



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

PHI (10/88) - This appears to
Subsequent Correspondence
relating to 97 60

c Mr. Russell
c Mr. Robson
9 September 1988

c Dr. Bollinger
c Mr. Salmon
Rec'd 17 9

Dear Mr. Campbell,

Thank you for your further letter about business rates.

May I first reiterate what I said to you in my own letter of 26 August: "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 understand your concern that the rates bills facing Scottish business should not be out of line with those in the South. And I am most anxious to ensure that you are treated fairly compared with others elsewhere in Britain. The harmonisation of valuation is one aspect of the problem and it is under consideration now. As I went on to explain in my letter of 26 August, the issues here are complex and it is important to get the right solution.

I am also concerned at the underlying problem of high local authority spending, which has been one reason for the level of rates you pay. We have to consider that too. The new community charge arrangements should of course produce more moderate spending policies.

These and other aspects must and will be looked at together. Malcolm Rifkind and I will be taking a very close

personal interest in any further action that may be necessary.
And let me repeat my earlier assurance of our resolve to see
through the programme of reform on which we have embarked.

Yours sincerely

Nagant Shakti

David Campbell, Esq.



10 DOWNING STREET
LONDON SW1A 2AA

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.

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

Y
ours sincerely

Nagant Shah

David Campbell, Esq.