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MO 10E

14th September 1987

N. B. M.

Dear Nicholas,

RATE REFORM: CROWN PROPERTY

at AFPRB PT 7

I have seen a copy of your minute of 30th July to the Prime Minister about the treatment of Crown property, and residents of Crown property, under the new system of local government finance. I agree in principle with the policy proposed, that Service personnel should be liable to pay a personal community charge, as other adults will be, in an appropriate form.

But I do, I am afraid, have some difficulty with the specific proposals as they affect Servicemen. At present, as you will be aware, Service personnel in Crown premises pay a standard accommodation charge, reviewed by the Armed Forces Pay Review Body (AFPRB), which includes an element to cover local authority rates. This element is an average of contributions in lieu of rates paid by the Rating of Government Property Department (RGPD) in England, Wales, Scotland and Northern Ireland and the charges for married and single accommodation are applied worldwide. It is not therefore directly sensitive to the rate set locally. An important reason for this arrangement is that Service personnel have little influence over their postings and it would be inequitable to charge them differing rates according to the location of their accommodation. Nor, since they generally do not reside in the constituencies where their votes are cast, can they influence local policy through the democratic process. The proposals that you put forward would in effect abandon

The Rt Hon Nicholas Ridley MP



the principle, which I believe remains soundly based, that Service personnel should make a uniform contribution regardless of where they are posted.

There would also be a number of practical difficulties with the scheme as proposed. The suggested arrangements for registration and payment of community charges place responsibility on individuals to enter their names on a register in an area in which they are resident and to remove themselves from it when they leave the area. The majority of Service personnel and families are necessarily highly mobile during their lives in or accompanying the armed forces. The introduction of a system which required those living in Service accommodation to register and re-register would present major administrative problems and impose further burdens on the local authorities involved in dealing with registration and the collection of charges. I note that in Annex B to the paper it is recognised that mobility would cause difficulty in some cases; my own view is that this problem applies more widely than the paper perhaps allows for. Similarly, I believe that the Annex may underestimate the scale of the security difficulties involved.

I should prefer to adopt a different approach to the payment of charges, whereby my Department would ensure that the personal community charges for Service personnel, as well as Service dependants residing in Crown property, are levied on a standardised basis by including in accommodation charges a standard averaged element to cover community charges. I suggest, too, that it might be most convenient for the RGPD to continue to make the payments in lieu to the local authorities (for both occupied and empty accommodation). On this basis, the legislation would need to provide for an exemption power for Servicemen and their dependants residing in Crown property. Service personnel living in their own property would be expected to make the appropriate arrangements for registration in their area of residence.



The proposals put forward to deal with the position of diplomats and visiting forces personnel in the United Kingdom suggest that either my Department or the Foreign and Commonwealth office, in conjunction with the Treasury, should negotiate, with other Governments, the arrangements for recovery of the 'beneficial proportion' of rates. I believe that these details would be better handled by the Treasury and the Foreign and Commonwealth Office rather than my Department, and assume that the Chancellor and the Foreign and Commonwealth Secretary will take these matters in hand.

I am sending copies of this letter to the Prime Minister, the Lord President, the Foreign and Commonwealth Secretary, other members of E(LF) and to Sir Robert Armstrong.

Yours well,

George Younger

Local Gov't: Rates P78

