

LEADER'S STEERING COMMITTEE

Minutes of the 50th Meeting ofld at 5.00 pm
on Monday, 11th July 1977, in the Leader's
Room at the House of Commons.

Present: Mrs. Thatcher (in the Chair)

Mr. Whitelaw, Sir Keith Joseph,
Lord Carrington, Sir Geoffrey Howe,
Mr. Frier, Mr. Pym, Sir Ian Gilmour,
Mr. Peyton, Mr. Davies, Mr. Maude,
Lord Thorneycroft.

Mr. Atkins.

In attendance: Baroness Young, Mr. Heseltine,
Mr. Howell, Mr. Speed, Mr. Rossi,
Mr. Butler, Mr. Patten, Mr. Ridley,
Mr. Hutt.

Local Government Finance

Mr. Heseltine introduced a paper on local government finance which was discussed. Although members had reservations, it was agreed that the pledge to abolish domestic rates should stand although it should be set in the context of the more urgent task of reducing levels of income tax. We should not therefore undertake to carry out the pledge within the lifetime of a Parliament.

The following points were made in discussion:

(i) All the alternatives to domestic rates carried with them political disadvantages. There was no ideal alternative.

(ii) It was important to safeguard the independence of local government and to give assurances to Conservative councillors that this was not being neglected by the Parliamentary Party.

(iii) It was therefore important to enlist the support of Conservatives in local government for any reform proposed.

(iv) Irrespective of the timing of the decision on abolishing domestic rates, there should be a devolution of powers to local government by relaxing central government scrutiny and controls.

(v) Nothing must detract from the main priority of cutting direct taxation.

(vi) Rate bills should not be allowed to rise in cash terms after the General Election.

(vii) The scope for increasing existing charges and levying new ones should be fully recognised.

(viii) Without strict controls over total levels of spending there would be no incentive for local authorities to put up charges.

(ix) There should be no additional legislation unless the benefit was proven.

(x) There should be no new taxes to replace rates.

(xi) The only viable alternative to rates would be a local surcharge on VAT and on other expenditure taxes.

The meeting closed at 6.45 p.m.