

CCB/A



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My ref:

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The Rt Hon John Major MP  
Chief Secretary  
HM Treasury  
Parliament Street  
LONDON  
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10 September 1987

Dear John

NBM

RELIEFS FROM NON-DOMESTIC RATING: DISABLED PERSONS WORKSHOPS  
SPECIFIC GRANTS

*at nap PT8*  
You will have seen John Moore's letter to me of 30 July, and John Cope's of 19 August, under the title 'community charge exemptions'. I can confirm that, as my private secretary's letter of 11 August to PS/Prime Minister made clear, we have no intention of changing the position of those non-domestic properties such as sheltered workshops which currently benefit from rate relief under the Rating (Disabled Persons) Act. For technical reasons this will now have effect as an exemption from rates (or partial exemption where the premises are partly used for qualifying purposes) rather than a relief, but this makes no difference to the practical effects.

I should take this opportunity to mention that, with the new system of pooled non-domestic rates, once the transitional period is over I no longer see any need for the specific grant which compensates local authorities for relief they give under this Act. This is because, as we have agreed in earlier correspondence, the amount local authorities are deemed to have collected and are required to pay into the pool will be set to take account of the various factors - for example relief for charities - which affect the amount they are able to collect. It will be possible to allow for disabled persons' relief in the same way, by adjusting the payment due into the pool.

Ceasing to pay grant has no public expenditure implications, as the grant is not treated as public expenditure to avoid double counting. We will, of course, need to transfer the relevant vote provision to the RSG vote if we are not to increase either community charges or business rates. The grant will, as noted above, need to continue during the period of phasing out domestic rates, though at a reduced level.



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Identical considerations apply to the grant which compensates authorities for the rating exemption for non-domestic property in Enterprise Zones. I would likewise propose to deal with this by adjusting payments into the pool, and cease to pay specific grant. In this case the change can take effect in 1990. Again, there are no PES implications, but vote adjustments will be required.

I should be grateful for any views you may have. I am copying this to the Prime Minister, members of E(LF), to John Cope, and to Sir Robert Armstrong.

*Nicholas Ridley*

NICHOLAS RIDLEY

