

Goold 14/2/85

Original to
Andrew Turnbull
14/2

NOTE OF A MEETING BETWEEN THE PRIME MINISTER AND
SIR JAMES GOOLD, CHAIRMAN OF THE SCOTTISH
CONSERVATIVE PARTY, ON THURSDAY 14TH FEBRUARY AT
4.00 P.M.

Sir James Goold came to express his great anxiety about the damage to the Conservative Party which is likely to result from Scottish rating revaluation. The details of the revaluation were soon to be published and will be implemented in May 1985, in time to affect household rate demands this year. He understood that domestic revaluation would show an overall increase of 170%, and industrial and commercial revaluation increases respectively of 100% and 120%.

Only 20% of Scottish householders were liable to pay full rates, and most of this small residue of householders were Conservatives. Sir James gave some examples of likely rate increases in different constituencies, against a background of revaluation:-

Borders	+23%
North East Fife	+30%
Eastwood	+48%
Perth & Kinross	+70%

As an indication of how crippling Scottish rates were, Sir James reported that a 4-roomed bungalow in Edinburgh would cost a householder at least £1,000 a year in rates. On the commercial side, Jenners, the Edinburgh department store, would have a rate bill twice as big as Harrods yet with only one-tenth of the floor space. The Edinburgh branch of Marks &

Spencer was the highest rated store in Britain.

Sir James stressed that Scotland had now undergone two rating revaluations since the last one was held in England. The effect of this revaluation was likely to be seen as unfair discrimination against Scotland compared with England, rather as the heating allowance differential was viewed. He expressed the view that unless something could be done to stop rate demands on the scale he had outlined being delivered this year, the Conservative Party would not control a single Scottish region in local government in 1986. The Prime Minister took note of Sir James's report and expressed deep concern. She stated that the rating changes and likely rate demands outlined by Sir James could not be allowed to happen. If necessary, the implementation of the rating revaluation must be postponed, whilst the situation was carefully assessed by Treasury Ministers and the Secretary of State for Scotland. The Prime Minister directed that the Ministers be informed accordingly.

MA

MICHAEL ALISON

14.2.85