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file?

IF NOT I'VE  
EXCLUDED SOMEONE +  
SENT THEM TWO  
EMPTY ENVELOPES!  
WE HAD BEST HOLD

10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

8 February 1989

Dear Roger,

RATING APPEALS

The Prime Minister was grateful for your Secretary of State's minute of 7 February.

11 She is content with the revised approach now proposed. She assumes that the impact of the shortage of valuers on the satisfactory completion of the 1990 revaluation will continue to be monitored carefully; she would be interested to see a further report on this in the summer.

I am copying this letter to Alex Allan (H.M. Treasury), Michael Saunders (Solicitor General's Office), Stephen Catling (Lord President's Office), Stephen Williams (Welsh Office), David Crawley (Scottish Office), Brian Shillito (Office of the First Parliamentary Counsel) and Trevor Woolley (Cabinet Office).

Yours,  
Paul

Paul Gray

Roger Bright, Esq.,  
Department of the Environment.

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cc: J. Payne  
G.O.  
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Prime Minister

RATING APPEALS

Your private secretary's letter of 25 January recording our discussion on this issue invited me to consider the problem further and put forward revised proposals. The following proposals have Nigel Lawson's support and Nicholas Lyell sees no legal objections to them.

In the light of your misgivings about any action to remove or curtail existing rights of appeal, which I fully understand, I have decided that it would be better not to pursue further my earlier proposal or any of the variants of it identified in our discussion. I believe that there is a case for imposing costs on unsuccessful appellants and I shall be examining quickly whether to adopt that approach for appeals against the new valuation list. But it could not be introduced in time to have any significant effect on the volume of appeals during the remaining currency of the present list.

I propose instead, as I suggested during our discussion, that we should rebase the transitional arrangements for the introduction of the business rate in order to remove the incentive for ratepayers to appeal. The base to which the transition would be applied would be calculated using rateable values in the list on the date the transitional arrangements were announced. We need to make an exception to this general rule in cases where the RV changes for legitimate reasons, otherwise we should get some perverse results. For instance, I would want to take account of an increase in RV where a building was extended or a decrease where part of it was demolished. I would cope with this by allowing changes in RV resulting from proposals from Valuation Officers, who have a statutory duty to maintain the list, to be taken into account. Changes resulting from ratepayer proposals made up to the day before the announcement would also be

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reflected. And for new buildings occupied after the date of the announcement and before 1 April 1990, the RV first entered in the list would be used.

All changes in rateable value would of course still be reflected in pre-1990/91 rate bills, so existing appeal rights would be unaffected. I think that it is legitimate for us to draw a clear distinction between accrued rights, which would continue, and future rights. We can show that these proposals will benefit business ratepayers as a whole and community charge payers too who might otherwise have to wait a very long time for appeals under the new system to be heard (appeals from both charge payers and ratepayers are to be heard by the Valuation and Community Charge Tribunals under the new system).

While these proposals should prevent a further surge of appeals, they would not stop the flow of appeals from ratepayers whose concern is not the transition but simply to reduce their rate bills for the last year of the old system. However they are estimated to reduce from about 220 to 140 the projected shortfall in valuers, and to reduce the period before proposals to amend 1990 values can be processed by VCCTs to about 2 years.

Nicholas Lyell's advice is that the regulation making powers in the Local Government Finance Act 1988 are almost certainly inadequate to allow me to rebase the transition in the way I have described. I shall therefore need to take new powers in the Local Government and Housing Bill. It will be too late to make the affirmative resolution regulations on the transition after the Bill is enacted in the autumn, because both business and local authorities need as much certainty about the transition as we can provide as early as possible. I have therefore concluded that we ought to set out the transitional arrangements in the Bill itself. These will be fairly intricate.

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I should be grateful for your agreement that we should proceed on this basis. As you know I would like to be able to announce the transition in a written answer as soon as possible.

Copies of this letter go to Nigel Lawson, Nicholas Lyell, John Wakeham, Peter Walker, Malcolm Rifkind, to First Parliamentary Counsel and to Sir Robin Butler.

*RP*

RP N R

7 February 1989

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