

R21/9 PPS

GLASGOW CHAMBER OF COMMERCE

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The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
London
SW1A 2AA

6 September 1988

note pm replied to his letter
29 Sept in response to
the faxed copy of this letter
received during the postal strike.

Dear Prime Minister,

All-Britain Uniform Business Rate.

REC
23/9

Welcome to Glasgow. We are always delighted when you find time in your busy schedule to visit our great city.

I thank you for your letter of 26 August and welcome your assurances of your resolve to see through the programme of rating reform on which you have embarked.

However, since I last wrote business outrage has increased and there has been concerted media coverage on the subject of UBR. This stems largely from an "end of term" interview which the Scottish Office Minister of State with responsibility for local government finance gave to the Glasgow Herald and the Scotsman. In the interview Mr Lang stated that it was more a question of "if" rather than "when" a UBR would be introduced to cover Scotland. There have been worrying indications that some Cabinet colleagues are openly hostile to the introduction of an United Kingdom UBR. Also that some civil servants are opposed to the concept and as such have been raising objections and causing delays.

While we are well aware of the complexities of harmonisation they can easily be resolved given the political will to instruct assessors and district valuers on points of principle and practice, backed up by statute as necessary. The Secretary of State for Scotland now has the power to make "rules" about valuations during the transitional period. We are greatly concerned that harmonisation will become the excuse for delay in implementation of a UK wide UBR especially if others lack your resolve for the programme of reform on which you have embarked.

If there has to be any delay in introduction then it is important that Scottish businesses are not disadvantaged after the introduction of a UBR in England in 1990, particularly with the prospects for the Single European Market in 1992. At the last election, when there was a significant lack of support for the Conservative Party in Scotland, the business community remained loyal and supportive. That loyalty will be tested to the extreme if businesses in Scotland are taxed for any length of time at a higher rate than their counterpart south of the border. The present proposed indexation with RPI of a base rate which includes "clawback" is not good enough by comparison with English UBR and revaluation proposals.

We all wish to play on Lord Young's "level playing field" but it will take someone of your proven ability to achieve radical reform by smoothing out some of the large bumps with a roller and then removing vested interests by banging together a few recalcitrant heads.

Matters to do with harmonisation can easily be resolved given political will to decide whether to adopt Scottish or English practice in each instance and the main areas of difference must have been identified by now. Alternatively a UK UBR at the level of the English UBR could be imposed in 1990 even if Scottish valuations had not been harmonised. This would cause less pain to Scottish business than the present divided system since all UK business premises would have been revalued on the basis of recent market rental evidence, while for the large plant operators existing discrepancies would be eased by the relatively lower rate poundage. Any consequential adjustment in public expenditure would be part of the price of level playing fields and could be justified on a once and for all basis.

Prime Minister, tonight you are addressing a large audience of industrialists and businessmen based in Scotland. This is a marvellous opportunity for you to specify the timetable for reform demonstrating your Government's commitment to an effective UK wide Uniform Business Rate by 1990 or 1992 at the latest.

*Yours sincerely,
David R. Campbell*

David R Campbell
President.

LOCAL GOV'T: Rates
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10 DOWNING STREET
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THE PRIME MINISTER

26 August 1988

Dear Mr. Campbell.

Thank you for your letter of 3 August about the harmonisation of business rates.

I have taken careful note of all that you say about the need for prompt measures to ensure that the rates bills on Scottish business are not out of line with those south of the Border. "In our Green Paper "Paying for Local Government" we made clear that we saw advantage in moving to a common non-domestic poundage in all areas and since then our policies have been aimed in that direction. We have no intention of going back on what we have set out to accomplish."

I do however think that we have to be realistic about timing. As I explained in my letter of 1 July to Mr. Macpherson of the Association of British Chambers of Commerce, the discussions on the harmonisation of values between the Scottish Assessors' Association and the Inland Revenue Valuation Office have made significant progress. I am grateful for your acknowledgement of what has already been achieved in this area but there will still be work to be done after 1990. The issues are too complex to be resolved in only a year or so and it is important that we get it right.

pm

You can however be assured of our resolve to see through the programme of reform on which we have embarked.

Yours sincerely

Nagant Shalita

David Campbell, Esq.