



The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

5 March 1987

Dear Lizzie

NBRN.

"PAYING FOR LOCAL GOVERNMENT": (1) 1990 NON-DOMESTIC REVALUATION
(2) DISCRETION TO VARY STANDARD CHARGE

As you know, an important feature of our plans for reform of local government finance is to hold a revaluation of the non-domestic property that will remain in rating, to take effect at the same time as the other reforms on 1 April 1990.

This needs to be set in train soon if the Inland Revenue are to complete their work on time. I am now almost ready to lay the necessary Orders, of which there are two: one affirmative resolution providing that there shall be a revaluation, and one subject to annulment limiting its scope to the non-domestic sector. Clearly these have to be handled together.

There is one point to which I should draw your attention. E(LF) on 22 January asked me to consider further, with Nicholas Edwards, whether I wished to proceed as I had proposed to treat non-residential caravans in England and Wales as second homes, whereas under Malcolm Rifkind's Bill they stay in rating.

I have reconsidered, and I still wish to proceed with my proposal, for all the reasons set out in my letter of 13 January. So, I understand via officials, does Nicholas, though with the difference that in Wales, where community charges will be far lower, he sees no need for the lower ceiling for caravans that I propose.

I had hoped to reflect this treatment of caravans and so on in the revaluation Orders. I am advised, however, that this could prove very difficult to achieve within existing powers, certainly without serious delay to the Orders.

I therefore propose to lay the Orders in a simple form which leaves caravans in the field for the revaluation, and subsequently rectify the position in main legislation or a new Order made thereunder. I would, of course, make clear now that this was my intention. I should be grateful to know if you - and Nicholas Edwards, since the Orders will extend to Wales - are content with this approach.

I have also been giving further thought to how to give effect to E(LF)'s decision on 19 June that authorities should have power to vary the standard charge for second homes.

We cannot give them complete freedom, since I have no doubt that some of them would use it to reintroduce a property tax graduated by size or value. On the other hand, to limit them to varying the charge uniformly for all properties would seem too restrictive: there may be a good case for setting a lower charge for caravans and chalets below the ceiling I propose.

I therefore propose that district councils should have power to vary the charge as between categories to be prescribed: I have in mind to prescribe only the three mentioned above. For simplicity, I suggest that any variation should be in units of half a personal charge, ie, 0.5, 1, 1.5 or 2. I do not envisage permitting variations between parts of the district, although there will doubtless be pressure for this.

This structure will make it straightforward to treat caravans as Nicholas and I propose. There would be a separate power to set a lower ceiling than 2 for any of the prescribed categories, which I would propose to apply to caravans and chalets, whereas Nicholas, as I understand it, would not. I should be grateful to know if you are content with this proposal also.

I am sending copies of this to members of E(LF), to John Biffen as forewarning that I shall be asking him for time for an affirmative resolution debate shortly, and to Sir Robert Armstrong.

Yours an
Nicholas

NICHOLAS RIDLEY





ccRG

2 MARSHAM STREET
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Miss Joan MacNaughton
Private Secretary to
The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

My ref:

Your ref:

10 March 1987

NRBN

Dear Joan,

"PAYING FOR LOCAL GOVERNMENT: (1) 1990 NON-DOMESTIC REVALUATION
(2) DISCRETION TO VARY STANDARD CHARGE

I am afraid there are two typing errors in my Secretary of State's letter of 5 March to the Lord President on this subject.

In the second paragraph on the second page, the last two lines should be:

"there may be a good case for setting a lower charge for empty than for occupied property, or for setting the charge for caravans and chalets below the ceiling I propose."

The "three categories" referred to in the next paragraph are therefore empty houses, caravans and chalets, and other second homes.

Also in the fifth line of that paragraph, "0" (zero) should appear before "0.5".

I apologise for any inconvenience this has caused. I am sending copies to private secretaries to the other recipients of the letter.

Yours,

R U Y

R U YOUNG
Private Secretary

Lucas Galt

Relations

PT 32



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From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

John White

NBPM.

31. March 1987

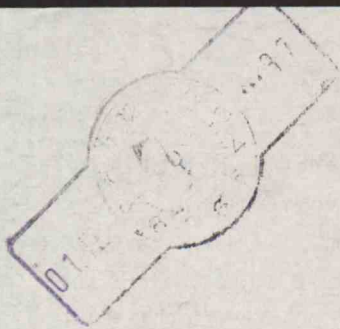
will request
if required

PAYING FOR LOCAL GOVERNMENT (1) 1990 NON-DOMESTIC REVALUATION, AND (2) DISCRETION TO VARY STANDARD CHARGE

Nicholas Ridley copied to me his letter to you of 5 March. I agree with the course of action Nicholas proposes. Like him, I continue to believe that in England and Wales non-residential caravans should be treated as second homes, although I do not intend to set the lower ceiling for them which Nicholas proposes for England. It would be anomalous in Wales to single out caravans and chalets for special treatment since there are instances in various parts of Wales where at present they have rateable values equal to, or lower than, some second homes. It would be unfair to impose a lower limit on the potential increase in the local tax bill which caravans or chalet owners would face. But I would certainly like local authorities in Wales to be able to set a lower standard charge for this type of second home if they feel it appropriate to their local circumstances, and so I support the three categories which Nicholas proposes.

/ I am copying this letter to members of E(LF), to John Biffen and to Sir Robert Armstrong.

The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council



Local Gov't Rating PT6



1 Ce BG:

PRIVY COUNCIL OFFICE

WHITEHALL, LONDON SW1A 2AT

27 March 1987

NBRM

Dear Nicholas

PAYING FOR LOCAL GOVERNMENT: (1) 1990 NON-DOMESTIC
REVALUATION; (2) DISCRETION TO VARY STANDARD CHARGE

You wrote to me on 5 March seeking agreement to lay two orders for a rating revaluation of the non-domestic sector in England and Wales, to take effect from 1 April 1990, and to your detailed proposal to give effect to E(LF)'s decision on 19 June 1986 that authorities should have power to vary the standard charge for second homes, including caravans and chalets. You also confirmed your original view that non-residential caravans should be treated as second homes in England and Wales.

You will have seen John MacGregor's letter of 24 March recording his agreement, and I understand that other colleagues are content. You may therefore take it that you have approval of E(LF) to proceed as you propose.

I am sending a copy of this letter to the members of E(LF), to the Lord Privy Seal and to Sir Robert Armstrong.

*John
B. M.*

The Rt Hon Nicholas Ridley MP

CONFIDENTIAL

ce ~~BG~~

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB

NBEN

24th March 1987

Dear Nicholas,

"PAYING FOR LOCAL GOVERNMENT" (1) 1990 NON-DOMESTIC REVALUATION,
AND (2) DISCRETION TO VARY STANDARD CHARGE *at this*

Thank you for copying to me your letter of *✓* 5 March to Willie Whitelaw.

I accept your proposal to lay the two necessary revaluation Orders shortly, which is in line with our commitment already announced.

I am copying this letter to Willie Whitelaw, to other members of E(LF), to John Biffen and to Sir Robert Armstrong.

Low,
JK

JOHN MacGREGOR

LOCAL GOVT: Relations PT32

