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Prime Minister

cc. Michael Alison

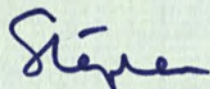
YOUR MEETING WITH GEORGE YOUNGER AND OTHERS ON WEDNESDAY
1ST MAY AT 6.00 P.M. TO DISCUSS SCOTTISH RATES

1. One of the subjects for discussion will be what you and GY say at the Perth Conference on replacing rates as a source of local government finance. (I attach the motion on rating reform which is being debated on the Thursday afternoon, the day before you speak, which GY will be answering).
2. You should be aware that the Scottish Party organisation has been, in my view, fanning the flames on rates so that the position is even more explosive politically. As a result the "conventional wisdom" is that you will have to give an assurance that by the time of the next General Election, there will be something specific and detailed - on the statute book, if not yet operating - wholly or partially to replace rates; and that a general undertaking to reform rates would be unacceptable.
3. I believe the choice is a very simple one. EITHER we commit ourselves now to having a new source of local government finance passed through Parliament by the next Election, even though we have not decided what, OR we have a rough Party Conference.

.../...

If it is the former, we will be committing ourselves to making a change, before an Election, without knowing what the effect will be on particular households.

Until we decide whether a change is worthwhile, it may be better to take the strain at this year's Scottish Conference. Better a bad Conference in 1985 than a bad Election in 1987.



STEPHEN SHERBOURNE
30.4.85

P.S. I also attach the relevant extract from the 1983 Scottish Manifesto.

THURSDAY, 9th MAY

2.30 p.m. to 5.30 p.m.

THIRD SESSION

10. RATING REFORM (Motion No. 194)

Mr. David McLetchie, on behalf of Edinburgh Central Conservative Association, to move:

"This Conference, considering that the credibility of Her Majesty's Government is seriously damaged by the failure to replace rates with a fairer system of Local Government financing, demands that immediate action be taken to fulfil the Conservative Party's commitment to introduce a more equitable system."

Reply — **The Rt. Hon. George Younger, TD, DL, MP,**
Secretary of State for Scotland.

Local government: saving ratepayers' money

In Scotland we are already effectively using powers to reduce the rates of councils which plan excessive and unreasonable expenditure. England and Wales now intend to introduce measures with a similar aim. If necessary we will propose in addition a general scheme of limitation on rate increases for all local authorities.

We shall adjust the rate support grant system to ensure that general penalties on authorities are directly related to their overspending.

In addition, we propose to put local authorities under a statutory obligation to consult local representatives of industry and commerce before deciding on their planned expenditure and rate levels.

In Scotland, businesses already have the right to pay rates by instalments, and we shall ensure that empty industrial property is freed from rates.

For domestic ratepayers we have a much wider scheme of rate relief introduced in the form of the Unified Housing Benefit, which will help those with a particularly high burden of rates.

We shall legislate to end specific anomalies which adversely affect Scottish ratepayers as a result of differences in valuation methods between Scotland and England.

We will also take steps to bring the Scottish and English valuation systems more into line, to prevent anomalies occurring.

We will make the valuation system more responsive to changing economic circumstances and make it possible for ratepayers to appeal more readily and for appeals to be settled quickly.

We will also encourage local authorities to put out to tender important services like refuse collection and building repairs, as well as construction, wherever this can show savings. We must breakdown the 'in-house mentality' which leads to the delusion that every little job has to be carried out by local authority employees however wasteful the consequences.

We recognise the dedication of many people who serve in local government. We aim to give them responsibility, their electors better services and their ratepayers value for money.