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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 London
 SW1P 3EB

20th July 1988

Dear Nick,

HARMONISATION OF RATING: ENGLAND/WALES AND SCOTLAND

He with PG

Thank you for copying to me your minute of 28 June to the Prime Minister. I have also seen Peter Walker's minute of 13 July.

I look forward to your proposals on the rating of specialist installations and of plant and machinery. It is important that, in this tax area as others, the rates burden on business is distributed equitably and defensibly.

I have also noted your suggestion that Malcolm Rifkind commission a paper by officials about the difference between Scottish and English business rates bills. If he does so, I would like my officials to be involved with Peter's, yours and others. It would be most helpful if their considerations included the underlying reasons for rates bills being higher north of the border, including the extent to which this is a reflection of different expenditure policies by Scottish and English/Welsh local authorities. I am not sure that the issues will be any easier to resolve than they were in the last E(LF) discussion, and you will not be surprised to hear that I would be strongly opposed to using Exchequer funds to bale out the consequences of overspending. But if Malcolm agrees with your suggestion, I would be content to look at all the options again.

I am copying this letter to the Prime Minister, Malcolm Rifkind, Peter Walker, David Young and Sir Robin Butler.

Your Ever,
 John
 JOHN MAJOR

LOCAL GOVT: MOS. 710.

