

SECRET



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10 DOWNING STREET

From the Private Secretary

Prime Minister

Mr Jenkin wishes to discuss with you names of various people who might be appointed as Commissioners in Liverpool. He is in Liverpool today and will be able to give you a first hand account of the prospects, though without knowing the outcome of tomorrow's elections.

The next meeting of the full Liverpool group is scheduled for 9 May. By then we should have an idea of how the new Council will proceed.

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Secretary of State

LIVERPOOL: COMMISSIONERS

Following the brief word we had at the end of the meeting on Monday I had quarter of an hour's talk with Lord Bellwin and a later talk with Sir Robert Armstrong following your own word with him after Cabinet.

In the light of those discussions I remain of the view, which both Lord Bellwin and Sir Robert shared, that the ideal candidate for Chairman of the Commissioners is a politician whose choice would be generally endorsed by the leadership of the Labour Party nationally and whose authority and status would equip him to deal effectively and quickly with short term problems following a breakdown of local government and to lay early foundations to the involvement of members of the local political groups.

On this basis I would look at a shortlist from the first team quality list at Annex A of Barnett, Mason, Sefton and Smart.

Each of these seems to me to be of a potentially acceptable political shade. All have had a reputation for toughness. Mason and Smart are probably the most obviously suitable for dealing with militant trade unions.

The more I ponder, the more attractive Jack Smart appears. He has an intense dislike of the Militant Left; he knows local government in general and the operation of the metropolitan district functions in particular intimately. His roots are in trade unionism. He is a north countryman and a plain speaker. And he would have credibility throughout local government.

Sefton, were he more recently involved directly in local government, would of course have the edge in terms of local knowledge. And it would doubtless be tactful to establish whether he was willing to be considered for appointment. I would nevertheless, on present knowledge, hesitate about his capacity to head up the team.

Mason and Barnett have the right image of toughness and experience - the former's spell in Ulster and the latter's as Chief Secretary being particularly relevant to dealing with different aspects of the Liverpool problem. Neither has very obvious local government roots though they both have the right sort of north country associations.

The other politicians, Macintosh, Merlyn Rees, Taylor of Blackburn, and Wilkinson do not seem to me to be quite in the same category: though I think Clive Wilkinson is a name to remember if more than one Labour politician was to be included. As I say, I very much favour a politician for this particular job. The alternative of a top industrialist or eminent academic, even if one existed with very obvious Merseyside associations, seems to me a second best. The first team list nevertheless includes one or two possibilities in these categories. Sir Robert Armstrong thinks extremely highly of Forman, others like Tom Baron, Pitcher, and Smith are hardly of the chairman stature but would be candidates for supporting roles. None of the academics, with the possible exception of Southwood appears to have the stature of the leader of such a team but Butterworth and David Williams sound as if they would make a worthwhile contribution.

We still lack a credible trade unionist. I considered Tom Jackson but I gather from Employment that he has made it very clear that he will not be attracted back into public life. We also lack a woman.

Apart from these very obvious gaps I would have thought that we now had a sufficient field of candidates on which to make a start in taking the necessary first stage soundings. You will no doubt, as well as seeking the Prime Minister's reactions to some of the names we are at present considering, be wanting to obtain her agreement to the approach to individuals. In the case of most of the politicians I imagine that this could be done with complete assurance of discretion. Once we had a nucleus of say a Chairman-designate, Jim Swaffield and, say, John Smith their views and assessment of the needs in terms of experience and expertise would be invaluable before moving on to talk to many of the second tranche.

I am away in Birmingham and Nottingham on Wednesday and Thursday but my office will be able to reach me if you wanted me. Meanwhile David Pickup has an aide-memoire in preparation for your talk with the Prime Minister on Thursday.

Below

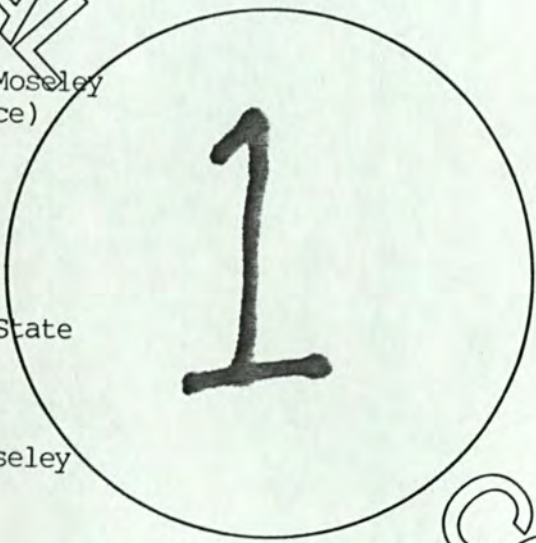
Richard Graham

PP George Moseley

(Dictated by Sir George Moseley and signed in his absence)

