



Minister of State

NORTHERN IRELAND OFFICE

WHITEHALL

LONDON SW1A 2AZ

CCPU
 n.b.P.M.
 847
 4A

Rt Hon Chris Patten MP
 Secretary of State for the Environment
 2 Marsham Street
 London SW1P 3EB

31 August 1990

Dear Chris.

CCP
 Patten

PRIVATE RESIDENTIAL HOMES: LIABILITY FOR RATES

In Peter Brooke's absence on leave I am writing on his behalf concerning the rating arrangement for private residential homes. In his letter of 20 June 1990 my Secretary of State agreed that we would postpone an announcement of revaluation of property in Northern Ireland for the time being but pointing to pressures on that front. One of these, the rating arrangement for private residential homes, has reached the stage when we do consider we need to take action. Briefly the present practice in Northern Ireland is to grant rate relief to such homes on the same basis as that which applied in Great Britain under the Rating (Disabled Persons) Act 1978 with the exception that local authorities in Northern Ireland are not reimbursed for the rate income lost as a result.

With the growth in the numbers of such Homes in recent years, local authorities here, not unnaturally, are unhappy at the loss of revenue. They are challenging the legality of the current practice on the grounds that Northern Ireland legislation is not on all fours with the 1978 Act and does not permit relief to Old People's Homes or Residential Homes run for profit. One local authority has lodged a test case with the Lands Tribunal for Northern Ireland which if it succeeds could cause embarrassment.

CONFIDENTIAL



We propose therefore to bring forward an Order in Council which would bring the NI legislation into line with the 1978 Act by removing the references to Old Peoples Homes and the use for profit and by providing for reimbursement of local authorities for rate revenue lost by the granting of rate relief to Residential Homes.

This is a relatively minor matter on the commercial side which should evoke local interest only. Nevertheless we appreciate that anything to do with rates could be controversial in the wider UK context and if you have any comments on the proposal we should be glad to have them.

I am copying this letter to the Prime Minister's office and to Sir Robin Butler.

Yours sincerely
John Cope

RT HON JOHN COPE MP