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~~MR POTTER~~

I have not been able to contact Richard or Andrew to talk it through with them, but it looks to me that the latest figures provided by DOE are distinctly shaky, not in terms of the calculations but of the basis on which they are done.

The figures purport to show that for any given method of AEF or TSF the impact on different versions of capping on expenditure and community charges is minimal.

But surely this is a very partial picture since the likelihood of a particular spending level occurring will be affected by the nature of the capping regime.

I would imagine that with very high AEF it would be necessary to have low TSF and extensive capping in order to achieve a sensible level of expenditure. But a wide divergence between TSF and the resulting expenditure seems to me to demand a capping system that relies on referendums for operational reasons.

I am nipping out to lunch now and will try early this afternoon to contact Andrew to see if we can bring this point more sharply into focus.

Peter Owen
13 June 1990
12.50

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