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The Rt Hon The Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1

My ref:

Your ref:

2 December 1986

NBP.

Dear Lord President,

"PAYING FOR LOCAL GOVERNMENT": CARAVANS, HUTS AND CHALETS

I did not comment on Malcolm Rifkind's letter of 28 October which proposed that holiday caravans should be excluded from the 'second home' charge and instead be left in rating, and in your letter of 20 November you said that he could treat silence as consent.

I have however been thinking further about the treatment of caravans in England. I agree that we must do something to protect owners of holiday caravans from what would otherwise be typically 300% increases in local tax bills, from around £100 to around £400; and that it would be unwise to rely on local authorities to exercise their discretion to set a lower rate of charge, even if we allow them to do so differentially by category of property.

It seems to me highly illogical, however, to treat one class of second homes - for that is what they are - in a wholly different fashion from all others. It will require us to go on valuing for rating property whose only use is for living in, which is what we are trying to get away from. Indeed, the valuation of caravan sites is a particularly vexed issue: excluding them from the 1990 revaluation could be a worthwhile contribution to the savings Norman Lamont has asked me to look for.

I now think that a more rational and consistent approach would be to set a standard charge for holiday caravans, seaside chalets etc, but subject to a lower maximum than the general 'second home' charge. I suggest that the rate should be one unit of personal community charge in the area. This would be half the maximum rate for second homes.

I am not, of course, asking Malcolm Rifkind to change tack now unless he so wishes. I think that this is a subject on which a divergence of practice north and south of the border can be accepted. I would of course hope that, if you and colleagues accept the proposal, Nicholas Edwards could agree to take the same line in Wales.

LOCAL GOVT
RATES
PT 5

I am hoping to make an announcement shortly about the outcome of consultation in England, on which I shall write to you separately. I should therefore be grateful to have agreement to this proposal not later than 9 December.

I am sending copies to members of E(LF), to Norman Lamont and to Sir Robert Armstrong.

Yours sincerely,

Ridley

PP NICHOLAS RIDLEY

(Approved in draft by the Secretary of State and signed in his absence.)

