



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

9 March 1984

Dear Henry

LIVERPOOL

Thank you for your letter of 5 March with which you enclosed a text of an Answer which the Attorney General might give in the House.

My Secretary of State is content with the text. On timing he would be content for it to be considered by the group of Ministers considering Liverpool when they meet next Tuesday 13 March.

I am copying this letter to Hugh Taylor (Home Office), Elizabeth Hodgkinson (Department of Education and Science), Richard Mottram (Ministry of Defence), Steve Godber (Department of Health and Social Security), John Gieve (Chief Secretary's Office), Andrew Turnbull (Prime Minister's office), Richard Hatfield and Mr Buckley (Cabinet Office).

*Yours sincerely*

*John Ballard*

JOHN BALLARD  
Private Secretary

Henry Steele Esq CMG OBE





## 10 DOWNING STREET

From the Private Secretary

8 March 1984

Dear Henry.

Liverpool

BF/ Thank you for sending me a copy, attached to your letter of 5 March, of the text of an Answer which the Attorney General might give in the House. You asked for advice on timing. A meeting of the group of Ministers considering Liverpool has been arranged for next Tuesday. The Department of the Environment see no need to issue this statement before then so the text could be put on the agenda for that meeting. If other Ministers have substantive comments to make on it, it would be useful if these could be circulated in advance.

I am copying this letter to Hugh Taylor (Home Office), Elizabeth Hodgkinson (Department of Education and Science), Richard Mottram (Ministry of Defence), John Ballard (Department of the Environment), Steve Godber (Department of Health and Social Security), John Gieve (Chief Secretary's Office), Richard Hatfield (Cabinet Office) and to Mr. Buckley (Cabinet Office).

Yours sincerely

Andrew Turnbull

Andrew Turnbull

Henry Steel, Esq., C.M.G., O.B.E.,  
Law Officers' Department.



10 DOWNING STREET

Prime Minister <sup>(2)</sup>

- (1) To note Attorney General's text and to avoid comments from colleagues.
- (11) On timing, the Liverpool group meets again next Tuesday. I am in contact with Do E about the best time to issue such a statement. One possibility is immediately after the meeting when Ministers have given it their approval.

AT  
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Rep. Pol:  
Inner Cities

Liverpool file

GOVERNMENT HELP FOR MERSEYSIDE AND LIVERPOOL

Over the last three years capital expenditure by local authorities and other bodies on Merseyside, under the Department's main programmes, has reached £650 million, much of it supported by Exchequer grant. This figure includes about £140 million for the City in these three years through the Urban Programme and the Merseyside Development Corporation. In addition, the Department of Trade and Industry has given an average of £110 million a year in the last three years to companies within the Merseyside Special Development Area, the Merseyside Docks and Harbour Company have received a total of £134 million in financial assistance, and the Manpower Services Commission is expected to spend £90 million on Merseyside in 1983-84.

Merseyside

- the area has continued to benefit from Special Development Area Status;
- an Enterprise Zone has been established;
- the Port of Liverpool has been designated as a Free Port;
- the City of Liverpool has partnership status under the Urban Programme;
- the Merseyside Development Corporation is one of those two Development Corporations in England.



*A*  
CONFIDENTIAL : CMO



H. Steel CMG OBE

LAW OFFICERS' DEPARTMENT  
ROYAL COURTS OF JUSTICE  
LONDON, WC2A 2LL

5 March 1984

Andrew Turnbull Esq  
Prime Minister's Office  
10 Downing Street  
LONDON S W 1

*See below,*

LIVERPOOL

In your letter to John Ballard of 1 March you recorded the agreement, at the Prime Minister's meeting with various other Ministers on the previous day, that the Attorney General should circulate the text of a draft Answer to a written Question in the House, setting out the duties and obligations of Councillors and the sanctions to be incurred if they were not fulfilled.

With the assistance of the lawyers in the Department of the Environment, the Attorney General has now prepared a possible text. I enclose a copy for consideration by the Prime Minister and by the other Ministers present at the meeting. The Attorney General has not yet identified a Member who might be asked to put the Question to him. He will be giving that matter more thought in the next few days but we should be grateful for suggestions. It would also help to have some indication of the desirable timing of this exercise.

I am copying this letter to John Ballard and the other recipients of yours.

*Yours ever,  
Henry Steel*

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Under section 2 of the General Rate Act 1967, it is the legal duty of every local authority which is a rating authority to make a rate which is sufficient, together with its other sources of income, to meet its estimated expenditure. Making an inadequate rate or failing to make any rate at all is a breach of that legal duty.

It is the personal and individual responsibility of every member of every such local authority to do all that is within his power to ensure that his authority complies with its duty to make an adequate rate. Every member of an authority who fails to discharge that duty, whether by positively obstructing the making of an adequate rate or even by abstaining or wilfully absenting himself or otherwise deliberately withholding his support from the making of the rate, is himself thereby in breach of his legal duty and his behaviour could well be regarded by the courts as constituting "wilful misconduct" within the meaning of the Local Government Finance Act 1982.

If a local authority engages in unlawful expenditure, every member of the authority who was responsible for incurring it or who authorised it may, if the auditor makes an application to the court for that purpose, be personally ordered to repay the whole or part of it. Where more than one member is so concerned, each of them may be personally liable for the whole of the repayment. If the expenditure in question exceeds £2,000, such a member may also find

/himself



himself disqualified from membership of any local authority for such period as the court may order.

Moreover, if a loss or deficiency is incurred by a local authority and it is caused by the wilful misconduct of a member of the authority, the Local Government Finance Act 1982 provides that the auditor may, of his own motion, surcharge that member for the amount of that loss or deficiency and the member (or each of them if there is more than one so surcharged) is then personally liable to repay the whole of the amount. If the amount certified exceeds £2,000, the member or members in question are automatically disqualified from membership of any local authority for a period of five years.

I also draw attention to the fact that the protection from personal legal liability which a member of a local authority ordinarily enjoys (by virtue of section 265 of the Public Health Act 1875, as amended) in respect of things done by the local authority concerned, or by him in his capacity as a member of that authority, subsists only to the extent that what was done was done in good faith for the purpose of executing the relevant statutory provisions. Conduct by a local authority or by its members which constitutes a breach of their legal duties as I have described them could operate to deprive the members ~~/in question/~~ of this protection from personal liability.



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