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SCOTTISH OFFICE
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The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
2 Marsham Street
LONDON
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8 March 1988

Dear Nicholas,

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

Thank you for copying to me your letter of ~~1~~ ^{WITH PG.} March to Nigel Lawson.

So far as the Addis case is concerned there are no direct consequential for Scotland, where we have the established concept of 'material change of circumstances affecting value' as a ground for appeal between revaluations. Our system is thus able to take account of significant changes of the kind at issue, and appears able to do so without throwing an undue burden on those administering the system or on the courts. The potential size of that burden has, of course, been kept down by our regular revaluations, and I accept that, with no revaluation south of the Border since 1973, the wider principles established in the Addis judgement could lead to a major surge of appeals at a time when all the resources of the Valuation Office need to be concentrated on preparations for 1990. Therefore, although your proposal to reverse the Addis judgement from now on will preserve a cross-border difference which in an ideal world might have been reduced or removed, I accept that you have no alternative but to proceed as you propose, at least for the immediate future.

I note that you propose financial compensation for local authorities whose rateable resources are reduced as a result of the appeals already submitted and which will be successful as a consequence of the Addis judgement. In Scotland a corresponding reduction has already been built into our 1985 Revaluation, and local authorities have had no specific compensation: I am considering further whether, if you provide compensation, we will be pressed to do likewise and may write further about that in due course.

Finally, I should merely note for the record that the Cakebread case has no implications for Scotland.

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

Yours over,
Malcolm

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