

CCSS

PRIME MINISTER

24 April 1985

RATE RELIEF IN SCOTLAND

George Younger has already contributed £38 million out of his own budget to provide rate relief for all domestic ratepayers in Scotland. He now wants to add a selective scheme for those who have been most affected by the revaluation.

The additional selective relief for domestic ratepayers will be fairly cheap - only £13 million this year for the most expensive variant. This is probably a price worth paying, if it prevents personal disasters for George Younger and Michael Ancram at the Scottish Conference.

The relief for non-domestic ratepayers is much more expensive - £30 million to £50 million. And it is far less politically important. We therefore agree with the Treasury that this should not be provided by the Exchequer: it should be paid only if the Scots are willing to find the money out of their own budget.

The mechanics of the proposal also need to be altered. If the selective relief is offered for four years as George Younger suggests, or even for one year as the Treasury prefers, there will be an explosion when it lapses: those who suddenly lose it will in effect suffer a postponed revaluation. To avoid this, the relief should be tapered over at least three years, so that the effects of withdrawal are gradual. If necessary, the amount in the first year should be reduced to make room for such a taper.

We therefore recommend that:

- i. The Treasury should make an additional £13 million available this year for selective assistance to domestic ratepayers, so that George Younger has good news for Perth.
- ii. Relief should not be given to non-domestic ratepayers unless the Scots find the money from their own budget.
- iii. The domestic relief should taper away for three years.

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