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PRIME MINISTER

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EFFECTS OF A DOMESTIC RATE REVALUATION

Recent public opinion polls by Gallup and Harris suggest that the Government has a long way to go in persuading the public to support the Community Charge proposals. The Harris poll showed 35% supporting the Rates, compared to 18% supporting the new Community Charge with 15% supporting a local income tax and 12% an increase in national income tax. Gallup found 38% of voters (and 38% of Conservative supporters) in favour of a local income tax compared with 26% supporting the Rates and only 14% a Community Charge.

So a key element in changing public attitudes is first to persuade people that the rating system is unsustainable. There has to be a revaluation which would lead to dramatic increases in Rates in London and the South East. Nicholas Ridley has therefore proposed that Inland Revenue conduct a sample survey of domestic property to obtain authoritative information about the effects of revaluation. The Chancellor is resisting this on the grounds that it would affect normal work in the Valuation Office, its existence could leak before the results are available and that it would not necessarily provide helpful ammunition.

This exercise will not provide more than a marginal increase of the workload of Valuation Offices. The main problem is with Inland Revenue statisticians who are currently working on another exercise for the Chancellor. But the DoE have offered to lend one of their own statisticians to do the work necessary to aggregate the information provided from the sample survey.

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Conclusion

There is an urgent need for the Government to improve the presentation of the Community Charge proposals. A sample survey showing the effects of a Rates revaluation is a key element in this and the Chancellor's objections do not seem compelling. We recommend that you endorse Nicholas Ridley's proposals.

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