



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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CCP

From the Secretary of State for ~~Social Services~~ Health

CONFIDENTIAL

The Rt Hon Nicholas Ridley MP
Secretary of State
Department of the Environment
2 Marsham Street
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NBR

RCG

28 February 1989 *28/2*

Dear Nick,

NON DOMESTIC RATING

Aar

I have seen the correspondence relating to your minute of 3 February to the Prime Minister.

The proposed decapitalisation rate for hospitals and other health related establishments goes some way to meeting my earlier concerns, and I am content with a move to 4% for hospitals. Agreement on this will, of course, smooth the way for estimates to be made of the combined effects of the new rate and general revaluation on the level of health authority contributions in lieu of rates. No doubt John has this mind together with our need to decide how any consequent real terms increase should be met.

I welcome the extension of a lower decapitalisation rate to other health related establishments (including the private sector) which will put the public and private sector on the same rating basis. As you say, our officials can discuss the precise definition.

I am copying this letter to the Prime Minister and to other E(LF) colleagues, and to Sir Robin Butler.

KENNETH CLARKE