



u/w  
HT, CSO

✓ Lord Advocate of Scot  
Attorney General

10 DOWNING STREET

From the Private Secretary

23 November 1981

Thank you for your letter of today's date in which you recorded your Secretary of State's wish that the Prime Minister should reconsider her view that there should not be a separate paper on Capital Expenditure and the Construction Industry for Cabinet discussion on Thursday.

The Prime Minister has read the draft paper attached to your letter, and has discussed the matter briefly with Mr. Tom King this evening. She also understands that, if the Secretary of State's paper is circulated, the Chief Secretary, Treasury, will wish to circulate a paper of his own on these issues. In these circumstances, the Prime Minister remains of the view that the only paper before the Cabinet should be the Home Secretary's reporting on his MISC 62 discussions.

The Prime Minister also discussed with Mr. King your Secretary of State's minute to her of 20 November about the Local Government Finance Bill. The Prime Minister's immediate reaction to the situation described by your Secretary of State is that there should be a serious examination of the centralist route, on the basis of advice both from the Attorney General and from the Lord Advocate. She is strongly opposed to the notion of a new judicial body to whom local authorities would have to appeal before fixing a supplementary rate, and remains convinced that the whole council elections option would be even less acceptable than the referendum route. The Prime Minister's main immediate concern is that nothing should be said at tomorrow night's joint meeting of the Finance and Environment Committees which would lead to damaging reports of further disunity, or of options - like the new judicial body option - which would cause deep concern amongst sympathetic local authorities.

I am sending a copy of this letter to Terry Mathews (Chief Secretary's Office) and David Wright (Cabinet Office).

M. C. SCHOLAR

David Edmonds, Esq.,  
Department of the Environment.

CONFIDENTIAL

M