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CCBA

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon The Viscount Whitelaw PC CH MC
Lord President of the Council
Privy Council Office
Whitehall
LONDON SW1A 2AT

NSM

21 January 1987

Dear Willie,

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

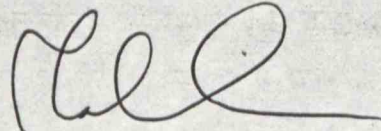
Nicholas Ridley wrote to you on 13 January reiterating his proposal that under the community charge system holiday caravans should be required to pay a reduced rate of standard community charge, rather than being retained in rating under the provisions of the Abolition of Domestic Rates Etc (Scotland) Bill. I agree that it will be necessary to discuss this point at E(LF) on 22 January.

I remain convinced that it is right that holiday caravans should be retained in rating throughout Great Britain on the arguments contained in my letter of 10 December. In political and presentational terms, the arguments for sticking to this line have been strengthened since then. The caravan lobby seem generally content with the assurances which have been given, on the basis approved by E(LF), about our intention to retain caravans in rating and the mechanism by which this will be achieved. Sir Eldon Griffiths, who of course speaks for caravanning interests throughout Great Britain, was anxious to have these assurances placed on the record and this was done when an amendment to Clause 2 dealing with caravans was under discussion. I therefore think that it would be most unfortunate if the question of the treatment of caravans were reopened now, even if the reconsideration were restricted to England.

I see considerable danger in accepting that holiday caravans, and they alone, should be the subject of a graduated standard charge. As Nicholas points out, the standard charge is not intended to be seen as a property tax. If some element of graduation is imported into the system, it is inevitable that Nicholas will come under very strong pressure to reduce the standard charge for other types of property which at present enjoy low rate bills. I propose to resist this pressure on the grounds that holiday caravans are a special case: because of the particular mode of tenure of the vast majority of them, it is appropriate that they should remain in rating. If however it is proposed that their special position should be recognised in England by an entirely different mechanism which could equally be applied to other property which at present incurs low domestic rates, my arguments for resisting the proposal that the standard charge should in effect be transformed into a graduated property tax would be seriously weakened.

On these grounds, therefore, I propose that E(LF) should confirm as GB policy the treatment of caravans on the lines now embodied in the Abolition of Domestic Rates Etc (Scotland) Bill and the statements of policy intention which have been made on it.

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

Yours ever,


MALCOLM RIFKIND

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