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My ref:

Your ref:

The Rt Hon Malcolm Rifkind QC MP
Secretary of State
Scottish Office
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MBM
// January 1990

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In Kelowna

NON-DOMESTIC RATING

— flap pt 15.

Thank you for your letters of 19 and 20 December setting out your proposals for the prescription of rateable values in Scotland as part of the 1990 revaluation and for phasing down non-domestic poundages in Scotland.

The work that your officials have done on the formula rated industries has paralleled closely the similar exercise now almost concluded in England and Wales. I am glad to note from revised figures subsequently provided by your officials that conclusions reached for Scotland generally accord with those so far reached for England and Wales. I am therefore content with your proposals, noting only that the affirmative resolution orders to give effect to most of the valuations south of the Border were made just before Christmas. A few points remain to be resolved concerning the electricity industry, about which our officials are in touch.

I was also content with your proposals for beginning in 1990/91 the phasing downwards of non-domestic poundages in Scotland and phasing out industrial derating which you announced on 21 December. My only concern on the latter was that continuation of industrial derating should not give Scottish industry a competitive advantage compared with industry in England and Wales given the degree of harmonisation of valuation practice achieved for 1990. I believe however that your Department is satisfied that there is no such advantage.

I am copying this letter to the Prime Minister, Peter Walker, Norman Lamont, Nicholas Ridley, John Wakeham, Cecil Parkinson and to Sir Robin Butler.

Chris Patten

CHRIS PATTEN

