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CC/BG

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

NBPN

10 December 1986

Dear Willie,

FILE WITH ON

PAYING FOR LOCAL GOVERNMENT - RESPONSE TO CONSULTATION

I refer to Nicholas Ridley's letter of 3 December. I have also seen the Prime Minister's views as set out in her Private Secretary's letter of 8 December.

I think it would be desirable for a statement of principle to be made in the near future reaffirming the Government's commitment to replacement of domestic rates in England and Wales with the community charge. Naturally, this would be helpful to me in presenting the case for my own Bill, by reinforcing my argument that Scotland is not being treated as a guinea pig.

As Nicholas says, the main framework of policy has been settled by E(LF) and we have agreed that in a number of areas there will be differences north and south of the Border. From time to time this will draw criticism, since our critics will be able to pick and choose between our different approaches where it suits them. But on balance I am clear that some divergence of approach will have advantages on presentational grounds as well as representing practical commonsense in relation to the handling of my Bill.

Against that background, I have the following comments on the specific matters for decision identified in Nicholas Ridley's letter.

Community Charge Registration Officers

The flexibility which Nicholas proposes, allowing local authorities to make the appointment, will draw some criticism of the fact that in Scotland we are laying down that the assessor should be the registration officer. But I remain satisfied that, given the existing role and responsibilities of assessors, my decision is justified. I therefore have no objection to what Nicholas proposes.

Paying Arrangements

I have gone for a standard arrangement of 12 monthly instalments whereas Nicholas proposes greater flexibility, allowing local authorities to continue with the pattern of 10 instalments available under the present rating system if they wish. I am happy to defend my own decision on the basis that it accords with the balance of the representations which were made in Scotland. But if the weight of professional opinion changes as my Bill

progresses I will consider moving towards the approach Nicholas is adopting.

I agree that there should be flexibility enabling local authorities to college community charges on the same basis as rents: that is to say, allowing for weekly or fortnightly payments, "free weeks" at Christmas or Trades holidays etc. But I must ask Nicholas to ensure that we do not slip back into the present arrangements for "collection with rent" which often means that tenants have no idea of how their bill is made up.

I agree with Nicholas that there should be no question of local authorities compelling tenants to collect community charges from others on their behalf. Indeed I am anxious to avoid altogether the concept of a household bill. This means that even if, to simplify administration, we allow one individual to pay on behalf of others this must not compromise the principle that all those who are liable for the charge receive separate bills.

Subject to these comments I am content with what Nicholas proposes under this heading.

Joint and Several Liability

This is an area where I doubt if we can sustain differences north and south of the Border. In my Bill only couples who are legally married and living together are subject to joint and several liability for the community charge. I have reservations about extending this to couples who live together but are not married.

First of all, it is far from clear on what criteria judgements would be made as to whether couples were "living together", when this would be done, and by whom. The rules for determining when couples are living together as husband and wife have been developed for social security purposes where the question at issue is whether 2 people should receive 2 units of benefit or the marginally lower sum appropriate to a married couple. What Nicholas proposes would require the development of rules relating to payments by the individuals of quite substantial sums of money and an extension of these rules to all cohabiting couples, not just those on social security. This is a major step, and one fraught with difficulties.

The essence of a registration system is that the register entry is conclusive as to liability, so the existence of a joint and several liability has to be recorded in the register (among the information which is not publicly available, but can be inspected by the individual concerned). This means that judgements about whether people were living together would have to be made by the registration officer and would have to be the subject of questions in the canvass used to establish and maintain the register. In my view this would make the process of canvassing much more difficult and contentious.

Determination of liability will be a matter for the registration officer and will be recorded in the register entry. There will therefore be scope for appeals about whether unmarried couples are properly shown as being jointly and severally liable. Such appeals might well be appropriate for the Sheriff Courts in Scotland, though they would add to the resource implications of our proposals - but it seems to me they could raise issues which are unlikely to be appropriate for Local Valuation Courts in England and Wales.

In addition to these doubts about the substance of what Nicholas Ridley is proposing I would be unhappy about an announcement being made at this stage which would have the clear implication that an amendment was to be made to my Bill: I would prefer to be formally associated with whatever announcement is eventually made and to consider the timing and manner of this in light of progress on the Bill.

For these reasons I cannot agree to the proposal Nicholas Ridley is making. I suggest that officials should be asked to consider the practicalities in detail as a basis for discussion of the matter by E(LF) in due course.

Enforcement of Payment

I have no objection to Nicholas Ridley's proposals. Debt recovery arrangements in Scotland will be dealt with in a separate Bill this session.

Appeal Procedures

I have no objection to Nicholas Ridley's proposals to base the appeal procedures in England and Wales on the Local Valuation Courts.

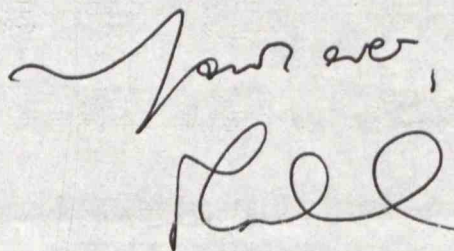
Holiday Caravans Etc

I will write separately in response to Nicholas Ridley's letter of 2 December on this subject.

Detailed Statement

Subject to the points made above I have no major comments on the drafts which Nicholas Ridley has circulated. My officials are in discussion with his about a number of minor matters of presentation and substance.

I am copying this letter to the Lord Chancellor, members of E(LF) and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Malcolm Rifkind', written in a cursive style.

MALCOLM RIFKIND

LOCAL GOVT Rating PTS

