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SCOTTISH OFFICE WHITEHALL, LONDON SW1A 2AU

PRIME MINISTER

28 March 1984

RATES BILL REPORT STAGE: GENERAL SCHEME: IMPLICATIONS FOR SCOTLAND

I refer to the letter of 27 March from your Private Secretary to Patrick Jenkin's Private Secretary which records the line which may be taken in response to the amendments put down to the Rates Bill by Peter Emery and others.

The Report and Third Reading of the Rating and Valuation (Amendment) (Scotland) Bill takes place on Thursday 29 March. The Scottish Bill also contains a provision to allow a general limitation to be put on rates. While there are no amendments so far to the Scottish Bill similar to those put down by Peter Emery and others, it would not be surprising if amendments were to be put down or the point raised in debate in the light of what will be seen as a concession on the English Bill.

While we would not offer any concession tomorrow, Michael Ancram would be in an untenable position if the point came up and we had no ready answer. Therefore if it does come up, I propose to take a line similar to Patrick Jenkin's and say that we were prepared to consider how we could recognise the position of authorities with a proven record of low spending if general rate limitation were to be introduced. I would stop short of undertaking to amend the Bill, since our provisions are different and it might be difficult to frame a suitable amendment. An undertaking might be preferable. This will require further consideration. I should be grateful for agreement to take the line I propose on Report.

I am copying this minute to members of E(LF), John Wakeham, Bertie Denham and to Sir Robert Armstrong.

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GEORGE YOUNGER

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ec hos cuso File wo glat/Ams da 10 DOWNING STREET 29 March 1984 From the Private Secretary RATES BILL REPORT STAGE: GENERAL SCHEME: IMPLICATIONS FOR SCOTLAND The Prime Minister has seen your Secretary of State's minute of 28 March setting out how he proposes to handle the implications for Scotland of the concession made in the Rates Bill by the Secretary of State for the Environment.

She is content that an undertaking be given to consider how the position of authorities with a proven record of low spending could be recognised. She has noted that this would stop short of undertaking to amend the Scottish Bill.

I am copying this letter to the Private Secretaries to members of E(LF), Murdo Maclean (Chief Whip's Office), David Beamish (Office of the Captain of the Gentlemen-at-Arms, House of Lords), and to Richard Hatfield (Cabinet Office).

Andrew Turnbull

Edward Gowans, Esq., Scottish Office.