

PRIME MINISTER

RATING APPEALS

The attached papers raise some difficult and highly contentious issues which you will want to consider carefully.

Serious concern has developed that, essentially because of manpower difficulties, the Valuation Office of the Inland Revenue will not be able satisfactorily to complete the revaluation of non-domestic property in England and Wales in time for the new business rating system to be launched on time.

So Nicholas Ridley and Nigel Lawson have concluded that drastic action is necessary to curtail other parts of the workload of the Valuation Office. They therefore propose legislation to restrict the right of appeal by both domestic and non-domestic ratepayers about their existing valuations. The detailed proposals are set out in Nicholas Ridley's minute at Flag A. The package is:

- Announce (within the next few weeks) the proposal to legislate to nullify the effect of any proposals to alter the existing 1973 valuation list by both domestic and non-domestic ratepayers after the time of the announcement.
- The Valuation Officer would continue to make proposals in respect of new buildings and ratepayers' right of appeal in these cases would be unaffected.
- The Valuation Officer would also be able himself to make proposals to change existing valuations, except that in relation to domestic property there would be a de minimis rule that changes of 20 per cent or less, up or down, would be nullified. And the Valuation Officer would also only make proposals that related to a physical change in the property or its environment.

- If, despite the announcement, ratepayers themselves continued with proposals for variation they would have to be dealt with in the normal way until enactment of the legislation, but then the effect would be nullified. In practice, it is argued that few appeal cases would be heard between announcement and enactment; and if there were successful appeals the Valuation Officer himself could propose a change to the same effect so that the ratepayer would not be disadvantaged.

- A safeguard would be introduced whereby, if the Valuation Officer declined to make a proposal having been notified by a ratepayer of a change in a property, the ratepayer could ask the Regional Superintending Valuer to review the case.

- Ratepayers could, in the last resort, ask their MP to take up their case.

Other colleagues have commented as follows:-

- The Chancellor (Flag B) supports the package, save that he would prefer that no specific mention was made in the statement of the possibility of taking cases to MPs (although that unadvertised possibility would still exist).

- Mr. Walker (Flag C) is content.

- Mr. Rifkind (Flag D) is content with the England and Wales proposals; and explains that parallel action is not necessary in Scotland.

The Law Officers have been consulted. Their views are set out in the Solicitor General's minute at Flag E. Their view is:-

- The issue of retrospection has to be considered. But on the basis that the period of retrospection is

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likely to be less than nine months (shorter than envisaged earlier) and given the safeguards built into the package, the package is acceptable.

- But further consideration needs to be given to whether there is any conflict with our obligations under the European Convention on Human Rights. The Solicitor General will write again on this.
- Valuation staff must ensure that there is no undue delay in handling ratepayers' proposals received after the announcement. And arguments should be developed to counter the view (which a judge might take) that, following the announcement, valuation staff should speed up the handling proposals.

In short, the Law Officers seem just about content.

You have also had advice from the Cabinet Office and the Policy Unit:-

- Richard Wilson (Flag F) suggests that, subject to the Law Officers' views (which he had not seen when he wrote his minute) the arguments favour Mr. Ridley's proposals.
- But John Mills (the new member of the Policy Unit to replace Peter Stredder who you will be meeting next week) is more concerned. I suggest you look closely at his minute (Flag G). He argues that, notwithstanding the Law Officers' views (which again he had not seen) there are major points of concern:
 - Why restrict the rights of domestic as well as non-domestic ratepayers?
 - Are the rights of local councils, in their role as rating authorities, also being limited?
(Mr. Ridley's minute does not address this.)

- The political controversy needs to be carefully considered.

So the Policy Unit suggest going back to Nicholas Ridley on these points.

You should also be aware that the Lord President shares some of these concerns (although he has not minuted). He is worried that the package would be very unpopular in the Party.

Are you content to give Mr. Ridley the go ahead, subject to satisfying the points still outstanding with the Law Officers?

OR

Do you want to put the further queries raised by the Policy Unit to Mr. Ridley, either in writing or at a meeting?

REC.

PAUL GRAY

13 January 1989

This is just NOT OK
You cannot expect
people of a right of speed

for administrative convenience
of foot. It is totally inevitable.
The I.R. will have to find a rule of thumb
P.S.S

multiplier for those
properties they cannot
resolve in time - with
adjustment retrospectively
once the new valuation
is determined.
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