



CEPU

PRIME MINISTER

HARMONISATION OF RATING : THE CONTRACTORS BASIS

at Harp
I had not previously heard from Nick Ridley about the proposals to you in his minute of 5 October.

I am content with the proposition that there should be a single lower band for all educational institutions. On the basis of Nick's arguments, this lower band should clearly apply to all local authority educational institutions, including colleges and institutes, and not just to local authorities' schools.

As Nick recognises, the setting of the lower band at 4% will mean significant increases in the rateable value of the properties of independent schools and other private charitable educational institutions as well as of universities and polytechnics. The effect of this increase on the rates actually paid will however be more than offset by the increase to 80% in the derating for all charities. In view of this, I do not want to argue with Nick's proposals. There may be some criticism from the independent schools and others that the proposals are designed to moderate the impact of the House of Lords decision by the back door. We shall have to counter that if necessary by referring to the wider context in Nick's minute.

It seems clear from the exemplifications that there could be substantial increases in the contributions paid in respect of Crown Properties, including those used by the Department and the Research Councils. If that proves to be the case, I do not think that we should allow this extra cost to lead for example to a reduction in the amount of basic science we can buy. Until we see how the implications work through, I shall want to reserve my position on seeking, later on, additional provision to take account of the proposed change.

I am sending copies of this minute to other members of E(LF) and to Sir Robin Butler.

KB

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10 October 1988

LOCAL Gov. Rates PA 11

