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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 London
 SW1P 3EB

NBRM at his steps.

REC 6

22/6

Dear Nick,

ZC June 1988

1988 SURVEY: CHURCHES

with PG?

In your bidding letter of 25 May, you asked for an early response from me on your bids for £3 million per annum in the last two years of the Survey for additional expenditure on heritage churches and £0.6 million per annum in each of the three years in anticipation of the quinquennial review of the Redundant Churches Fund (RCF). You have also proposed to the Prime Minister in your minute of 14 June that the level of relief from non-domestic rates for church ancillary buildings be increased from 50 per cent to 100 per cent.

I believe it would be premature to take decisions now on either of your PES bids. I understand your officials are looking at ways of reducing the net outgoing of the RCF, and the results of this work need to be taken into account before we reach decisions later in the Survey. As for the heritage churches, more work needs to be done on identifying the candidate for additional grant so that an assessment can be made of their value for money. Indeed, I shall need to be convinced that we ought to take a decision on this in the current Survey, rather than next year.

I do, of course, acknowledge your views on the political significance of being able to demonstrate our support for the churches, to set against the argument that our reforms of local government finance will cost them significant sums. I therefore accept your proposal to give rating relief to the churches on ancillary buildings, at a cost of £1.5 million. But I am not

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convinced that the benefits would be sufficient to justify going further and announcing significant additions to the heritage programme, before value for money had been sufficiently explored and in isolation from other priorities.

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

Yours Ever,
J.M.

JOHN MAJOR