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From the Private Secretary

14 September 1987

The Prime Minister has seen your Secretary of State's minute of 9 September about the transfer of rating responsibilities for Wales. She has agreed that responsibility for rating in Wales should be transferred from the Secretary of State for the Environment to your Secretary of State, and has noted that the transfer is not intended to lead to differences in the operation of the rating system as between England and Wales.

I am copying this letter to the Private Secretaries to members of E(LF), Eleanor Goodison (Office of the Minister for the Arts) and Trevor Woolley (Cabinet Office).

(ANDY BEARPARK)

John Shortridge, Esq.,
Welsh Office.

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MS

PRIME MINISTER

The attached minute from the Secretary of State for Wales asks you to reconsider the suggestion that he should be given responsibility for rating in Wales. RTA is quite content that there is no objection to the proposal in machinery of government terms and suggests that the important consideration is that separate responsibilities should not lead to differences in the operation of the system or at least not to differences for which Ministers collectively have accepted as being reasonable and sensible.

Content to approve on that basis?

AMB

Yes - I think that is
 dealt with in the
 paragraph 24 - para of
 S 25: note not

ANDY BEARPARK

11 September 1987



CC/BE

PRIME MINISTER

TRANSFER OF RATING RESPONSIBILITY TO THE SECRETARY OF STATE FOR WALES

I have seen a copy of your Private Secretary's letter of 21 August to Nicholas Ridley's secretary responding to Nicholas' minute to you of 6 August.

Mr Bearpark raises two points. One is that you had not realised that I would have control over the level of the National Non Domestic Rate for Wales and the formula for its distribution, and you wanted clarification of this. The second is that you saw no reason to transfer responsibility for rating from Nicholas to me.

The Secretary of State for Wales has been responsible for a separate Welsh Rate Support Grant system since 1980. There has been no question from the outset of our proposals for the reform of local government finance but that a separate system would continue to operate in Wales.

The proposal that the Non Domestic Rate Pools for England and Wales should be separate was made clear in the Green Paper "Paying for Local Government" in January 1986 and our agreement to proceed in this way has been confirmed in subsequent publicity. Under these arrangements initial poundages in England and Wales will be set in line with the average levels of contribution from non domestic ratepayers. Thereafter they will be updated each year in line with the movement in the RPI or by a lesser amount specified by the Chancellor.

5 years to come into operation

For both England and Wales the yield from the Non Domestic Rate will be distributed between local authorities on a population basis as envisaged in the Green Paper. E(LF) considered the question of a single GB pool last year and rejected it.

Turning to the proposal which Nicholas put to you that responsibility for rating should be transferred to me, the essential point is that if such a transfer did not take place it would be the only function within the local government finance system in Wales which was carried out by the Secretary of State for the Environment.

We did not transfer the responsibility in 1980 when the separate RSG system was established because the 1980 Local Government Planning and Land Act left the law on rating undisturbed at the time. In practice since then my officials have dealt with much of the work although formal responsibility rests with Nicholas. Given the introduction of the new system and my statutory responsibility for it in Wales including the separate Non Domestic Rate it would be both illogical and presentationally difficult for us to explain to local government and in the House why decisions on those aspects of the system which affect the liabilities of individual businesses in Wales were being taken by the Secretary of State for the Environment.



There is no intention that separate powers will lead to differences in the operation of the rating system particularly at a time when we are seeking greater harmonisation with Scotland. Consequently I would expect that for those aspects of the system which affect the liabilities of individual businesses in Wales we would make joint orders for England and Wales.

As Nicholas and I are agreed that a transfer of responsibility is sensible and as there are no staffing or other cost implications I hope that with this explanation you will now be able to agree to his proposal. Its adoption would be non controversial; the status quo would not.

/ I am copying this minute to members of E(LF), Richard Luce and Sir Robert Armstrong.

9th September 1987

P W



LOCAL GOVT Rates

pt 8.

COMPTROLLER

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