

cc Quistorf

000

1. JF to see
2. per.



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Tim Flesher Esq
Private Secretary
10 Downing Street
LONDON
SW1

Pamie Quistorf !
Content ?

28 January 1986

JF
18/1

mg

Dear Tim

CMND 9714: PAYING FOR LOCAL GOVERNMENT: THE SCOTTISH APPROACH

I attach a draft of the statement my Secretary of State proposes to make tomorrow afternoon on the Scottish aspects of Cmnd 9714. I would be grateful for any comments on it by noon tomorrow.

Mr Rifkind may wish to make some changes to the text to take account of the reactions to the Green Paper. I shall let you know tomorrow of any changes of substance he proposes.

I am sending copies of this letter and enclosure to the Private Secretaries of members of E(LF) and of the Chief Whips in both Houses and to Michael Stark (Cabinet Office).

Yours ever

Robert Gordon

Robert Gordon
Private Secretary

DRAFT STATEMENT BY SECRETARY OF STATE FOR SCOTLAND
WEDNESDAY 29 JANUARY

PAYING FOR LOCAL GOVERNMENT: THE SCOTTISH APPROACH

WITH PERMISSION, MR SPEAKER, I THINK IT WOULD BE HELPFUL TO THE HOUSE IF I MADE A SHORT STATEMENT ON SPECIFICALLY SCOTTISH ISSUES ARISING FROM YESTERDAY'S PUBLICATION OF THE GREEN PAPER 'PAYING FOR LOCAL GOVERNMENT'.

THE GENERAL LINES OF THE PROPOSALS WERE EXPLAINED BY MY RT HON FRIEND THE SECRETARY OF STATE FOR THE ENVIRONMENT. THE GOVERNMENT ARE READY TO DEAL WITH THE MANIFEST DEFECTS OF THE PRESENT SYSTEM OF PAYING FOR LOCAL SERVICES AND WE PLAN TO INTRODUCE LEGISLATION WHICH

- WILL REPLACE UNFAIR DOMESTIC RATES BY A COMMUNITY CHARGE.
- WILL BRING REASONABLE PROTECTION TO SHOPS AND BUSINESSES.
- WILL SET UP A FAIRER AND SIMPLER GRANT SYSTEM AND REMOVE THE NEED FOR PENALTIES AGAINST LOCAL AUTHORITIES.

WE HAVE INVITED COMMENTS ON THESE PROPOSALS BY JULY 31ST.

IN SCOTLAND EXPERIENCE OF THE LAST FEW YEARS HAS SHOWN CONCLUSIVELY THAT EXISTING DOMESTIC RATES ARE WHOLLY UNACCEPTABLE TO A VERY WIDE RANGE OF THE POPULATION. WE RECOGNISE THIS AND ARE THEREFORE AT PRESENT PLANNING FOR EARLY LEGISLATION IN THE COMING PARLIAMENTARY SESSION TO ABOLISH THE DOMESTIC RATING SYSTEM IN SCOTLAND. THE GREEN PAPER ENVISAGES THAT ALL DOMESTIC RATE BILLS IN SCOTLAND WOULD BE CUT BY 40% WITH EFFECT FROM 1 APRIL 1989 AND WOULD BE FINALLY ABOLISHED AT THE END OF MARCH 1992. IT WILL FOLLOW THAT THERE WILL BE NO FURTHER REVALUATION OF DOMESTIC PROPERTY IN SCOTLAND.

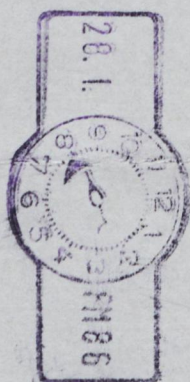
THE PROPOSED COMMUNITY CHARGE IS RECOGNISED TO BE FAIRER THAN DOMESTIC RATES. THOSE WHO HAVE BEEN USED TO CONTRIBUTING NOTHING FROM THEIR EARNINGS TO THE REVENUE RAISED BY DOMESTIC RATES MAY REGRET THIS NEW CHARGE BUT MOST WILL ACCEPT THAT IT IS NOT UNREASONABLE THAT WE SHOULD DISCONTINUE A SYSTEM THAT IMPOSES THE FULL BURDEN ON A MINORITY OF THE PUBLIC INCLUDING SOME OF THE POOREST MEMBERS OF THE COMMUNITY.

SHOPKEEPERS AND BUSINESSMEN WHO HAVE HAD TAXATION WITHOUT REPRESENTATION WILL NOW BE PROTECTED FROM THE EFFECTS OF AN UNFAIR SYSTEM AND WILL SEE ANY INCREASES IN THEIR RATES DETERMINED BY REFERENCE TO A SUITABLE INDEX.

