

cc/sr

PRIME MINISTER

SUB COMMITTEE ON LOCAL GOVERNMENT FINANCE

I have seen the Environment Secretary's paper E(LF)(83)2. Although the introduction of a new tax would be complicated and politically unattractive, I do not dissent from his proposal that officials should study further the details of a local sales tax (LST).

But I think it right to make two points at this stage. I am strongly opposed to his interim proposal to set a ceiling on rates, close the gap between income and expenditure by Exchequer grant and, as a corollary, set expenditure limits for all local authorities. The objections to this summarised at the end of paragraph 18 of his paper seem to me decisive.

I am equally opposed to the suggestion that the whole cost of teachers' salaries should be met by the Exchequer. The scheme of control mentioned in paragraph 21 would require me to determine each local education authority's complement of teachers. This would draw me into local decisions about the deployment of teachers between schools; impede efficient management of the education service as a whole; and require a substantial increase in the number of civil servants.

I am sending copies of this minute to the other members of E(LF) and to Sir Robert Armstrong.

KJ

15 FEBRUARY 1983

Local Govt,  
Rating System  
#2



15 JAN 1983