2 May 1984

- Copy No 1 Secretary of State
- Copy No 2 Lord Bellwin
- Copy No 3 Mr Pickup
- Copy No 4 File 321
- Copy No 5 Sir George Moseley



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APPOINTMENTS IN CONFIDENCE AND CONFIDENTIAL

IRST TEAM QUALITY

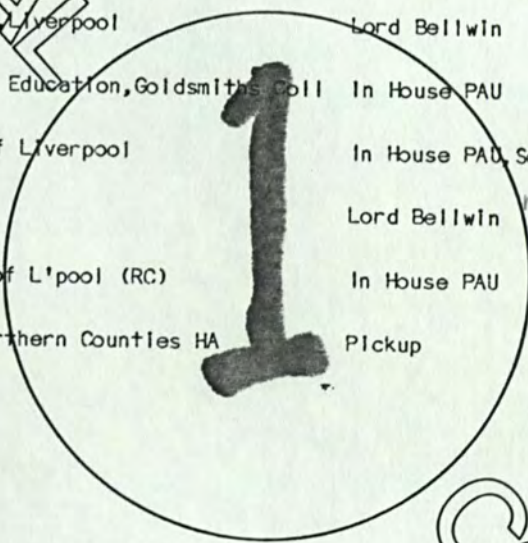
<u>NAME</u>	<u>AGE</u>	<u>OCCUPATION</u>	<u>NOMINATED BY</u>	<u>COMMENTS</u>
Joel Barnett ?	60	<i>mt</i>	Moseley	some old LG exp In Lancs
Tom Baron	58	C'man, Christian Salvesen (Property	Heiser	ex-DOE Special Adviser
Sir John Boynton	66	ex-Chief Executive, Cheshire	Moseley <i>good</i>	Solicitor
J B Butterworth	66	Vice-Chanc, Univ of Warwick, (retiring)	DES <i>with gms</i>	
Phillip Carter	56	ex Littlewoods MD	Sorensen	Member of MDC Board
Sir Fdk Dainton	69	Chancellor, Sheffield University	DES <i>not long here</i>	Working Class Roots
Lord Evans of Cloughton	56	Solicitor	?	Ex-Cltr & ldr, Libs, Merseyside
James Fitzpatrick	53a	MDHC Chief Executive	Sorensen <i>committed</i>	
Sir Denis Forman	56	Chairman, Granada Television	Armstrong <i>basically NW. not shh</i>	
Sir Arnold Hall	68	ex-Chairman, Hawker-Siddley	Heiser <i>X</i>	
Sir James Hamilton	60	ex-Perm Sec, DES	Moseley	S of S agrees
Lord Macintosh	51	Chairman, IFF Research Ltd	Armstrong	
George Mann	60	Chairman NWFA	In House PAU & Sorensen	engineer
Barrie Marsh		President Elect, Liverpool Ch of Commerce	Sorensen	Solicitor
Roy Mason ?	60	MP, Barnsley Central	Armstrong <i>after work</i>	
Sir Patrick Nairne	62	Master, St Catherine's Coll, Oxford	Moseley	S of S agrees, ex Perm Sec, DHSS
Des Pitcher ?	51	Littlewoods, MD	Moseley <i>permits</i>	
Sir Frank Price	61	Chairman, WB (retiring)	Armstrong <i>under</i>	
Merlyn Rees	63	MP, Morley and Leeds South	Armstrong <i>under</i>	
Alan Rushton	50s	Royal Insurance MD	Sorensen	
Brian Scholes	60	ex-Chief Executive, Boltort	In House PAU ?	
Lord Sefton ?	69		Sorensen <i>too old</i>	?too old
Sir Jack Smart ?	64	former C'man, AMA; leader Wakefield MBC	Moseley	
John Smith	63	Chairman, Liverpool Football Club	Secretary of State <i>nee</i>	
Sir Richard Southwood	52	C'man, RCEP	DES	
Sir James Swaffield	60	ex-GLC, Director general	Moseley <i>parent for the group</i>	
Lord Taylor, Blackburn	55	Shorrock Security Systems	Armstrong	
Sir Godfrey Taylor	58	former Chairman of AMA, C'man of SWA	Heiser	Works 3½ days with the WA
Nigel Vinson	53	C'man Development Commission		
Sir Oulton Wade ?	52	Jt Treasurer of Tory Party since 1982	Secretary of State	
Clive Wilkinson	46	Ldr, Opposition, Birmingham City	Moseley	
David Williams	54	Pres, Wolfson College, Cambridge	DES	
Leslie Young	59	Chairman, Bibby and Co	Sorensen	?Look too much like MDC takeover

