

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

11 October 1985

David Norgrove Esq  
10 Downing Street  
London SW1

*Pamie Winter* 2

*DES*  
11/10.

*Dear David*

**PWLB LENDING TO LIVERPOOL**

The Prime Minister will want to know that, as expected, the PWLB decided this afternoon to defer a decision on whether to resume lending to Liverpool.

This decision was made inevitable when it was learned this morning, from the City Treasurer, that major revisions were being made to Liverpool's proposed scheme for complying with its obligations in respect of this year's budget. The PWLB in the event decided to stick to its normal practice and make no statement following this afternoon's meeting, and has instructed its Secretary to make no comment.

It is now understood that Liverpool have sufficient funds to avoid a default on the market loan that falls due for repayment on Monday.

I am copying this letter to Robin Young (DoE), Rob Smith (DES), Leigh Lewis (D/Emp), Tony Lawrance (DHSS), Henry Steel (PS/Solicitor General) and Michael Stock (Cabinet Office).

*Yours ever*  
*Rachel*

RACHEL LOMAX  
Principal Private Secretary



