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PRIME MINISTER

19 June 1985

LIVERPOOL: LATEST INFORMATION

An accountant from DoE talked at the CIPFA Conference to the Treasurer of Liverpool Council. The Treasurer apparently told him that the city's finances would be in reasonable shape for another three weeks, would become difficult in July, and would enter a critical phase at the end of August, when there is a major debt redemption.

This fits closely with our previous guess that the refinancing of debt would be the major problem. The new point is that the difficulty will arise at the end of August - which we did not know until now. But this is no cause for panic: unexpected sums turned up last year, and they may well do so again.

Prime Minister

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OLIVER LETWIN

An accurate judgement is needed of when Liverpool might run out of money. If this were in the middle of August and Parliament had to be recalled, Liverpool would have scored something of a propaganda victory by getting the Government to dance to its tune.

The best outcome is for a ratepayer to take legal action requiring setting of a proper before end July; the next best is that the screws tighten slowly in the Autumn. Try to avoid satisfying Liverpool's attention seeking.

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