

CONFIDENTIAL



Treasury Chambers, Parliament-Street, SW1P 3AG

The Rt Hon Malcolm Rifkind QC MP
 Secretary of State for Scotland
 Scottish Office
 Dover House
 Whitehall
 London
 SW1A 2AU

NBR 7

24th March 1987

Dear Melch,

RATING OF SPORTS CLUBS

Thank you for copying to me your letter of 16 March to Nicholas Ridley, to which he replied on 18 March.

For the reasons I explained in my previous letter, I cannot agree that, whatever you said in the House, this concession is related solely to the distribution of grant. Wider issues were involved. While, therefore, I welcome your assurance that you do not propose to seek any new money to finance additional reliefs from rates, I cannot agree that your concession involved only the more detailed aspects of grant distribution in Scotland which are primarily your responsibility.

You and Nicholas have both made suggestions about what can be done to limit pressures to extend this concession. I agree with Nicholas that we should make it clear that the concession is temporary, pending changes to the different valuation practice in Scotland which are the underlying cause of pressure from sports clubs. In my earlier letter I pointed out one way in which the Exchequer consequences could be limited. That is not an academic point as you suggest: your concession is likely to add to burdens on the Exchequer and central taxpayer linked to the switch from rates to the community charge and our officials will need to discuss how this should be offset at the same time as they discuss other increases in indirect Exchequer support to local authorities as a result of the change.

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

Yours ever,

JOHN MacGREGOR

LOCAL GOVT

RASTER

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