



PRIME MINISTER

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RATE LIMITATION IMPLEMENTATION

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At the meeting of MISC 109 on 12 December, we discussed the strategy of the implementation of rate limitation up to April this year. We agreed that the preferred stance was to operate strictly the prescribed rate limitation procedures, without any bending of arrangements or timetables.

Since my announcement in December of proposed rate or precept limits for designated authorities, my Department has received a number of requests from authorities (notably GLC and ILEA) for details of the assumptions I have made - in particular about financial reserves - in calculating the proposed limits. Colleagues may wish to be aware of the response being given to such requests.

In the light of legal advice, and of the conclusions reached by MISC 109 in December, we are refusing to supply details of such assumptions other than in the context of the statutory negotiations about limits which are provided for under the Rates Act. This stance leaves the onus firmly with authorities to illustrate to me, as provided by the Act, that the limit I have proposed is inappropriate; and to make their alternative proposals. Unless authorities are encouraged to come to the negotiating table in this way, they will undoubtedly indulge in lengthy - though ultimately pointless - attacks on the assumptions made in the calculations, while coming no closer to agreement on the limits proposed or on alternative limits.

/ I enclose for information a copy of the standard response



we are sending to authorities.

/ I am copying this minute to members of MISC 109 and to Sir Robert Armstrong.

Andrew Hyslop
for P J

3 January 1985

Agreed by the Secretary of
State and signed in his absence

PROPOSED DRAFT REPLY TO DESIGNATED AUTHORITIES SEEKING FURTHER INFORMATION ABOUT ASSUMPTIONS USED IN SETTING RATE LIMITS

1. Thank you for your letter of [] / seeking further information about the assumptions used by the Secretary of State in his calculation of the proposed rate/precept limit for your authority.

2. The procedures for setting rate limits as prescribed in Part I of the Rates Act 1984 (section 4) make it clear that, once a designated authority has been notified of the maximum which the Secretary of State proposes to prescribe for the rate made, or precept issued, by it in the coming year, it is for that authority to decide whether it accepts or does not accept the proposed maximum limit in the light of its own local circumstances. If an authority decides not to accept the proposed limit and, in accordance with the Act, wishes to seek agreement with the Secretary of State on determining a different limit, it is for that authority to submit its own proposals supported by such information as is necessary.

3. In the context of statutory negotiations about the limit proposed, the Secretary of State would be happy to respond to proposals made by the authority, and to discuss the assumptions he has made in calculating the proposed limit, in considering the case for a higher limit.

4. The statutory deadline by which a response to the proposed limit has been requested (15 January) is now fast approaching. I can only repeat that it is for your authority to decide as soon as possible whether to accept the proposed limit, or if not, to put forward alternative proposals to the Secretary of State as the basis for discussion with him.