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Treasury Chambers, Parliament Street SW1P 3AG

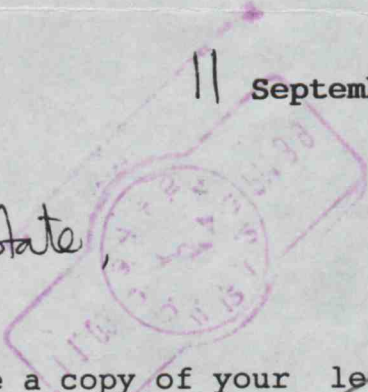
The Rt Hon Christopher Patten MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB

*MBM will
be expected
you.*

11 September 1989

*Recd
11/9*

Dear Secretary of State,



at 11/9

FORMULA RATING REVIEW

Thank you for sending me a copy of your letter of 2 August to Peter Walker. I have also seen the Private Secretary to the Prime Minister's letters of 9 and 24 August and your minute to the Prime Minister of 22 August, and Cecil Parkinson's letter of 4 September.

I support your broad approach. Like you and Peter Walker I think that the current arrangements are anomalous and unsatisfactory in a number of ways, and that the new provisions you have put forward are a major improvement.

I share the concern which the Prime Minister has expressed that we should move towards conventional rating of these industries at the earliest opportunity. I do think, however, that the approaches you have used, though imperfect, are the best that can be managed at this stage, given the lack of data. We shall need to consider whether a more satisfactory approach can be devised by the time of the next revaluation in 1995.

That said, I must indicate some sympathy for Cecil Parkinson's concerns about the particular effects of these proposals on British Rail and London Underground. In this respect, I think that it might be helpful if you could give further thought to the points that Cecil has made.

I am copying this letter to the Prime Minister, Nicholas Ridley, Malcolm Rifkind, Cecil Parkinson, John Wakeham and to Sir Robin Butler.

Yours sincerely,

P. Warless

PP NORMAN LAMONT

[Approved by the Chief Secretary and signed in his absence]

WAA 5211 - Ross

Pt 14