SCOTTISH LOCAL AUTHORITIES WILL WE HOPE WELCOME THE END TO A SYSTEM OF PENALTIES THAT HAS NOT HELPED THE RELATIONSHIP BETWEEN CENTRAL AND LOCAL GOVERNMENT.

FOR SOME TIME THE SCOTTISH PUBLIC AND RATEPAYERS IN PARTICULAR HAVE CALLED FOR EFFECTIVE ACTION. THESE PROPOSALS REPRESENT A FAIR AND REASONABLE RESPONSE.

F.R.E.



STATEMENT BY SECRETARY OF STATE FOR SCOTLAND
WEDNESDAY 29 JANUARY

DN
✓ seen

CC TF
✓
Questions
Press
DC

PAYING FOR LOCAL GOVERNMENT: THE SCOTTISH APPROACH

WITH PERMISSION, MR SPEAKER, I THINK IT WOULD BE HELPFUL TO THE HOUSE IF I MADE A SHORT STATEMENT ON SPECIFICALLY SCOTTISH ISSUES ARISING FROM YESTERDAY'S PUBLICATION OF THE GREEN PAPER 'PAYING FOR LOCAL GOVERNMENT'.

THE GENERAL LINES OF THE PROPOSALS WERE EXPLAINED BY MY RT HON FRIEND THE SECRETARY OF STATE FOR THE ENVIRONMENT. THE GOVERNMENT ARE READY TO DEAL WITH THE MANIFEST DEFECTS OF THE PRESENT SYSTEM OF PAYING FOR LOCAL SERVICES AND WE PLAN TO INTRODUCE LEGISLATION WHICH

- WILL REPLACE UNFAIR DOMESTIC RATES BY A COMMUNITY CHARGE.
- WILL BRING REASONABLE PROTECTION TO SHOPS AND BUSINESSES.
- WILL SET UP A FAIRER AND SIMPLER GRANT SYSTEM AND REMOVE THE NEED FOR THE PRESENT SYSTEM OF PENALTIES AGAINST LOCAL AUTHORITIES.

WE HAVE INVITED COMMENTS ON THESE PROPOSALS BY JULY 31ST.

IN SCOTLAND EXPERIENCE OF THE LAST FEW YEARS HAS SHOWN CONCLUSIVELY THAT EXISTING DOMESTIC RATES ARE WHOLLY UNACCEPTABLE TO A VERY WIDE RANGE OF THE POPULATION. WE RECOGNISE THIS AND ARE THEREFORE AT PRESENT PLANNING FOR EARLY LEGISLATION IN THE COMING PARLIAMENTARY SESSION TO ABOLISH THE DOMESTIC RATING SYSTEM IN SCOTLAND. THE GREEN PAPER ENVISAGES THAT ALL DOMESTIC RATE BILLS IN SCOTLAND WOULD BE CUT BY 40% WITH EFFECT FROM 1 APRIL 1989 AND WOULD BE FINALLY ABOLISHED AT THE END OF MARCH 1992. IT WILL FOLLOW THAT THERE WILL BE NO FURTHER REVALUATION OF DOMESTIC PROPERTY IN SCOTLAND.

H. R.

THE PROPOSED COMMUNITY CHARGE IS RECOGNISED TO BE FAIRER AND LESS REGRESSIVE THAN DOMESTIC RATES. THOSE WHO HAVE BEEN USED TO CONTRIBUTING NOTHING FROM THEIR EARNINGS TO THE REVENUE RAISED BY DOMESTIC RATES MAY REGRET THIS NEW CHARGE BUT MOST WILL ACCEPT THAT IT IS NOT UNREASONABLE THAT WE SHOULD DISCONTINUE A SYSTEM THAT IMPOSES THE FULL BURDEN ON A MINORITY OF THE PUBLIC INCLUDING SOME OF THE POOREST MEMBERS OF THE COMMUNITY.

SHOPKEEPERS AND BUSINESSMEN WHO HAVE HAD TAXATION WITHOUT REPRESENTATION WILL NOW BE PROTECTED FROM THE EFFECTS OF AN UNFAIR SYSTEM AND WILL SEE INCREASES IN THEIR RATES DETERMINED BY REFERENCE TO SOME RATIONAL INDEX.

SCOTTISH LOCAL AUTHORITIES WILL WE HOPE WELCOME THE END OF THE PRESENT SYSTEM OF PENALTIES THAT HAS NOT HELPED THE RELATIONSHIP BETWEEN CENTRAL AND LOCAL GOVERNMENT.

FOR SOME TIME THE SCOTTISH PUBLIC AND RATEPAYERS IN PARTICULAR HAVE CALLED FOR EFFECTIVE ACTION. THESE PROPOSALS REPRESENT A FAIR AND REASONABLE RESPONSE.