



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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BY FAX

Phillip Ward Esq
Private Secretary
Department of the Environment
2 Marsham Street
LONDON

19 July 1990

Les Phillips

COMMUNITY CHARGE REVIEW

I refer to my letter of 18 July and now attach the final text of my Secretary of State's arranged PQ. It incorporates the comments received from you and other colleagues.

Copies of the Statement have gone to the Private Secretaries of E(LG), to Sonia Phippard (Cabinet Office) and to Michael Carpenter (Attorney General's Chambers).

*Yours
Jim*

J D GALLAGHER
Private Secretary

MR ALLAN STEWART:

To ask the Secretary of State for Scotland, what changes he is proposing to make to the community charge arrangements following the review of those arrangements.

MR MALCOLM RIFKIND:

I am proposing to make the following changes

Community charge relief

- 1) with effect from 1 April 1990 the threshold for relief will be reduced from £3 per week to £2 per week
- 2) the scheme will be extended by 2 years
- 3) relief paid under the scheme to an individual will not reduce until the 4th and 5th years.

Those proposals will take effect from the beginning of the second year of the scheme in Scotland. The lowering of the threshold for relief will give £52 more relief than would otherwise have been the case to each household that qualified for it, provided they have not moved. Pensioners and the disabled who were not former ratepayers and who qualified for extra relief will also receive an increase of £52 of relief. On top of this, the moratorium on withdrawal of relief will be worth up to £13 in 1990-91 to everybody already entitled to relief in respect of 1989-90. Many couples will be £78 a year better off than they would otherwise have been as a result of these changes. It is estimated also that the number of people benefiting may increase by more than 50% as a result. The amount of relief paid out is expected to increase by more than this proportion, reflecting the increase in relief that existing recipients of relief will receive as well as relief being paid for the first time to new recipients. The implementation of these changes will be subject to discussion with local authorities before regulations bringing them into effect are made.

Bed and Breakfast

My proposals to exempt small Bed and Breakfast establishments from non-domestic rating have been widely welcomed in Scotland: in consultations, there was general agreement that a limit of 6 bed spaces would be appropriate, and that it would not be desirable also to extend the exemption to establishments available for 100 days or less. Accordingly, I intend to lay regulations very shortly to exempt Bed and Breakfast establishments providing space for a maximum of 6 people to be exempt from non-domestic rates, by prescribing that they shall be treated as domestic property.

Standard Community Charge

A number of specific classes have already been prescribed. These include empty manses, properties empty as a result of a person's death, property whose owner is being cared for elsewhere, empty homes belonging to students, and empty property belonging to prisoners. It is my intention now to prescribe additional classes of premises and the maximum multipliers which will apply to them. I will consult with the Convention of Scottish Local Authorities and with Community Charge Registration Officers with regard to the details before making the appropriate regulations. My intention is to make provisions relating to property owned by people who live in tied accommodation, property which has been repossessed by a mortgage lender and, subject to views which are expressed during consultation, property which forms a self contained part of either the main residence of the charge-payer or to a non-domestic property owned by him.