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Oddi wrth Ysgrifennydd Gwladol Cymru

From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

18 June 1986

Prime Minister &

DLW
18/6

me

Neil

GREEN PAPER "PAYING FOR LOCAL GOVERNMENT"

Since E(LF) is to meet later this week to consider some aspects of our proposals for rating reform you will be interested to see beforehand the ... enclosed letter I have received from the Director of the CBI Wales in support of our proposals. This is the first major response I have received in Wales and it is encouraging to see that they are behind us. You will note, too, that the CBI Wales are firmly against a discretionary element for local authorities in non-domestic rates and would prefer some safeguards to be built into the existing system to prevent large tactical rises in non-domestic rates before the new system comes in. These are very real concerns which we will need to give some thought to in due course.

/ I am copying this letter to the Prime Minister and other members of E(LF).

J → er
Neil

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CBI
INDUSTRY
YEAR 1986

The Rt Hon Nicholas Edwards MP
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IMK/SJB

16 June 1986

Mr C H Jones
SOS reply

GREEN PAPER "PAYING FOR LOCAL GOVERNMENT"

I write so as to confirm the report which was given to you at the CBI Welsh Council meeting on Friday last regarding the view of the Council on the Green Paper.

Revaluation

The Council recognised that there must be a revaluation and, indeed, supported revaluation on a regular quinquennial basis. There was, however, real concern about what happened in Scotland and about the possible effects on some industries, particularly those which are capital intensive. I should add that members of the sub-committee which reported to the Council were worried about the proposal that newer properties will face a disproportionately heavy burden. This may lead some companies to consider the renovation of existing premises rather than building new factories and this could have implications for future efficiency as well as for the building industry and related professions.

Non-domestic Rates

Although some concern has been expressed that another Administration might be able to mis-use a centrally decided Uniform Business Rate, a considerable majority of members who have been consulted at several meetings in Wales have supported the concept and this was the decision of the Welsh Council also.

There is, however, total opposition to the proposed discretionary element which our members considered to be unnecessary to ensure continuing liaison between local authorities and the business community.



CBI Wales feels that there must be safeguards to ensure that local authorities do not introduce massive rate increases during the transitional period before the introduction of a Uniform Business Rate. The imposition of a ceiling for non-domestic rates would meet that requirement.

The Community Charge

There was a substantial majority in favour of the proposed Community Charge on the grounds detailed in paragraph 18 of the summary of the Green Paper, namely that the charge would be better related than are rates to the use made of local services and since local accountability would be greatly increased.

Central Finance and Control of Education

Overall the Council did not support this concept.

In conclusion, may I say how much we have appreciated the assistance given to us during our deliberations by Welsh Office staff, in particular by Mr Colin Jones and Mr David Pritchard.

Ian Kelsall
Director CBI Wales

