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CABINET

HOUSING FINANCE: QUESTIONS OF TIMING

Memorandum by the Secretary of State for
the Home Department

The Cabinet have before them draft White Papers on the Reform of Housing Finance in England and Wales, and in Scotland. This memorandum deals with questions of timing. The Cabinet originally decided against White Papers in advance of publication of the Bills; but there have now been consultations with local authorities and there is an expectation of some detailed statement of the Government's intentions. In addition a means has had to be found of giving effect to the decision of the Cabinet on 25 March (CM(71) 17th Conclusions, Minute 7) to give local authorities an opportunity to begin the progression towards fair rents from 1 October 1971 or 1 April 1972 rather than waiting until the Bills had received Royal Assent. Otherwise the savings forecast could not be realised without excessively sharp increases from 1 October 1972.

2. The Secretaries of State for Scotland and for the Environment accordingly proposed to the Home and Social Affairs Committee (HS) that White Papers should be published in mid-July so as to give the authorities this opportunity. The further object is to remove the uncertainty that is causing authorities to delay necessary schemes and to rally support for the many features which will appeal to the Government's supporters and to moderate opinion by presenting the reforms in their context.

3. However, when HS considered the draft White Papers, serious difficulties of timing became evident. The publication of White Papers in mid-July would inevitably lead to demand for a debate; Government time cannot be spared and some of us thought that White Papers would simply provide an additional and premature occasion for controversy in advance of the introduction of the Bills: and at a most untimely moment. The discussion of any factor that would increase the cost of living, however beneficial might be the reform of which that factor formed part, was bound to affect adversely the Government's efforts to contain and reduce wage inflation, particularly at a time when a new round of wage claims fell to be negotiated. Moreover, controversy over housing policies might well have a distracting or confusing influence on discussion on our accession to the European Economic Communities.

4. The choice of options is dominated by 1 October 1971. To raise rents authorities must settle the increases for each house, pass them through their committees and give 4 week notice to tenants. So some communication must be made to them by about the end of July. Otherwise we shall have to enforce the rent increases within a more constricted period, and contrary to arrangements agreed with the local authority associations following our March decision, unless we are willing to jeopardise the savings of £150-£175 million over 4 years which it was our object in March to preserve.

5. If the Cabinet decide to preserve the 1 October 1971 option three courses appear to be open:-

- a. To publish the White Papers in mid-July, and thus give the local authorities the longest possible notice.
- b. To publish them immediately before the Recess (assuming that the House will rise on 30 July). This would avoid, although it might appear to be designed to evade, a debate. The difficulties referred to in paragraph 3 above would be reduced. There would be less time for local authority preparation but the advantages of presenting the policy by means of White Papers would be preserved.
- c. To send (and publish) circulars to authorities immediately after the House rises, announcing that intention in statements immediately before: a course which might affront Parliament. Even this would dangerously reduce the time available to local authorities; the circulars could hardly be delayed beyond 2 August. Moreover since one cannot set out in a circular, as one can in a White Paper, the broad philosophy lying behind our policies, their unpopular features would tend to be publicly emphasised and support for our reforms as a whole endangered.

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