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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 August 1989

CONFIDENTIAL

Dear Roger,

FORMULA RATING REVIEWS

The Prime Minister has seen your Secretary of State's letter of 2 August to the Secretary of State for Wales.

I would be grateful if you would ensure that the following is seen only by those with a clear need to know.

The Prime Minister has commented that she cannot accept that the approach proposed is consistent with the general principles of rating valuation or that it can or is being applied systematically to most of the formula rated industries, as your Secretary of State suggests. She states that the Government has consistently opposed capital value and goes for asset value for these matters - a value which will vary enormously and which depends on highly arguable figures which come from current cost accounting. The figures given show the enormous variations. She commented that the rise for Mercury is extremely large. She asks what other formulae were considered.

I am copying this to Stephen Williams (Welsh Office), Neil Thornton (Trade and Industry), David Crawley (Scottish Office), Peter Wanless (Treasury), Roy Griffins (Transport), John Ratcliff (Education and Science) and Trevor Woolley (Cabinet Office).

Yours sincerely,
Caroline Slocock

CAROLINE SLOCOCK

Roger Bright Esq.
Department of Environment

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