



CONFIDENTIAL

PRIME MINISTER

VALUATION AND RATING: SCOTTISH WHITE PAPER

I plan to publish a White Paper on my proposals for reform of the Valuation and Rating system in Scotland. This will form the basis of consultation prior to the introduction of the legislation I described in my letter of 15 July to the Environment Secretary.

In order to give colleagues time for consideration of my draft and in order to keep it separate from the England and Wales White Paper on Rate Limitation and Reform, I plan to publish the Scottish White Paper at the end of August.

I now attach a draft text of the White Paper and would be grateful for comments by 5 August. The draft attached takes account, as far as possible, of the points made by other Departments when an earlier version was circulated at official level.

The White Paper opens with a brief introduction on the Scottish representations to the Green Paper "Alternatives to Domestic Rates". It does not need to repeat the detailed discussion which opens the English White Paper.

The body of the White Paper is divided into two parts - valuation and rating. The valuation section opens (paragraph 7) by mentioning that there will be a general revaluation in

Prime Minister ① ce ygb  
Agree subject to colleagues' views,  
to the White Paper?

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

MUS 27/9

Yes  
29 July 1983

Scotland in April 1985. I am committed to this after cancelling a partial revaluation which would have taken place in 1983; and there is still adequate information on which to enable the local authority assessors to undertake the revaluation. It then discusses (paragraphs 8 to 13) valuation anomalies in Scotland where, in comparison with England and Wales, the valuation of certain types of subjects places a disproportionately heavy rating burden on certain types of properties. It describes the ways in which it is planned to remove these anomalies. Paragraphs 14 to 17 discuss improvements to the valuation appeals system to bring the appeal arrangements more into line with those in England and Wales and speed up the hearing of appeals.

The second part of the White Paper deals with the control of rates and certain miscellaneous points. I already have the power to take selective action against individual authorities to reduce their rates on the ground that their planned expenditure is excessive and unreasonable. The White Paper proposes only a small change in this power, which will enable composite instead of individual reports to be laid where it seems appropriate, to streamline the Parliamentary procedure on rate reductions (paragraphs 20 and 21). With respect to the Chief Secretary in his letter of 26 July suggesting that I align Scottish practice with English, I do not consider it wise to abandon the test of what is excessive and unreasonable; nor do I regard it as desirable to try to operate in advance of budgets being submitted to me, since that would undoubtedly require more Scottish Office staff and in my view would encourage authorities to inflate their budgets as an insurance.

Paragraphs 22 and 23 describe proposals which will allow general abatements of rate support grant to be directly related to

planned overspending. This removes the unfairness of the present system and makes it similar to the English arrangements under which grant loss is related to planned overspending. Proposals to take powers to limit the rate fund contribution to the housing revenue account are described in paragraphs 24 to 27. The public housing sector in Scotland is significantly larger than in England and I feel it necessary to have some power to limit the extent to which the general level of rents is subsidised by ratepayers. Paragraphs 28 to 30 propose an obligation on local authorities to consult non-domestic ratepayers before fixing their rate.

Paragraphs 31 to 35 describe the form in which I propose to take a general power to control rates. This differs from the proposals in the English White Paper. The Scottish grant distribution system and my selective action powers are different from those in England and Wales. For these reasons and also for administrative simplicity and presentational advantage, I propose to limit rates by placing general percentage limitations on the rate increases in different classes of authority. Given the differences between the two systems north and south of the border, I do not think that this should lead to unfavourable comment and contrast; and I am very grateful to the Environment Secretary for his letter of 27 July in which he accepts that. My selective action scheme does not work by asking selected authorities to submit budgets in advance and then setting maximum expenditure levels, so there is not the natural lead into a general setting of expenditure levels for all authorities as there would be in England and Wales. In addition I believe that to set maximum expenditure levels for all authorities and then maximum rate increase levels for all authorities with the opportunity at each stage of applications for derogations would be administratively complex in the Scottish context and would require extra staff. I hope to avoid that by my proposal for a general limit on rate increases for classes of authority.

Paragraph 36 draws attention to the improvements in the rate rebate system resulting from unified housing benefit. Paragraph 37 indicates the intention to end the rating of empty industrial property in Scotland. Paragraph 38 contains a proposal similar to that in the English White Paper to give authorities additional powers to provide rating relief for premises used by disabled persons.

I would be grateful for my colleagues' comments by 5 August on the text of this White Paper and hope that it will be possible to clear the text by correspondence. I aim at publishing it on 31 August. I will then allow a period of consultation before Scottish legislation is introduced.

I am copying this minute and its attachment to Members of the Cabinet, the Attorney General, the Lord Advocate, the Chief Whip and Sir Robert Armstrong.

*C.Y.*

G.Y.

29 JUL 1983

