

Prime Minister 1

There are strong rumours that Liverpool are about to cave in. They have told DoF that they could sort themselves out if only they were given £2 million (DoF said no) and they are meeting the AMA tomorrow. Agree to write as proposed, but any action to be left until the last possible moment?

PRIME MINISTER

LIVERPOOL : MAGISTRATES' COURTS
Clearly, the work of the magistrates' courts must not be interrupted.

Prefer Option (i) (assuming the resources are sufficient)

DoF 20/11

But we disagree with Douglas Hurd about the best method of keeping them going. It would be tactless to announce a special grant in the House of Commons at this stage; everyone would interpret this as a sign of the government losing its nerve.

The preferable course is Douglas's option ii - authorising the justice's clerk to provide the needed funds from the fines and fees received in Liverpool itself. This will not need to be announced in the House, and will not involve any explicit transfer of funds from the exchequer to Liverpool.

We strongly recommend that you should ask the Home Office to avoid any explicit new grant, and to let the justice's clerk fund the magistrates out of the fines and fees received in Liverpool, assuming that this can be done without a parliamentary announcement.

Oliver Letwin

OLIVER LETWIN

20/11/85.