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CH/EXCHEQUER	
REC.	- 8 DEC 1988
ACTION	Mr AJC Edwards
COPIES TO	Sir PM Middleton, CST, Mr Anson, Mr H Phillips, Mr Culpin, Mr Potter, Mr Fellgett, Ms Chaplin

My ref:

Your ref:

✓ s/2

December 1988

Dear Chancellor PS/IR

RATING APPEALS

When we corresponded on this subject during the summer we agreed that officials should examine the scope for measures to reduce the burden of valuation proposals and appeals which the Valuation Office is expecting to face during the remaining currency of the 1973 list.

I have now considered the joint report produced by our officials on this difficult issue and have concluded that we should take whatever action is needed to ensure that the Valuation Office can devote to the 1990 revaluation the resources necessary to ensure that it is completed on time. You have, I know, already taken some measures to reduce the shortage of valuers and to make the most effective use of the resources available; you have other measures in hand. It is very important that these supply side initiatives should be pursued. However it is clear that if the volume of appeals against the 1973 list increases substantially, as it is likely to do once we have announced the transitional arrangements for the business rate, the Valuation Office may not be able to carry out the revaluation satisfactorily, notwithstanding the measures which you are taking.

Despite the likely adverse reaction, therefore, I think that we have to take action on proposals and appeals. I suspect that the incentives for non-domestic ratepayers to make proposals will be so great that the intermediate options canvassed by officials would have little impact. My inclination therefore would be to remove all domestic and non-domestic rights to make proposals in respect of the 1973 list. We could justify this on the grounds that the list is now 15 years old and ratepayers have had ample opportunity to object to it. I am clear however that we must provide for cases where there is a substantial change in the state of the property or in its environment. It would be inequitable if ratepayers were unable to secure a reduction in the RV where, for instance, the property had been badly damaged by fire. I think this can be achieved by placing an obligation on the Valuation Officer to make a proposal in any case brought to his attention where, in his opinion, the effect of the change would be to reduce the RV by, say, 20% or more. We ought perhaps to place a parallel restriction on the right of Valuation Officers to propose increases in RV.



In my view we would also need a mechanism for aggrieved ratepayers to use where the Valuation Officer refused to make a proposal. This could obviously not be a formal right of appeal, but some non-statutory arrangement akin to that used in immigration cases under which an MP could ask the Chief Valuer to re-examine a case might be a possibility.

I propose that we should ask our officials to look urgently at this and other aspects of these proposals and produce a package which we can recommend to colleagues. We shall in particular need to seek the Law Officers' views again, given that a "midnight tonight" statement would be needed and a provision in the Local Government and Housing Bill, to validate the scheme from the date of the announcement.

I believe that in order to minimise the possibility of these proposals becoming known publicly before we are ready, we must aim to make an announcement as soon as possible after the Recess. There would be strong presentational advantages in linking this with the announcement on transition; indeed I think it essential to do so. It follows that we must also try to reach agreement quickly on the other related issues which are outstanding, on which I wrote to John Major on 29 November.

In view of the sensitivity of this issue I am not copying this letter more widely at this stage.

Yours sincerely
N Ridley

pp NICHOLAS RIDLEY

*(approved by the Secretary of State
and signed in his absence).*