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CONFIDENTIAL

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My ref:

Your ref:

The Rt Hon John Major MP  
Chief Secretary  
HM Treasury  
Treasury Chambers  
Parliament Street  
London SW1P 3AG

mBPM  
at his  
stage.

23 May 1989

Dear Chief Secretary,

REC 24/5  
Aap

Malcolm Rifkind sent me a copy of his letter of 18 May to you in response to yours of 3 May.

As I said in my letter of 16 May to you the main factor in determining whether or not to cap Scottish authorities this year must be the situation in Scotland itself.

My immediate concern, however, is the suggestion that if it is decided not to cap any authority Malcolm might publicly imply that capping had not been used as it would be inappropriate until the new system had settled down.

As I said previously, I believe there is only limited read across between Scotland and England and I accept Malcolm's argument that decisions about capping Scottish authorities this year will not in themselves create an awkward precedent for decisions about capping in England next year. But any announcement of a decision not to cap in Scotland which implies that capping would be inappropriate in the first year of a new system could create difficulties for me. Such a suggestion could leave us open to the accusation of inconsistency of approach, notwithstanding the different situation in Scotland and England, if it were decided to charge cap in England next year. It could also give rise to a clear expectation that we would not cap in England in 1990/91.

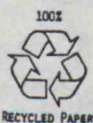
In these circumstances, I would urge Malcolm not to imply any such suggestion in any public justification of a decision not to cap in Scotland this year. Indeed, from my point of view it would be much better not to make any announcement giving reasons for not capping Scottish authorities this year, if that is to be the decision.

I am copying this to members of E(LF), the Lord Advocate and to Sir Robin Butler.

Yours sincerely  
PP A [Signature]

NICHOLAS RIDLEY

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



LOCAL COURT: Ra

