

PRIME MINISTER

7 August 1987

ROLE OF THE TREASURER

attached
Mr Ridley seeks agreement to include in the Rate Reform Bill provisions strengthening the position of local authority Treasurers.

Mr Ridley proposes that local authority Treasurers should have to draw to the attention of the council any illegal payment they decided to make and any decision to spend beyond the resources available and at the same time to inform the District Auditor. This would enable the auditor to use the proposed 'stop' power to prevent illegal action, including deficit budgeting. In order to prevent local authorities circumventing these new requirements they would also be required in future to appoint as Treasurers only those holding a recognised professional qualification.

We strongly support these proposals as a means of preventing illegal or imprudent spending decisions by local authorities. Although they differ from the proposals made in the Green Paper on local Government finance and the recommendations of the Widdicombe Committee, we think they will be equally effective and avoid the perceived difficulty with those proposals that they involved a non-elected servant of a local authority over-ruling the decision of its elected members.

Conclusion

We support Mr Ridley's proposals to include in the Rate Reform Bill new provisions on the role of local authority Treasurers.

Peter Stredder

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