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CONFIDENTIAL

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Lord President of the Council  
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28 October 1986

*Dear Willie,*

ABOLITION OF DOMESTIC RATES ETC (SCOTLAND) BILL  
CARAVANS, HUTS AND CHALETS

One of the loose ends identified in my paper E(LF)(86)1, which set out my basic proposals for the introduction of community charge legislation, was the treatment of caravans and holiday huts and chalets. This matter has now been the subject of discussion between officials and the purpose of this letter is to set out how I propose to proceed and to seek the approval of E(LF) for the incorporation of the relevant provisions in the above Bill.

The implication in the Green Paper 'Paying for Local Government' that holiday caravans might be treated as second homes, subject to a standard community charge of up to two units of community charge, has resulted in very strong representations from the caravan site operators' lobby, with support from a number of Members of Parliament. As colleagues will recall, the site owners were successful fairly recently in obtaining significant concessions under the present rating system as respects the valuation of their sites in Scotland. To remove holiday caravans from rating and treat them as second homes, subject to the standard community charge, would undoubtedly represent a greatly increased financial burden. To attempt to do so in my Bill would greatly increase the level of objection to it and render its passage through Parliament appreciably more difficult. I therefore propose that the Bill should contain provisions to enable me to prescribe that holiday caravans should remain in rating and therefore not become liable to the standard community charge. I would intend to make this clear on publication of the Bill.

I would, however, make it clear that caravans which are at present valued as residential (which are typically equipped and licensed for year-round occupation) should be subject to the same treatment as conventional houses: being removed from rating and subject to the standard community charge if they are used as second homes. Also, the provisions of the Bill would ensure that those who have their sole or main residence in caravans or whatever sort would be subject to the personal community charge and would not be liable for rates.

CML30104



E(LF)(86)1 also drew attention to the need for special consideration for small, low value holiday huts and chalets on which the improvisation of a standard community charge would represent a very substantial burden compared with rates. I propose that the power to leave prescribed property in rating should be capable of application to huts and chalets as well. As with caravans, the detailed preparation of criteria for the use of the proposed power will require to be discussed with the Scottish Assessors, who will be responsible for operating the new procedures. At present, however, I envisage that it would apply to caravans, huts and chalets which were not suitable for occupation all year round - perhaps by reference to planning or site licensing conditions, for example.

I should be grateful for the approval of E(LF) to the incorporation of these proposals in the Bill. May I take it that I have consent in the absence of comments by Friday 7 November?

I am copying this to the other members of E(LF) and to Sir Robert Armstrong.

*Yours ever,  
Malcolm*

MALCOLM RIFKIND



