

File

PRIME MINISTER

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COMMUNITY CHARGE CAPITAL LIMIT IN SCOTLAND

As agreed when we spoke earlier this evening I told Malcolm Rifkind's office that you have reached a firm view that there should be no special scheme of any kind benefiting community charge payers in Scotland in 1989-90. I have confirmed this in a letter copied to the offices of all the other Ministers directly involved.

Before passing the message to Mr. Rifkind's office I established with the Chancellor that he was now content to kill off the idea of any further action.

I have also emphasised that there is no point in Malcolm Rifkind's pressing you further about this. But I cannot guarantee that he will not seek to have a word with you about it in the margins of Cabinet tomorrow.

Indeed, notwithstanding my letter, he has sent in a further letter this evening setting out the details of a possible ex gratia scheme which meets the sort of criteria the Chancellor outlined this morning. I propose, subject to your approval, to reply saying that you do not consider any such scheme should be implemented, as my letter this evening made clear.

If Mr. Rifkind does approach you, you will presumably wish to give him a robust response. It would not, however, be appropriate for you to mention to Mr. Rifkind what we have gleaned about Michael Forsyth's views; were you to do so that could inflame an already delicate position.

Content for me to respond to the latest letter from Malcolm Rifkind as indicated above?

*Recd.*  
PAUL GRAY

21 March 1990

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*Yes not*