delayed payment of the levy. This would be against the background of the policy agreed by MISC 109 to stand back as far as it is possible from the action of the authorities concerned.

I am copying this letter to the recipients of yours.

Yours sincerely

Patrick Jenkin
for
PATRICK JENKIN

*Approved by the Secretary of State
and signed in his absence.*

Transport: CRT

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