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PRIME MINISTER

MEETING OF E(LF): 24 MARCH

There is I fear a great deal of paper for this meeting. Realistically it will not be possible to cover all the ground and I suggest you try to focus on the key themes and identify the areas where further thought and work is needed.

Organisation of the papers

There are two agenda items. In the folder papers specific to items 1 or 2 are included in the dividers. But on top are a number of papers which straddle the agenda items:

- Mr. Ridley's minute of 18 March which seeks to put the papers in a wider political context. You saw this last weekend.
- A Policy Unit brief covering all the papers, which you have not previously seen.
- Mr. Ridley's proposed draft consultation paper on the general local authority capital control system. When you saw this at the weekend you expressed concern about the availability for use of surplus funds. I have not yet minuted this out as the issue is I think integral to the discussion of the item 1 paper on the regime for housing finance as well as local authority capital control generally.
- The Chief Secretary's letter of 22 March, which you have not previously seen. He raises a number of concerns and worries, and points to the need for considerable further work.
- A minute from Mr. Moore of 22 March expressing similary concerns.
- A further minute from Mr. Moore dated 23 March which relates the issues under discussion back to the wider issue of respective departmental responsibilities for housing finance issues.

CONFIDENTIAL



CONFIDENTIAL

- 2 -

Within the item 1 folder is Mr. Ridley's long paper, which is probably not worth going through in detail, and the Cabinet Office brief which you looked at last weekend.

Within the item 2 folder are Mr. Ridley's two papers - which were in the weekend box but I suggested you should not take too much time over - and a Cabinet Office brief which has just been provided. As for item 1, I suggest you concentrate on the Cabinet Office brief.

Handling of the meeting

Mr. Ridley does I think recognise the complexity of the papers and issues before the meeting. He has therefore asked to make an initial short presentation with some visual aids. I think this would be helpful, and we have laid on arrangements for an easel etc. So I suggest you open the meeting by inviting Mr. Ridley to make his presentation.

I imagine his presentation will focus on the item 1 paper, which will then require substantial discussion. As I say I think you should focus on pulling out the main themes and avoiding the meeting getting bogged down into detail. If that means it is not possible in this meeting to reach many decisions then so be it.

If time permits you will then want to move on to item 2. As the Cabinet Office and Policy Unit briefs bring out, this issue raises some fairly fundamental issues, and again it may not be possible in this meeting to thrash out all the details.

The consultation paper

Mr. Ridley was looking for detailed comments on the draft consultation paper on the general local authority capital control system by the end of this week. Given the weight of paper and issues that he has now brought to the Committee you may want to suggest that colleagues should have a little more time to react.

CONFIDENTIAL

CONFIDENTIAL

- 3 -

As regards your weekend comment on the use of receipts, you will I think want to weigh the public expenditure control arguments that the Chief Secretary will advance against the more liberal approach advocated by the Policy Unit.

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*Rec.*

Paul Gray

23 March 1988

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