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FILE PM3A1J



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

8 February 1989

Dear Roger,

NON-DOMESTIC RATING

The Prime Minister was grateful for your Secretary of State's minute of 3 February, reporting on his bilateral discussions with the Chief Secretary.

There is one aspect of the proposed package that concerns the Prime Minister. In relation to Crown properties, she thinks that the proposal exactly to offset any increases in Government contributions in lieu of rates by a corresponding reduction in the amount of Exchequer grant would give an advantage to the Government which others do not have. This could discredit the whole approach. She thinks a better formulation would be to say that changes in Government contributions should be taken into account when the total of Exchequer grant is discussed.

I am copying this letter to members of E(LF) and Trevor Woolley (Cabinet Office).

*Yours
Paul*

PAUL GRAY

Roger Bright, Esq.,
Department of the Environment.

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