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From The Secretary of State for Wales

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The Rt Hon Peter Walker MBE MP

4 March 1988

CONFIDENTIAL

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VALUATION FOR RATING: THE "ADDIS" AND "CAKEBREAD" CASES

with PG/PM?

You will recall that I raised this issue in Cabinet on 25 February. I have now seen Nicholas Ridley's letter of 1 March and have to say that I agree with his conclusions that the effect of the judgements should be reversed, not only because of the loss of rate income involved and the increased workload in Valuation Offices, but also in order to restore to Enterprise Zones the full advantage in terms of rates which they offer to firms locating there. This is an integral part of our enterprise zone policy and should be maintained for the full ten years in each case.

As for grant compensation for local authorities suffering a loss of rate income, I have already been pressed to make arrangements to compensate councils for the refunds which they will have to make. I am not entirely convinced that we should go beyond Section 67 of the Local Government Planning and Land Act 1980. However if compensation is to be provided then it must be on the basis of additional resources and it must be offered on the same terms in England and Wales. Clearly this is not an occasion when we should be prepared to provide compensation from within existing resources.

I therefore support legislation to reverse the "Addis" and "Cakebread" judgements and I am prepared to go along with a decision to provide compensation to local authorities on the above terms.

/ I am copying this letter to the Prime Minister, to other members of E(LF), to the Lord Chancellor, to the Attorney General, to First Parliamentary Counsel and to Sir Robin Butler.

[Handwritten signature]

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

LOCAL GOVT: RATES

