CONFIDENTIAL - CMO

Prime Minister: 2

Patrick Jenkins two points echo your own concerns

mt 5/8

PRIME MINISTER

MISC 109: EDINBURGH DISTRICT COUNCIL

I have seen George Younger's letter to you of 31 July about Edinburgh District Council. He raises two main questions.

On the possibility of discussions with Edinburgh about the requirement that their rate be reduced by 5.2p, I am happy to go along with the line he proposes; namely that he should be able to agree a somewhat smaller reduction to ensure that the City is capable of living within its means. Although the Scottish rate limitation system is rather different to the one in the Rates Act, such action by the Scots would effectively parallel our own redetermination process and the procedure of making representations on the proposed rate limit. Changes of the kind which George Younger has in mind have been made before in Scotland. But I need hardly stress the damage to our position if such a move were misrepresented as the granting of major concessions to Edinburgh. Current Press comments about possible moves by Edinburgh in return for concessions by the Government indicate the risks.

As to Commissioner legislation, I would greatly prefer to avoid the very major step in constitutional terms of introducing a general Bill, whether to cover just England, or Scotland as well - that is, a Great Britain Bill. If Liverpool is the only Council remaining in the frame for Commissioners I assume we would decide to rely on the specific Bill we have already drafted. But even if Edinburgh remains a problem as well, I do not think we should automatically dismiss the option of introducing separate Bills for each City. The two are unlikely to collapse simultaneously and the background is very different. I do not believe that either would be given the wrong signal if a general Bill was not introduced in the first instance. We could make perfectly clear that we were prepared to act similarly towards any other Council which deliberately brought about its own collapse, but without the same time taking general powers which would be widely opposed.

We cannot completely dismiss the idea of a general Bill at this stage, and I agree that it would be useful for the Scottish Office to prepare the necessary Clauses to cover their interest, for inclusion in our existing draft. Given that the Bill would be subject to an emergency timetable it is however vital to avoid unnecessary complication.

At the same time I suggest they might put in hand drafting of an Edinburgh-only Bill using the analogy of the Liverpool-only Bill. This would leave us with a full range of options to consider as events develop. My Department would be happy to help the Scottish Office in any way necessary, and indeed officials are already in touch.

I am copying this minute to members of MISC 109, George Younger, Sir Robert Armstrong and Kenny Cameron.

for P J

5 August 1985

Approved by the Secretary of State and signed in his absence.

Loc. Govt : Relations : Pt 27