

CONFIDENTIAL

CGBA

JH/K/66



Minister of State

Department of Employment

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213...5805.....

Switchboard 01-213 3000

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON
SW1

2 March 1988

Dear Nick

NBRH to his desk.

Recd 2/3

NON-DOMESTIC RATE TRANSITION

at flap

I have seen your note of 24 February to the Prime Minister. I am responding in Norman Fowler's absence in the USA in view of the imminent Standing Committee discussions.

You are already aware that many small firms representatives have expressed concern about the effects of the introduction of the non-domestic rate on their rates liability. Your proposal to give a clearer statement of the transitional arrangements is therefore welcome. I have seen John Major's letter of 29 February suggesting that we should only say now that some unspecified transitional arrangements were to be made in the autumn. It seems to me that this would maximise the pressure from the small firms lobby and others, as well as giving greater scope for alarmist estimates of the effects. I would suggest therefore that at least the announcement that decisions will be made in the autumn should be accompanied by the suggestions of possible transitional provisions preferably as outlined in your minute of 24 February to the Prime Minister. I think that your transitional arrangements would avoid over-large changes and give businesses a better chance to adjust to the new circumstances.

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

JOHN COPE

