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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the
Environment
2 Marsham Street
LONDON
SW1P 3EB

16 March 1987

Dear Secretary of State

NBRM

RATING OF SPORTS CLUBS

Thank you for your letter of 9 March. I have also now seen John MacGregor's letter of 12 March.

Following our earlier exchanges I accepted your and other colleagues' objections to my proposal to give limited mandatory relief for sports clubs and, as you say, I proposed to consider the matter further within the present arrangements. I did just that, and I should make it clear that I propose neither to change the statutory provisions concerning rates relief to sports clubs, nor to make any new money available to the local authorities to finance that relief. What I said in the House last week related solely to the distribution of grant and was what I judged to be the smallest concession necessary to prevent our own backbenchers voting for mandatory relief.

What I have therefore proposed is that from April 1988 authorities will be compensated, within the existing grant provision, in respect of all reliefs which they give to sports clubs. From 1989-90 this will be possible under the provisions of the Abolition of Domestic Rates Bill, but for 1988-89, a small amendment will be required to the existing statutory provisions governing grant distribution.

The detailed arrangements for grant distribution in Scotland have always been a matter for me - and are of course significantly different from those which you operate south of the Border. I do of course recognise the risk that any concession in Scotland will increase the pressure on you, and that is why I sought to minimise what I was offering. The fundamental point is that, on either side of the Border, the power to give relief to sports clubs remains discretionary on the local authorities. I also think that, if you come under pressure, you can point to significant differences in circumstances between the two countries.

First, what I am proposing for Scotland is no more than an extension and rationalisation of the arrangements that already apply here. At present, local authorities are fully compensated for granting relief, where they receive resources element of rate support grant. With the simplified grant arrangements under the new system, resources element

disappears, and it is logical to treat reliefs by all authorities in the same way. The Bill does not set out the detail of how reliefs are to be handled in grant distribution, and discretion obviously remains. But in the light of the pressure that has built up on this issue, I obviously could not at present contemplate an arrangement which would treat some authorities and their sports clubs less favourably than at present. This points to full compensation for reliefs, but of course within a fixed total of grant.

Second, it will be useful for you to be able to argue (in response to any complaint about what I am doing for 1988-89) that the present legislative position is quite different north and south of the Border. In particular, the need for the change to my present legislation arises from the fact that compensation for relief is now paid under the resources element of grant, which is only available to some authorities. You, of course, no longer have anything like resources element.

Third, it is important to remember why such a head of steam has built up about this issue in Scotland. It is because Scottish sports clubs do pay much higher rates than their English counterparts, and you can point to the different valuation practices which give rise to this.

Turning to John's letter, I am sure he will agree that his point about possible Exchequer consequences is fairly academic. You and I are agreed that the question of possible offsets from AEG raises big issues and needs to be considered carefully - certainly not as an aside (and a not particularly relevant one) to this correspondence.

I am copying this letter to Willie Whitelaw, other members of E(LF), and to Sir Robert Armstrong.

Yours sincerely,
Andy Rinkind

|| MALCOLM RIFKIND

Approved by the Secretary of State
and signed in his absence



LOCAL COST

RATES

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