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10 DOWNING STREET

*From the Private Secretary*

9 November 1984

Thank you for your letter of 6 November to Andrew Turnbull about the Liverpool City Council. The Prime Minister has accepted your Secretary of State's judgement that approval should not be withheld from the Sports Hall projects to which your letter refers.

Tim Flesher

John Ballard Esq  
Department of the Environment

RJM





2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

6 November 1984

Dear Andrew

Thank you for your letter of 1 November about Liverpool City Council.

The position we are in now is that there is every indication that Liverpool are not taking the necessary steps to control their current expenditure to meet their 1984/85 budget or to provide for reasonable rate levels next year. But we are still some way from the end of the financial year and, in any case, it is not possible for us to obtain at this stage, precise information of their financial position. My Secretary of State judged it right, therefore to give a stern warning of the consequences of their apparent actions and to alert public opinion to the dangers. While it remains feasible for Liverpool to begin to put their house in order he is most reluctant to intervene directly. To have refused to approve these sports projects would, almost inevitably, have provoked a crisis which his present tactics leave room to avoid.

The Sports Hall projects are popular and meet a real inner city need. The City Councillors could have turned their rejection to political advantage and undermined the message on the overall budgetary problem the Secretary of State was trying to get across.

My Secretary of State believes that the Sports Hall projects are good UP projects which under normal circumstances there would have been no difficulty in approving. There will be other and more appropriate issues on which to make a firm stand, if necessary. The warning has now been made very clear. I enclose a cutting from Friday's Liverpool Echo. There was also extensive coverage on local radio, and on BBC TV in the North West.

Yours sincerely

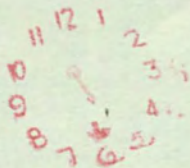
John Ballard

JOHN BALLARD  
Private Secretary

Andrew Turnbull Esq



- 6 NOV 1984 1



COMMUNICATIONS



# CASH WAR ROUND 2!

**Exclusive**

By Peter Phelps

**ENVIRONMENT SECRETARY Patrick Jenkin today launched a savage attack on Labour-run Liverpool council.**

He warned that a new budget crisis could mean rate rises of up to 100 per cent. next year.

A clearly furious Mr. Jenkin accused hard left Militant Tendency extremists of trying to smash the system and renewed his threat of bringing commissioners in to run the city.

He said in an exclusive interview with the Echo that Labour chiefs had made no effort to cut costs and were either gagging Town Hall officials or keeping them in the dark about vital spending plans.

Mr. Jenkins said the city's direct labour organisation was a scandal.

He claimed a wall of silence had crippled the government's so-called "partnership" funding arrangement with Liverpool.

His onslaught came as a letter from the Department of the Environment's Liverpool based Task Force was delivered to council chief executive Mr. Alfred Stocks this afternoon.

## Smash

It gave the go-ahead for three city sports centres—and contained a veiled attack on the lack of co-operation between Whitehall and Town Hall.

"These are extreme Militant Tendency socialists who have no intention whatever of working the system," he said.

"They are out to smash the system and they have made it clear that is their objective.

**Road to disaster—  
Page 4**

## Cakes firm on the brink

By Colin Wright,  
Industrial Correspondent

**BAKERY group Cubbon Cakes of Liverpool sent out an S.O.S. to the business world today as it teetered on the brink of closure.**

The high-class Old Swan confectionery firm, which employs around 100 staff, is appealing for cash backing after going into voluntary liquidation.

Accountants were at the bakery this morning and managing director Vernon Cubbon was due to address the workforce later today.

## Refused

The company chief was refusing to talk about his firm's plight, but local Bakers' Union officials confirmed that only a cash injection could save the business, which runs a dozen shops.

"The company is in trouble, but the situation is not hopeless if a backer can be found," said union regional secretary Eddie Pritchard.

"A liquidator has not yet been appointed and the company can still be rescued by someone who is brave enough to assist it.

"We are telling our members to bend over backwards to assist the company in every way."

## Jenkin slams 'militant wreckers'

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## General 'in plot to kill'

HONDURAS is to seek the extradition of its former military attaché in Chile, accused of being involved in a plot to assassinate President Roberto Suazo Cordova.

Foreign Minister Edgardo Paz Bernalca announced last night the government had already taken diplomatic steps to secure the arrest and extradition of General Jose Bueso-Rosa (47).

The I.B.I. said it had uncovered the plot to kill the President and take over power by a gang which planned to finance the coup through the sale of 10.3 million dollars' worth of cocaine.

## Chums burned as can of fuel explodes

TOP school chums were recovering in hospital today after a can of fuel exploded over them.

The 10-year-old children suffered 45 per cent burns to their bodies after they were set ablaze when a can of nitro-methane aircraft fuel exploded during a prank near their homes in Townhill, Southampton.

Glynn Morgan and Anthony Rolis ran screaming to Glynn's home, where his 16-year-old brother Andrew put out the flames and immersed both boys in a bath of water.

David's brother, Brian (17), said: "They were in the woods playing with matches. Glynn had taken the aircraft fuel from our garden shed."

## Search for missing baby

POLICE in the Irish Republic were today searching for a nine-months-old baby girl, who was lying in the back seat of a car when it was stolen from outside a fish and chip shop.

The baby's parents and two friends returned with their meal from the chip shop in Maynooth, Co. Kildare, 20 miles from Dublin, to find both infant and car had gone.

Police believe thieves took the vehicle without realising the child was there.



## Missiles contract

THE U.S. Navy awarded a one billion dollar contract to a head Corp subsidiary to develop and build 50 submarine-launched nuclear missiles, 1 officials said.

