



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

The Rt Hon Kenneth Baker MP
Secretary of State for the Environment
2 Marsham Street
LONDON
SW1P 3AG

4 December 1985

Dear Kenneth,

NBA

SALE OF LOCAL AUTHORITY MORTGAGES

Thank you for your letter of 22 November to Michael Ancram. I am also grateful to John MacGregor for his letter of 29 November indicating that he too accepts our view of the appropriate policy on borrowers' consent in Scotland.

As regards the handling of this matter in the event that it becomes the subject of attention at Committee stage of the Local Government Bill, I understand that Michael Ancram has spoken to you and agreed that this possibility would most appropriately be covered by Peter Fraser making himself available to give advice to the Committee should it prove necessary.

You asked a specific question relevant to the explanation of our position in Scotland. I am not aware of any cause for anxiety about the possibility that former local authority borrowers would be unacceptably treated by the purchasers of loans from local authorities. Our experience of sales of local authority mortgages in Scotland has been that the purchasers have been reputable financial institutions. I do not think there is any disagreement that such institutions can be relied upon to behave reasonably towards their borrowers and I am not aware of any movement by local authorities towards less acceptable purchasers.

I am sending a copy of this letter to Nick Edwards, John MacGregor, other members of E(A), Sir Robert Armstrong and Sir George Engle.

Yours sincerely,
George

HMP33715

LOCAL GOVT Relations : Pt 29

OFFICE OF THE
WHITE HOUSE



December 1983

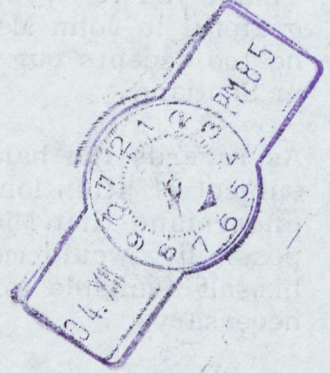
OFFICE OF THE ATTORNEY GENERAL

Dear Mr. [Name]:

Reference is made to your letter of [Date] regarding [Subject].

The Department is currently reviewing the matter and will advise you of the results of our review.

Very truly yours,
[Signature]



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