

Prime Minister ① *



Treasury have now reconsidered timing of non-domestic revaluation. Agree April 1989 clearly in next Parliament?

AT 3/10

Treasury Chambers, Parliament Street, SW1P 3AG

28th September 1983

Rt Hon Patrick Jenkin MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

Subject to
Collegues - yes
no

Patrick Jenkin

RATING: REVALUATION

Last month's White Paper committed the Government to a rating revaluation of non-domestic properties. But it deliberately left open the precise timing, so that we could give it some further thought.

At this stage, I think we have to accept that 1986 is ruled out. There is barely enough time - indeed it might already be too late - even if the Revenue pulled out all the stops and started recruiting and training staff immediately. And, in any event, there is no money for this purpose in 1983/84 estimates, let alone room in our 1984 manpower ceiling.

A 1987 revaluation would involve the publication of new valuation lists at the end of December 1986; these would be open to challenge and appeal 3 months later, i.e from 1 April 1987 onwards. Even on the assumption that you would use your powers to preserve the relative burden borne by the domestic and non-domestic sectors over the country as a whole, there would be significant changes in the incidence of rates on different classes of industrial and commercial property and in different regions. In general, the Valuation Office expects that the main losers would be the big shops, other commercial buildings in prime city sites, and the main gainers would be older industry and (generally small) businesses elsewhere. There would also be a shift between regions with industry and commerce in the South East paying more and the North less (which might well affect domestic rates). This reflects fairly enough what we all know about how the economy has developed since the oil price explosion and inflation of the early 1970s. But the adjustment would inevitably be painful, and the losers would inevitably be vocal. I share the Prime Minister's view that this is not something for which we should plan at what is likely to be a

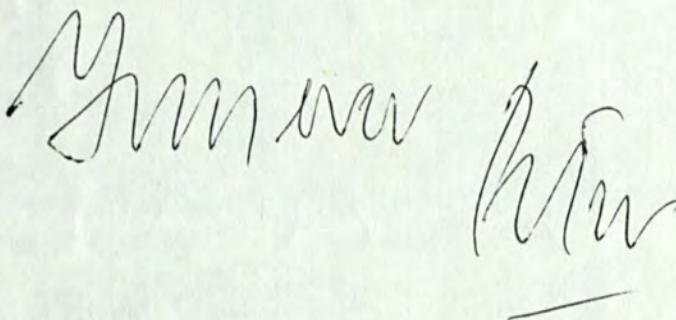
sensitive political period.

With a 1988 reevaluation the dates would, of course, all be 12 months later, but very much the same considerations apply.

As I see it at present, therefore, the earliest and best practicable date seems likely to be early in the lifetime of the next Parliament. A suitable date might well be April 1989. We should announce the date fairly soon. However, because this would involve substantial additional manpower at 1 April 1988, I would like to defer a final decision on this until we have made more progress on the current exercise dealing with Civil Service manpower generally.

X | Meanwhile, I should be very glad to know whether you and my other colleagues agree with this general approach.

I am sending copies of this letter to the Prime Minister, Cecil Parkinson, George Younger, Nick Edwards and Sir Robert Armstrong.



PETER REES

Local Gov
Rating Revaluation Pt 3

