

SECRET



pwp pr

FROM: FINANCIAL SECRETARY
DATE: 21 December 1988

CHANCELLOR

cc Chief Secretary
Sir P Middleton
Mr Anson
Mr Phillips
Mr Scholar
Mr Culpin
Mr Edwards
Mr Chivers
Mr Gilhooly
Mr Potter
Mr Fellgett

*Good. OK
Draft
OK
This is a welcome & unexpected move by Mr Ridley. No real need to waste through all of Andrew Edwards' note, which appears to have been written before Mr Ridley's views were known. OK to write, as amended?*

RESTRICTING VALUATION APPEALS: NEXT ACTION

I agree with the advice in Mr Edwards' minute of 19 December.

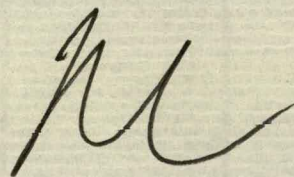
In my view, option (i) (removal of the existing statutory right to lodge formal proposals and appeals against the existing rateable values list) is the best way forward. I also agree that within that broad option, the Valuation Office's variant would be easier to defend than the 'draconian' or 'Ridley' variants. The obligation on the Valuation Officer to make any changes in rateable values for non-domestic buildings in the 1973 List he considered right meets the point about equity in the NNDR transitional arrangements. In addition, the Valuation Office's recommended procedure whereby aggrieved ratepayers would be entitled to make representations to the Regional Superintending Valuer would be preferable to Nick Ridley's idea of encouraging representations to MPs. The VO option would go quite a long way to meeting criticism that we had removed the citizen's fundamental right of appeal in a tax matter. Furthermore, it would save roughly £25 million in yield as compared with £15 million under Nick Ridley's option, since most revisions increase rateable values and there would not be a 20% de minimis limitation on changes in the non-domestic List.

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ADP

My main concern with this option lies with the savings in valuers which it would bring. We need to be sure that these savings, together with those which will result from the other measures which the Valuation Office have introduced (or will introduce) on the supply side or in reordering priorities, will be sufficient to see them through the difficult period ahead. Mr Shutler has now completed the further work on the figures foreshadowed in para 28 of Mr Edwards' note. He estimates that the Valuation Office variant would build up to a saving of work equivalent to 242 valuers in 1989-90. The 'Ridley' variant would, on the Valuation Office's estimates, produce only slightly more valuer savings (perhaps 280 valuers) while causing the yield and other problems mentioned above.

On the basis of these estimates, I am content with what is proposed. Mr Edwards had confirmed informally with the DoE Deputy Secretary concerned that DoE officials would be favourably disposed towards the line recommended. It would, I believe, be immensely helpful if you could reply to Nick Ridley as early as possible tomorrow, since that would enable him to minute the Prime Minister before Christmas.



NORMAN LAMONT