

PRIME MINISTER

28 February 1985

RATE REVALUATION IN SCOTLAND

The rate rises listed in George Younger's note are clearly unacceptable. They will have disastrous political effect.

As George Younger says, the Treasury will have to find an additional £64 million for domestic rate relief.

But this should be offset by matching reductions in the Scottish budget. The territorial review showed that Scottish expenditure was £900 million higher than it should be, compared to England: a glaring example is spending on health, which is over 20% higher per capita in Scotland than in England.

*Oliver Letwin*

OLIVER LETWIN