

PERSONAL

PRIME MINISTER

cc Andrew Turnbull
Robin Catford

COMMUNITY CHARGE LIABILITY

The No. 10 Press Office have been getting an increased number of queries about your personal liability to the community charge. We need to decide how to deal with such enquiries now that the registration process is getting under way. As background, I thought you and Mr. Thatcher might find it helpful to have an assessment of the likely position in relation to No. 10, Chequers and Dulwich.

The attached note summarising the position has been prepared by DOE, in consultation with the Rating of Government Property Department (a part of the Treasury).

I would add the following thoughts.

No.10

Liability to the personal community charge arises in relation to the sole or main residence. The assumption is that you and Mr. Thatcher will declare No.10 as your main residence; on that basis you will each be liable to pay a personal community charge to Westminster.

But as the Department of the Environment note explains, No.10 is likely to be classed as a composite property, with a substantial non-domestic element. I have asked the Rating of Government Property Department to arrange for the Treasury Valuer to carry out his assessment of all the official London residences of Government Ministers at the same time. When the registration form arrives for No. 10 it will be necessary to liaise with the Treasury; and the position of other "residents" of No. 10 will also need to be considered.

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Other residences

Residences which are not your main residence involve no liability to the personal community charge. The issue is whether there is a liability as a second home to the standard community charge. This is assessed not in relation to the number of individuals concerned, but is akin to a charge on the property. The liability falls on the property owner or long leaseholder. Local authorities have discretion on the scale of the charge, which can be up to a multiple of two times the local personal community charge.

Dulwich

The position at Dulwich is straightforward. I understand that Mr. Thatcher has already returned the registration form, declaring your house there to be a second home. As owners you will therefore be liable to whatever standard community charge Southwark opt for.

Chequers

The position at Chequers is less straightforward.

The Trustees meet the rate bill at present. And under the new arrangements it will be for the Trustees, as "owners", to handle things.

The first issue is whether Chequers is a composite property. Unlike No.10 this will be assessed not by the Treasury Valuer (because it is not a Crown property) but by the relevant District Valuer.

If he reaches the view that there is a non-domestic element, then (as now) the Trustees will pay rates to the local authority. For the "domestic" parts of the property the Valuer will need to decide if there is a standard charge liability arising from part-time occupation by you and

Mr. Thatcher and by the staff.

If there is a standard charge liability that again would seem to fall to the Trustees. So in legal terms Dulwich differs from Chequers. Although in one sense they are both your "second homes" - and in terms of duration of stay you currently spend more time at Chequers than Dulwich - any legal liability to a standard community charge relates to the property owner or long leaseholder.

Press Office Line

DOE prepared the attached note with a view to its being used as the basis for dealing with press queries. You may, however, feel that it is not appropriate at this stage to be quite so forthcoming. The Chancellor certainly takes that view and wishes the Treasury Press Office at this stage to say that his position in relation to No. 11/Dorneywood/Leicestershire is a personal matter.

I'm not sure it is possible for you - or indeed for him - to remain quite as reticent as that. But an alternative press line at this stage would be:

- You and Mr. Thatcher will obviously be liable to a personal community charge like everyone else.
- The precise assessment of liability for the personal charge and second homes rests with the relevant charging authorities; the forms in relation to No. 10 and Dulwich will be completed in the normal way.
- The position at Chequers will be handled by the Trustees in conjunction with the relevant charging authority.
- [If specifically asked] you have returned the completed form in relation to Dulwich.

Nearer the time you will probably need to be more explicit.

Content:

(i) for the Trustees to settle the position at Chequers? *Yes*

(ii) with the alternative press line set out above?

Yes

not

PLG.

PAUL GRAY

9 May 1989

PRIME MINISTER AND THE COMMUNITY CHARGE - LINE TO TAKE

The Prime Minister, like any other individual, will pay the personal community charge at her sole or main residence. The decision as to what constitutes an individual's sole or main residence lies initially with the charging authority Community Charges Registration Officer (CCRO), in consultation, if necessary, with the CCRO of the other area(s) involved. There is a right of appeal. It seems likely, however, that the Prime Minister's main residence is No.10.

Thus the Prime Minister will pay the personal community charge to Westminster City Council from her flat in No.10. No.10 is likely to be classed as a composite hereditament (ie part domestic and part non-domestic). This means the "office" parts of No.10 will be business rated by the Treasury Valuer and, since it is a Crown property, a contribution in lieu will be paid by the Crown to Westminster City Council.

The standard community charge will arise on domestic property which is no-one's sole or main residence and will be paid by the owner or long leaseholder of the property. The Prime Minister's house in Dulwich is likely to be subject to the standard charge, which is levied on second homes at a rate of 0, $\frac{1}{2}$, 1, $1\frac{1}{2}$ or 2 times the local personal community charge. The multiplier chosen for second homes and other classes of property is a matter for the discretion of each local authority (London Borough of Southwark in this case).

The Prime Minister is also provided with an official residence at Chequers. This is not a Crown occupation and is thus currently rateable. The rates bill is met by the Trustees. It will be for the local District Valuer to determine whether any "office" accommodation at Chequers should be business rated; and for the local CCRO (in consultation with any other CCROs as necessary) to decide whether the domestic parts form anyone's sole or main residence. If the domestic parts forming the official residence are subject to a standard community charge this will be met by the Trustees. *Neither the Prime Minister nor the Crown will have community charge or rates commitments in respect of Chequers.*

It will be unusual, though not impossible, for members of the same household to have their main residence at different addresses. Thus Mr Thatcher is also likely to have his main residence at No.10, and will pay the personal community charge from that address.