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TO:

PRIME MINISTER

FROM:

KENNETH CLARKE

Non-Domestic Rating

1. I agree broadly with the proposals which Nicholas Ridley makes in his minute to you of 25 June; but I have one or two comments.

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Meeting the Cost of Transition

2. There are two ways of meeting the transitional arrangements for losers from within the NNDR pool. We can, as Nicholas Ridley suggests, make a small increase in the initial NNDR poundage in 1990; or we can introduce parallel transitional arrangements for big gainers. Many of the big gainers will be in the north and in those disadvantaged urban areas we are determined to help, and I therefore support the proposal to increase the initial NNDR poundage.

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This once and for all increase will be disliked by the general run of business but on balance I believe it is the right thing to do.

Rating of Empty Commercial Property

3. If we allow authorities to keep this discretion under the new system, their community chargepayers will have to bear the full cost. It would be more consistent with our policy of greater local accountability to allow the authorities to keep the discretion on these terms. I do not see why we should oblige authorities to rate empty shops and offices if they are prepared to face up to the cost of not doing so.

Future Revaluations

4. In principle it is plainly desirable to have more regular revaluations in future and we should aim to achieve that. However revaluations are always controversial and unpleasant occasions and I do not see why we need to impose a set timetable on ourselves in legislation and deny ourselves any discretion over the timing in future.



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Duty to Consult Business

5. The CBI say that they would like this duty to be retained, for any authorities where business asks to be consulted. But the provision in the 1984 Act has proved quite useless in practice and I support its withdrawal.

6. I am copying this minute to the other members of E(LF) and to Sir Robert Armstrong.

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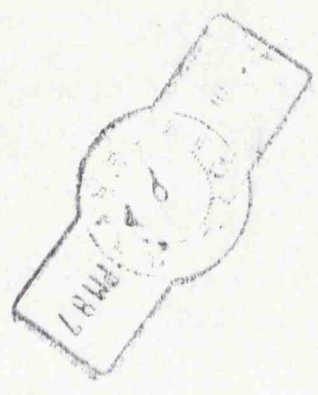
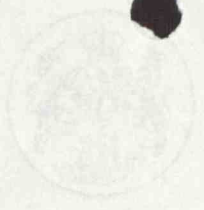
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