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APPOINTMENTS IN CONFIDENCE AND CONFIDENTIAL

CANDIDATES FOR SUPPORTING ROLES OR CO-OPTION

<u>NAME</u>	<u>AGE</u>	<u>OCCUPATION</u>	<u>NOMINATED BY</u>	<u>COMMENTS</u>
Bill Appleton		Deloitte	Sorensen	Accountant
Kenneth Appleton		Head of Personnel, Pilkingtons	Sir Leonard Neal	
Colin Salter	53	Council of Lloyds	In House PAU	Known to SofS, retd Business
Corlett	61	Higgins Brewery MD	Sorensen	team of three
Rodney Corrie	65	ex-Director, NWRD	In House PAU, Sorensen	
Richard de Zouche		Chamber of Commerce	Sorensen	Accountant, team of three
John Hill	61	ex-Liverpool Treasurer	Sorensen	
Glyn Jones		Area Director, Nat West (recently rtd)	Sorensen	
Sir Rudolph Lyons	72	ex-Recorder, Liverpool	Lord Bellwin	ex-Circuit Judge
David Rogers	45	Snr Lect In Education, Goldsmiths Coll	In House PAU	
Rev David Sheppard	57	Ld Bishop of Liverpool	In House PAU, Sorensen	X
Malcolm Simpson	53		Lord Bellwin	<i>recommended</i> ex-Treasurer, Leeds
Rev Derek Warlock	64	Archbishop of L'pool (RC)	In House PAU	X
Bill Woof	52	Ch Exec, Northern Counties HA	Pickup	ex-DOE; involved in Stockbrld



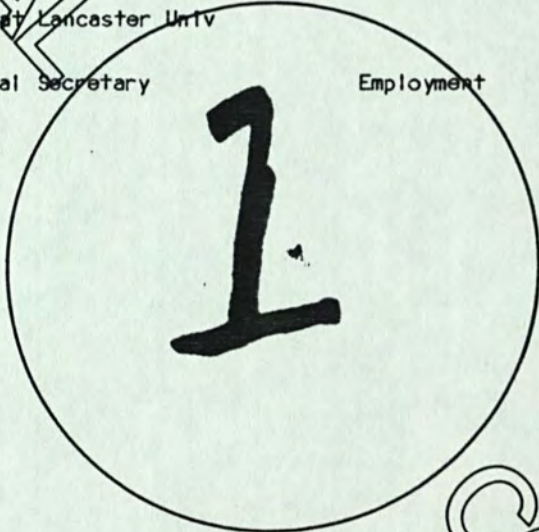
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APPOINTMENTS IN CONFIDENCE AND CONFIDENTIAL

OTHERS

<u>NAME</u>	<u>AGE</u>	<u>OCCUPATION</u>	<u>NOMINATED BY</u>	<u>COMMENTS</u>
Nick Barber		Ocean Transport MD	Sorensen	
Derek Bibby	61	Bibby Line MD	Sorensen	too idiosyncratic
Tom Breakell	62	President, EETPU		Office is in Liverpool
Charles Bystram	54	United Biscuits; MD, International Div	Armstrong	
		ex-Liverpool Solicitor	Sorensen	
Julian Farrand	49	Dean, Faculty of Law at Manchester Univ	In House PAU	
Fred Jarvis	60	NUT General Secretary	Employment	
Prof Alan Mercer	53	Prof of OR at Lancaster Univ		
Eric Niven	52	MNAOA General Secretary	Employment	Started Union career in L'pool



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Carey Secret

2 May 1984

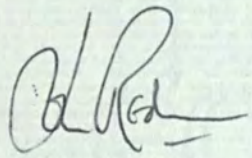
PRIME MINISTER

MEETING WITH PATRICK JENKIN, 4-10pm THURSDAY, 3 MAY

I attach a copy of our note on the Local Government Commissioners' Bill, as I understand you will be discussing this with Patrick tomorrow.

I was going to see Patrick on Friday morning to see if the Policy Unit could offer him any further assistance on Metropolitan County abolition and/or Liverpool. You may remember that he used Peter Shipley to find out a little more about what was going on on the ground in Liverpool, and you recently sent him our work on the general abolition question.

