

Wtg Record.

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NOTE FOR THE RECORD

COMMUNITY CHARGE

The Prime Minister and the Chancellor had a brief discussion at their bilateral meeting this afternoon about the Backbench pressure for a further concession on the community charge. They had before them the minutes of 18 December from the Secretary of State for the Environment and 14 December from the Chairman of the Conservative Party.

The Prime Minister reported that she had seen the Chief Whip earlier in the day, who had advised that there would be substantial Backbench votes against the Orders in January, together with abstentions; there was serious doubt whether the vote could be carried. The Chancellor said the Chief Whip had given him the same assessment earlier in the afternoon.

Following a brief discussion, it was agreed that the Chancellor would discuss with the Secretary of State for the Environment the possible options for a further concession. They would aim to report back to the Prime Minister at a meeting early in the New Year. The Chancellor said he wanted the DOE to produce further information on trends in expenditure by and cash grants to individual local authorities. His suspicion was that local authority representatives were putting around a lot of disinformation and attributing far too much to the impact of the changeover from the rates to the community charge. It was agreed that a further assessment was needed from the Whips of which particular problems were of concern to the Backbenchers; it was clear that the present discontent reflected a wide range of different points for concern.

I subsequently reported the conversation to John Gieve in the Chancellor's Office and in outline terms to Roger Bright in Chris Patten's Office.

*Rec.*PAUL GRAY20 December 1989

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