

SECRET



10 DOWNING STREET

*From the Private Secretary*

SIR ROBERT ARMSTRONG

During the course of last summer, the Prime Minister held a number of meetings to consider how the Government should handle Liverpool City Council's refusal to fulfil its obligations. All the evidence points to a repeat of Liverpool's challenge over the coming year. Furthermore, it is likely that a number of other councils will adopt the same course.

The handling of this situation is likely to require a good deal of discussion and contingency planning. Last year the meetings were organised and recorded by the No. 10 Private Office. This year's exercise could be greater in scope and could continue to the point where Commissioners are appointed for some councils. The Prime Minister believes, therefore, that it would be better to establish a MISC group, with a Cabinet Office Secretariat. Please could you propose terms of reference and membership for such a group.

The Secretary of State for the Environment's minute to the Prime Minister of 31 October on Liverpool City Council mentions that he wishes to put forward a full paper on options for handling the Liverpool situation. I understand DoE would like this meeting before the end of the month. It would be helpful if the new arrangements could be in place for that meeting.

ANDREW TURNBULL

8 November, 1984

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