I would like him to understand that the Policy Unit is here to offer him help in the way we have done successfully for William Waldegrave on pollution, Nicholas Ridley on transport policies, Lord Cockfield on industrial policy, and many others.



JOHN REDWOOD

LARABO

JK

SECRET

Policy Unit
27 April 1984

MR TURNBULL

LIVERPOOL: COMMISSIONERS BILL

The right decisions have now been made about the timing of the Government's response to the crisis in Liverpool. But the draft Commissioners Bill still needs attention.

The powers that the Bill at present confers on the Secretary of State will certainly enable him to impose an effective Commission on Liverpool and on any other local authority that engages in similar tactics. But the powers are so great that they will inevitably cause very considerable Parliamentary opposition, even from some of our own supporters: the Government will be accused of playing big brother. This will not only prove damaging in the long run, but may also impede the progress of the Bill through both Houses.

We continue to believe that the best way to reduce opposition, and to make clear that the Government does not intend to use its powers arbitrarily would be to amend the Bill so that it referred specifically to Liverpool and did not challenge any other interests. This would also remove the possibility of a future Labour government using the general Bill, once enacted, as a means of taking over Conservative councils. Given that both Houses have the right to overrule their own Standing Orders on hybridity, such an amendment would be technically feasible. But E(LF) decided long ago that the Bill should be general rather than specific; Patrick Jenkin continues to support this view; and L Committee has recently endorsed it. Nor do we know of any replacement for Commissioners legislation that would serve the same purposes: a writ of mandamus could probably be used to enforce the setting of a rate in case of default, but we are told that it could not set the size of that rate or make the city viable.

It is therefore of the utmost importance to ensure that the the general Bill can be carried quickly through both Houses. We suggest a number of fairly small drafting changes that would improve presentation and reduce opposition without making the Bill less effective:

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- 1 Change the long title. The present title suggests that the purpose of imposing commissioners is to 'protect the interests of the inhabitants'. This is unwise, since the Bill will probably first be used when the local inhabitants have recently re-elected left-wing councillors to represent their interests. The words 'for protecting the interests of the inhabitants' should read, 'for meeting the financial or other obligations which the authority has failed to meet.
- 2 Remove Clause 1, subsection 1(b). This subsection gives the Secretary of State power to impose a Commission by statutory instrument on any council that has 'failed to discharge its functions to such an extent as seriously to prejudice interests of the inhabitants of that area'. It is all too easy to imagine a Secretary of State appointed by Mr Kinnock using this power to impose Commissioners on a Conservative authority that in his view 'prejudices the interests of inhabitants' by refusing to implement Labour policies. Our supporters will not be slow to point this out.
- 3 Remove Clause 3, subsection 5(a). This subsection states that rate limitation under the Rates Bill will not apply to the Commissioners. It would be a catastrophic error for the Government to use this power: if the Commission were allowed to set a higher rate than would be allowed under the Rates Bill, this would make a laughing stock of the Rates policy; it would also open the door for irresponsible councils to embarrass the Government by overspending, refusing to fix a rate, getting a commission in to levy an unlimited rate and then getting their comrades re-elected in triumph. If the Government, for these reasons, does not intend to use the power, why provoke opposition and ridicule by including it in the Bill?
- 4 Change Clause 4, subsections (2) and (4). These subsections give power to the Secretary of State to extend the life of a commission indefinitely, subject only to annual negative resolutions. This will be seen as undemocratic. The best solution would be to impose an absolute time limit of two financial years. If this is unacceptable, extensions should at least be subject to affirmative resolution by both Houses. The Bill should make it abundantly clear that the duty of the Commissioners is to return to local democracy as soon as possible.
- 5 Change Schedule 2, paragraph 5. This paragraph empowers the Secretary of State to exempt a commission from any statute or instrument, subject only to negative resolution. This too, will be seen as undemocratic. The proper solution is for the Bill to insist on an affirmative resolution for any exemption not specified in the schedule.

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We are told by DoE and the Attorney General's office that it is entirely feasible to make such changes at this stage. We know that there has been extensive debate, and that participants have been aware of the dangers both of having inadequate powers and of eroding the local democratic principle too far. But we fear that excessive weight has been given to the first consideration, and not enough to the second.

The Bill is only a draft; it is not on the Parliamentary timetable; and it is unlikely to be needed before 3 May. The Government has the time to get this right, and should take the opportunity.

We recommend that the Prime Minister should invite Patrick Jenkin to consider these ideas.

Oliver Letwin