



10 DOWNING STREET  
LONDON SW1A 2AA

REC.	- 5 JUN 1989
ACTION	Mr G White
COPIES TO	ex. Sir P Midelet, Mr Anson, Mr Munk, Mr Phillips, Mr Edwards, Mr Potter, Miss Pearson, Mrs Leman, Mr MacAvoy, Mr AM White

ch/ To be aware  
before you see  
PM at 12.30.

DIS

5 June 1989 Mr Hudson,  
m call

From the Private Secretary

Dear David,

**COMMUNITY CHARGE CAPPING IN SCOTLAND**

The Prime Minister has seen the recent exchanges on this issue, initiated by the Chief Secretary in his letter of 3 May.

She sympathises with the views expressed by the Chief Secretary and the Secretary of State for the Environment in support of some degree of community charge capping in Scotland. But having studied the papers she has noted that:

- (i) some of the authorities proposed for capping have expenditure per head below average; and Glasgow's charge is well below that of Edinburgh;
- (ii) the timetable for introducing capping is now extremely difficult;
- (iii) the legal advice suggests there are doubts about the prospects of success in a judicial review.

Against that background, and in particular the third point, the Prime Minister is inclined to the view that no further action should be taken in Scotland this year on the possibility of capping. But she believes it is most important to make clear that this decision has no bearing on the possibility of capping in the first year of the community charge in England and Wales.

I am copying this letter to Roger Bright (Department of the Environment), Stephen Haddrill (Department of Energy), Stephen Williams (Welsh Office), Carys Evans (Chief Secretary's Office) and Trevor Woolley (Cabinet Office).

Yours,  
Paul

(PAUL GRAY)

David Crawley, Esq.,  
Scottish Office.