

PRIME MINISTER

We have reached an impasse on conveyancing by employed solicitors.

H Committee discussed the <sup>Solicitor General's</sup> scheme by which building societies and banks should be given power to offer conveyancing services, provided that they did not do so to their own borrowers.

There was a majority in favour of this scheme in H Committee - which has a preponderance of lawyers. But Mr. Tebbit and Lord Young are strongly opposed to it. Lord Young asked for and was given a remit to do some work on the subject himself. This came out in the minutes in the form of a remit to do more work on the Solicitor General's scheme. Lord Young has protested against this remit since he does not think there is any sense in the Solicitor General's scheme, but of course the Lord Chancellor has been adamant in holding him to it.

The Lord President does not know where to go from here. If the matter is discussed again in H, there is likely to be both a row and a victory for the Lord Chancellor, and it would be difficult to reverse the conclusion at Cabinet. On the other hand, if it was brought to Cabinet in its present form you would be faced with a repeat of the last Cabinet discussion.

There seem to be three options:-

- 1) Make further efforts to support Mr. Tebbit and Lord Young's view that too much is being made of the point about conflict of interest (but how?). One suggestion has been that it should be referred to the Sub-Committee on Consumer Protection, but this would not avoid a row with the Lord Chancellor and it is difficult to see what reason could be given for it.



E. R.

- 2) Drop the whole proposal and renege on the commitments which you and the Solicitor General gave to the House.
- 3) Proceed with the Solicitor General's proposal which will probably be shown up as a nonsense when the Building Societies Bill comes before Parliament.

On the assumption that (2) is ruled out, the choice lies between (1) and (3).

The Lord President would like to have a word with you about this at the end of the briefing meeting on Betaney on Wednesday afternoon. You may like to have a prior word about it with Lord Young at your meeting with him in the morning. Both Lord Young and the Lord President have had private copies of the attached note by Nick Owen.

R. R. B

7 May 1985