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Local Govt

To see (I don't

Department of the Environment
From the Deputy Secretary,
Terry Heiser
Finance and Local Government

*know why he
bothered).*

COPY NO 1.

PERSONAL & CONFIDENTIAL

Michael Scholar Esq
Private Secretary
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London SW1

MMS 1/3

28 February 1983

LOCAL TAXATION

You asked me in effect whether we could move faster to an E(LF) inter-departmental report than the end of March.

I explained that we could not because although we have a number of building blocks available, the interim and final schemes we have been asked to examine contain major new elements eg :

(i) Interim scheme. The concept of take-out of teachers' pay linked to an interim control of rate increase scheme is new. The "Chief Secretary" scheme of rate increase control was never worked out in detail because at an early stage it was rejected in principle by the majority of MISC 79.

(ii) Final scheme. The concept of a ceiling on rate increase linked to a supplementary expenditure tax (LST or excise duties) and perhaps control is new. There was a preliminary discussion of LST and excise duties in the Green Paper as main taxes, but no detailed work was carried out on them subsequently because again at an early stage MISC 79 rejected these taxes as main taxes - the idea of using them as a supplementary tax did not emerge until Cabinet took the MISC 79 report.

/So

So we have a great deal of new work to carry out - so much so that an end March timetable means that we must work flat out - we have already produced six papers and held two meetings of the inter-departmental group - and concentrate on the main issues, and not allow ourselves to be diverted by secondary problems.

I 'll be in touch with Ferdy Mount about a meeting to bring him up to date with progress.

I am copying this letter to Michael Buckley.

Yours
Jey

T M HEISER