The Navy is now building eight Trident missiles and tentatively plans to build another

## Not been dismissed

COAL BOARD public relations director Geoff Kirk, sent on his annual leave, has spoken out about his "pete agony". "But I have been dismissed; neither have I been sacked," he added.

## Nine years on

JAMES KEPPIN (59), an official in the British Embassy in Bern, Switzerland in connection with an appeal against a five years sentence expected to appear at Dublin's Special Criminal Court today.

## Death probe

THE Army was investigating the death of a 13-year-old boy who was killed when an aircraft overturned on a bridge over a canal at Bowling, Dorset. Two other boys, both 12, were trapped in the vehicle and injured.

## Falklands command

THE United Nations general assembly, by a vote of 14 to 13, approved by 29 votes a resolution calling on Britain and Argentina to negotiate the sovereignty dispute on the Falkland Islands.

## Butter market

THIRTY-NINE thousand tonnes of surplus Common Market butter are to go on sale in the New Year at a maximum price of 42p a pack, the Agriculture Ministry has announced. Dealers at it should be about 29p a pack.

## The fact finders

FOUR federal government departments are to be merged into a single body to coordinate the country's economic policy. The new body will be known as the Economic Council and will be headed by the Prime Minister.

# On the road to disaster

## Minister's warning to city's militant rulers

LIVERPOOL is heading for financial disaster next year and cannot be saved again by Government handouts or shuffling the cards.

That is the heart of the grim message today from Environment Secretary Patrick Jenkin.

Speaking exclusively to the Echo, the man who had a bruising encounter with Liverpool Labour chiefs over this year's budget settlement fired a major broadside on the eve of the 1965-66 budget-making process.

He said economy measures suggested in the Joint Town Hall-Whitehall report had

been ignored. He claimed the £20 million partnership programme for projects funded 75 per cent by Government under urban aid was being ill-used and in danger of breaking down through lack of co-operation.

Centres

He was obviously incensed by the fact that three sports centres costing £2.25 million under the urban programmes were announced by the council without proper consultation.

## Environment Secretary Patrick Jenkin talks exclusively to Peter Phelps, the Echo's Local Government Editor.

He said: "These are absolutely straight urban programme commitments which in the ordinary course of events we would wish to approve — although Hatton did his best to drive us off them by his premature announcements before we'd had a single detail of them."

Mr. Jenkin said: "We did not know what they'd cost or where they were. If we are going to continue to run an inner city partnership in Liverpool they have got to come in and play their part in a proper, decent way as every other partnership authority does."

"Projects — as this was — are announced prematurely in advance of any decision being taken. This isn't the way to behave."

"In many cases the officers simply don't know what's happening. They aren't told. The business of the council is being handled by a few of the leading councillors."

"The basis of a proper partnership is regular contact of official level. It hardly happens in Liverpool. It's a pity because they were with a great deal of money given to us at all."

Mr. Jenkin added: "The virtual breakdown between the voluntary bodies and the city council again makes it very difficult."



Patrick Jenkin... grim message

"We have partnership arrangements with other left wing councils... where the minister concerned is able to have a perfectly effective relationship with the authority. In Liverpool this simply doesn't exist."

"We never seem to be able to get the information in the form we want. The officers aren't briefed or if they are they are not given the authority to disclose the information."

Behave

"I don't see how we can go on trying to run a normal partnership if the other partner goes on behaving like that."

Mr. Jenkin was also highly critical of the concentration of resources in Labour's 17 city crisis areas.

"I am very unhappy about what I call the total municipal solution," he said. "They are totally turning their backs on housing co-

private guidelines.

"They are concentrating on the 17 priority areas to the exclusion of all else," said Mr. Jenkin.

"There is concentration solely on this aspect of housing in the priority areas when so much of the inner city regeneration has to be directed to other aspects like improvement of the

environment, and facilities for small firms.

"They just put anything forward for that at all. It's unbalanced and it simply doesn't fit in with the objectives we are able to agree with every other partnership authority."

But the most worrying question for Mr. Jenkin is next year's budget.

This year Labour claimed victory in their budget battle with

cent.

A joint Town Hall-Whitehall report also suggested early retirement schemes, voluntary redundancy and the disposal of valuable city centre freehold.

"The true gap in manning is in the order of £25 million," said Mr. Jenkin.

"Therefore, they are going to go into next year — unless some very drastic steps are taken — with a substantial deficit."

"The law requires that deficit shall be added to the budget for next year and that the rate shall be sufficient to cover both. They have done nothing to seek to trim their requirements to meet the requirements of a reasonable budget."

"If absolutely nothing is done the people of Liverpool may face 100 per cent rate rises simply to balance the books."

"One would have thought that a council of responsible men and women seeing this coming would have been finding something about it."

"These are extreme Militant Tendency socialists who have no intention whatever of working the system."

Mr. Jenkin repeated his earlier charges that street cleaning in Liverpool cost four times as much as in Sheffield, that environmental health cost two and a half times more than in Manchester, that the Metropolitan district council cost more than any other council in the country, and that the council's social services were a disaster.

"Liverpool appears to be heading for a financial disaster next year unless some very drastic steps are taken."

Whitehall insisting it had won special aid from Mr. Jenkin worth £20 million when the environment chief said the total was no more than £2.5 million.

The threatened huge £20 million special aid from Mr. Jenkin at the time that Liverpool was in a financial crisis were promised and suggested a package of economy measures including the abolition of the council's social services and the re-organisation of the council's departments.

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