

CONFIDENTIAL

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LEADER'S CONSULTATIVE COMMITTEE

120TH MEETING

10.00 am-1.00 pm, Friday, 2nd July 1976, in the Leader's
Room at the House of Commons.

POLICY DISCUSSION AGENDA

1. Housing Policy, a paper by Mr. Raison,
(LCC/76/118) - attached.
2. Interim Policy on Land (LCC/76/119) -
attached.

LEADER'S CONSULTATIVE COMMITTEE

Minutes of the 120th Meeting held at 10.00 a.m. on Friday, 2nd July 1976, at Central Office.

Present: Mrs. Thatcher (In the Chair)

Mr. Whitelaw, Sir Keith Joseph,
Lord Carrington, Lord Hailsham,
Mr. Maudling, Sir Geoffrey Howe,
Mr. Pym, Mr. Gilmour, Mr. Peyton,
Mr. Jenkin, Mr. St. John Stevas,
Mr. Heseltine, Mr. Raison,
Mr. Maude, Mr. Buchanan-Smith,
Mr. Edwards, Mr. Biffen,
Lord Thorneycroft.

Mr. Atkins.

In Attendance: Mr. Rossi, Mr. Stanley, Mr. Patten,
Mr. Douglas, Mr. Ridley,
Mr. Nicholson.

Apologies: Mr. Prior, Mr. Neave, Mrs. Oppenheim.

1. Housing Policy: A Paper by Timothy Raison

Mr. Raison introduced the paper (LCC/76/116) on housing, and he and Mr. Rossi led the discussion of the various proposals in it. These were generally agreed, subject to the points made below:

Presentation

(i) In discussing our policy with the press and other media we should not reveal the details of our policy, especially figures.

(ii) The Party wished to produce a housing policy that would succeed and would last. Success was the only way to deter the Labour Party from coming forward in future with proposals that would disrupt, for example, the privately rented sector. It was felt that the Conservative view of the housing issue was gaining ground in the country: we were regarded as being financially realistic and were responding to essential human aspirations with our stress on home ownership.

(iii) We should be careful to show that our proposals were inter-related and not to over-emphasise particular proposals and we should seek to emphasise how our proposals might help, for example, private tenants who were unable to find accommodation as a result of Government policies on rents, municipalisation and the increase in under-used housing.

(iv) We should also not get into a position where we might seem to be attacking council house tenants. We should emphasise those proposals designed to help them.

...../ (v) We should

(v) We should recognise that in the past the figures of new house building had been politically important, and we would have a problem with young families seeking homes unless we concentrated a) on ensuring that increased private building and an improved private rental situation took place alongside the reduction of council house building; and b) on switching the emphasis from the number of houses built nationally to meeting housing needs and getting value for money.

(vi) Housing Departments needed to establish close relations with other parts of central and local government so as to ensure value for money and more effective meeting of special needs; for example, the Policy Group on Personal Social Services was advocating closer liaison between local authority housing departments and social services departments.

Spending

There was general agreement on the overall scale of reductions indicated on page 4 of LOC/76/118, but it was agreed that none of these figures should be revealed.

Owner Occupation

(i) We should decide at the appropriate time whether to bring forward in our Manifesto a proposal to help first-time home buyers, having due regard to the economic circumstances. We should not exclude the possibility of putting a ceiling on mortgage interest but must judge this on the conditions of the time when we took office. We could not be held to the precise figures of the October 1974 Manifesto as conditions might be quite different; we did however need to recognise the anxiety of young home buyers to have some certainty about their future mortgage payments and we needed to maintain consistency.

(ii) We recognised the importance of aiding the rehabilitation of old houses in areas of dereliction, and would examine all means of achieving this, through assistance from local authorities and through building societies, and by any other viable proposals that might be made.

(iii) We would resist pressure from the Left to match increases in council rents by reductions in mortgage tax relief. There was no logical connection between the two and on principle we had no intention of penalising owner occupation; we wished to encourage it.

(iv) We should emphasise our anxiety that demand should not be over stimulated so as to produce an excessive boom in house prices.

(v) With regard to our proposals for enabling council tenants to buy their houses, we should bear in mind the problem that we might discourage them from buying now if they thought that a Conservative Government would give them substantially better terms of purchase. Thus we would not spell out the full details in paragraph B (i) (c) on page 2. We should simply say that the terms under a Conservative Government would be no less generous than at present.

(vi) Mr. Rossi would discuss with the Public Sector Policy Group the case for increasing funds available for improvement grants as suggested in the table on page 4.

Private Rented Sector

(i) We would not distinguish in our legislation between furnished and unfurnished property, but would distinguish between where the landlord was resident and where he was non-resident.

(ii) The introduction of a short hold system for fixed term lettings which did not confer security would help introduce more flexibility into this sector.

(iii) It was desirable to speed up court procedures in the field of landlord - tenant relations, especially with regard to the problem of over-lapping jurisdictions. However evictions, as in our proposed short hold system, should only take place after a court order.

(iv) We must emphasise the point that was already being recognised by the public viz. that the 1974 Rent Act had greatly harmed the whole case for rent control by a drying-up of the supply of property for rent.

(v) The fourth change to the system of security of tenure in ii (b) on page 2 should be amended to read: "exempt new lettings of flats over shops from security".

(vi) It was desirable to continue using the phrase "fair rent", whatever changes we made with regard to calculating rent.

(vii) The process of making rents registrable prior to actual letting in (e) on page 3 should not be compulsory.

(viii) The proposal to tighten up provisions relating to service charges in (f) on page 3 would need to pay regard to the increased cost of servicing mansion blocks.

Public Sector

(i) The proposal in iii (b) on page 3 to concentrate public sector provision on stress areas would need to be qualified by the proposal in (f) to improve the definition and assessment of housing need. While it was accepted that areas where population was increasing might require public sector provision we should prevent Labour councils from seeking to influence the results of Parliamentary and local elections by careful siting of large council estates. One alternative to public sector provision would be to encourage firms like Wates to build cheap houses to sell cheaply, as had been tried with success in Bromley.

(ii) A substantial rent increase had to take place but this should be done gradually and should be balanced by a reduction in bureaucratic restrictions on council tenants e.g. allowing council tenants to take in lodgers and sub-let.

(iii) We should make sure that councils pooled the historic costs of their properties so as to avoid obvious distortions between the rent increases of older and more recently built property. A decision on the precise method of increasing rents should not be taken at this stage.

Other Business

Sir Geoffrey Howe proposed a form of words for our amendment to the Government's "take Note" motion in the debate on Pay and Prices Policy the following week, which was agreed, viz: That we

welcomed the Government's realisation that jobs depended on profits and were endangered by excessive public spending; that we recognised the need for restraint in pay bargaining; but we deplored the absence of a convincing strategy for recovery based upon a prosperous private sector and the reduction of state spending and borrowing.

It was also agreed that Sir Geoffrey Howe and Mr. Maude would put such final touches to the amendment as they thought fit.

The Meeting closed at 1 o'clock