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CCBG
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

The Rt Hon Paul Channon MP
Secretary of State
Department of Transport
2 Marsham Street
LONDON
SW1P 3EB

4 March 1988

Dear Paul

PASSENGER TRANSPORT AUTHORITIES, CHANGE FROM PRECEPTING TO BILLING

Thank you for your letter of 18 February about the application to Metropolitan Passenger Transport Authorities (PTAs) of the provisions of clause 75 of the Local Government Finance Bill which would enable regulations to be made setting a maximum limit on levies. I have also seen the Chief Secretary's letter of 29 February and share his reluctance about making an amendment.

Clause 75 is designed to enable us to replicate in the new local government finance system the arrangements under which many bodies, ranging from, for example, Water Authorities to small Garden Square Committees, currently obtain some or all of their revenues by making demands on certain local authorities. Such arrangements currently in force are many and varied, and to give us the necessary flexibility to translate them all into the new system whilst avoiding the need for inordinately long and complex legislation, we have adopted the approach of having a few simple provisions on the face of the Bill giving us wide ranging powers to make regulations. I would be very reluctant to depart from this straightforward approach and attempt to make specific provision in the Bill to deal with the circumstances of any one particular body or category of bodies. I very much hope that an amendment giving special treatment to PTAs will not be needed.

I see, however, no difficulty with your proposal to give an undertaking about how you would use the powers of clause 75 in relation to PTAs. This would seem to be entirely consistent with the decision to change from precepting to billing for PTAs. Such an undertaking would be essentially presentational, as you yourself recognise. As I have explained our aim is to use these powers to replicate existing arrangements, and where there are currently maximum limits, we intend after 1 April 1990 to maintain them - updated where appropriate - by making the necessary regulations under clause 75; but we do not propose to introduce maxima in cases where currently there are none. I

intend to give an undertaking to this effect when we debate the clause in Committee which will, I believe, buttress your own undertaking.

I am copying this letter to the Prime Minister, other members of E(LF), the Chief Whip, and to Sir Robin Butler.

Nicholas Ridley

NICHOLAS RIDLEY



cc BG



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Paul Channon MP
 Secretary of State for Transport
 Department of Transport
 2 Marsham Street
 London
 SW1P 3EB

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29th February 1988

Dear Paul,

PASSENGER TRANSPORT AUTHORITIES: CHARGE FROM PRECEPTING TO BILLING

I have seen a copy of your letter of 18 February to Nicholas Ridley about the power in the Local Government Finance Bill to set a maximum on levies charged by PTAs.

I can envisage circumstances in which we might want to use this power. I am, therefore, against giving an undertaking never to use it, and still more opposed to amending the Bill to remove the power in respect of PTAs. In order to defuse opposition, I would be quite content for you to say that this was a reserve power which the Government did not expect to use in normal circumstances. You could also give an assurance that before a maximum limit was placed on a levy, the PTA concerned would be formally consulted and given the opportunity to make representations. This would meet the criticism that there were no appeals procedures.

I am copying this letter to the Prime Minister, other members of E(LF), David Waddington, and to Sir Robin Butler.

Your Ever,
 John

JOHN MAJOR

LOCAL GOVT : Relations pr 34





QUEEN ANNE'S GATE LONDON SW1H 9AT

24 February 1988

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Dear Nicholas,

PASSENGER TRANSPORT AUTHORITIES:
CHANGE FROM PRECEPTING TO BILLING

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I have seen Paul Channon's letter to you of 19 February in which he says that he may have to exempt Passenger Transport Authorities from the provisions in the Local Government Finance Bill which will enable a maximum limit to be imposed on the levies which "levying" bodies, such as the PTAs, can make on their constituent councils.

My officials are discussing with yours the way that combined police and fire authorities and magistrates' courts and probation committees are designated as "levying" bodies under the provisions of the Bill. If they are to be included - and we are not convinced at this stage that they ought to be - it is most likely that the criticisms which Paul anticipates in respect of PTAs will also be raised as regards my interests. I would therefore be grateful if we could be consulted before any decision is taken and announced on the treatment of PTAs under clause 75 of the Bill.

Copies of this letter go to the Prime Minister, other members of E(LF), the Chief Whip and Sir Robin Butler.

Over,
Douglas

The Rt Hon Nicholas Ridley, MP.

LOCAL GOVT - Related



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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:

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

109 FEB 1988

Dear Nicky,

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19/2

PASSENGER TRANSPORT AUTHORITIES: CHANGE FROM PRECEPTING TO BILLING

You will recall agreeing in November to amendments to the Local Government Finance Bill to change the status of the Metropolitan Passenger Transport Authorities from precepting authorities to levying bodies.

We are now anticipating particular criticism of this proposal due to the powers contained in clause 75 of the Bill to set a maximum limit on levies. At least some PTAs are likely to view this as a means of directly controlling their expenditure while circumventing the appeal procedures related to 'charge-capping'. If such criticism gets up a head of steam, I intend to make an undertaking not to use the power to control PTA expenditure. I will also point to legal advice (kindly passed on by your officials) that the power could not be used as if it were a charge limiting power.

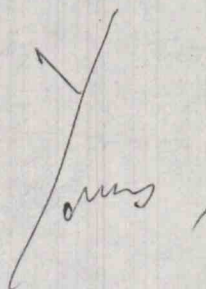
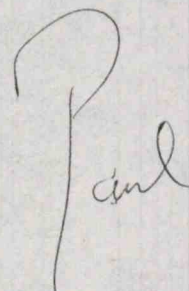
It may still prove necessary to amend the Bill, however, to defuse the opposition. If so, amendments would be needed expressly to remove PTAs from the scope of the power. This could be justified due to the very different nature of the PTAs, who have no set statutory limit on their expenditure, and on the grounds that districts unhappy with a PTA's high spending have the option of seceding.

I hope that the amendment will not prove necessary, but I thought it best to draw the possibility to your attention at this stage in case it presented any problems. It has been discussed between our respective officials.

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I am copying this letter to the Prime Minister, other members of E(LF), David Waddington and to Sir Robin Butler.

A handwritten signature in cursive script, appearing to read "James", with a small mark above it.A handwritten signature in cursive script, appearing to read "Paul", with a large initial 'P'.

PAUL CHANNON

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Local Govt: Relations

At 33



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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

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The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

19 DEC 1987

Dear Nicky,

NBRM

PTAs UNDER THE NEW LOCAL GOVERNMENT REGIME

Thank you for your letter of 30 October.

will request if required.

I am very grateful for your agreement to my proposal that PTAs should become billing authorities. I appreciate too your concern that secession must be seen as a real option if the change is to promote accountability and am happy to highlight the secession option in the context of the Local Government Finance Bill. I believe we can do this, as Douglas Hurd suggests, without casting any doubt on the accountability of the police and fire services.

I understand that my officials are already in touch with yours regarding the necessary changes to the Bill.

I am copying this letter to the Prime Minister, other members of **E(LF)**, Sir Robert Armstrong and to the Chief Whip.

Xmas,

PAUL CHANNON

Paul

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