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My ref:
K/ST/PSO/40299/83
Your ref:

24 March 1983



TO: *M. Williams*

SECRETARY OF STATE
FOR THE ENVIRONMENT

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Mr Russell
Mr Dickson

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24 MAR 1983

SECRETARY OF STATE
INDUSTRIES OFFICE

17:45

Dear Secretary of State

EUROPEAN COMMISSION OF HUMAN RIGHTS: NATIONALISATION AND LEASEHOLD REFORM CASES

I am aware that you are under some pressure from back bench colleagues to make concessions to the applicants in the 7 nationalisation cases before the Commission.

It now seems we will not have a clear indication before May at the earliest of which way the Commission may be inclining on the merits of those cases and of the leasehold reform case with which they have been linked. I nevertheless thought that I should record my concern that, if the question of a 'friendly settlement' with any of the nationalisation applicants became imminent, in May or subsequently, the wider implications of any concessions should be very carefully considered. I would wish my Department to be fully involved from the outset in any such consideration.

My immediate concern is, of course, that any concession in the nationalisation cases would make defence of the leasehold reform case - through to the Court if necessary - all the more difficult. It is of the greatest importance that we should win on all aspects of the leasehold reform case as the scope for a compromise in that case seems very small. The applicants are asking for additional compensation, from public funds, not merely for themselves but for all other landlords affected in the past by the leasehold reform legislation. That we estimate might cost in the order of £750 m. In addition the applicants are accordingly asking for the enfranchisement rights of the remaining leaseholders who qualify under the legislation to be taken away or curtailed. As a minimum, they are asking for the valuation provisions to be made less favourable to leaseholders. There may be hundreds of thousands of households involved. The political difficulty of meeting these demands, even in part, would be enormous - not least in Wales. Furthermore there would be direct repercussions on our current right to buy legislation in the Housing and Building Control Bill, under which the right to buy an enfranchisable lease is being granted to public sector tenants whose houses are on leasehold land.

You will appreciate, therefore, my anxiety that nothing should be done which might hamper or jeopardise continued defence of the leasehold reform legislation at Strasbourg. I do of course recognise the political difficulty of continuing to defend in Strasbourg nationalisation legislation which we strongly opposed when it was introduced by the last Labour Government. To an extent, however, we have a similar problem on leasehold reform, as we described the compensation basis as 'confiscatory' when the Leasehold Reform Act 1967 was before Parliament. However, I think we should be able to make clear to our supporters that the only issue at stake in Strasbourg is the strict legal one of whether the legislation

breaches the Convention, not whether we ourselves agree with the legislation.

I am sending copies of this letter to the Prime Minister, the Attorney General, the Secretaries of State for Foreign and Commonwealth Affairs, for Wales and for Scotland, the Chancellor of the Exchequer and Sir Robert Armstrong.

Yours sincerely
Helen Ghosh

TOM KING

(approved by the
Secretary of State and
signed in his absence).