



the department for Enterprise

Cell

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Sean Norman

NNDR MULTIPLIER AND THE NNDR DISTRIBUTABLE AMOUNT

WITH PG!

I strongly support the proposals in Chris Patten's letter to you of 25 October for the NNDR multiplier and the NNDR distributable amount.

I gave an assurance in the House of 15 February last that it was "our intention to fix the business rate poundage in 1990-91 so as to raise in real terms broadly the same amount of rates from private business and nationalised industries as in 1989-90". Chris's proposals are in line with the natural and straightforward interpretation of that assurance.

I am not persuaded that the possibility of successful appeals against the revaluation is a valid reason for a higher uprating of the current year's yield. As Chris points out, there are other factors, and particularly the buoyancy of the rate base, which could be played in aid of a lower uprating.

Our original decision was of course heavily criticised by the CBI and others for "locking in" to the NNDR the excessive rate increases of recent years. Such criticisms will no doubt be forcefully renewed, particularly as corporate liquidity and business confidence are less strong now than they were. I do not think that this should now deflect us from a full uprating of the 1989-90 rate yield. But it is important in present circumstances to avoid any suggestion that we are making business bear a heavier share of the burden than we said we would.



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The logical figure for the NNDR multiplier is 35.5 pence; I do not think we could defend a figure higher than this.

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

John
Amber

