

CONFIDENTIAL



NDP/17 AT 26/2

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My ref:

Your ref:

26 February 1985

Dear Margaret

LIVERPOOL AND PWLB LENDING

Thank you for your letter of 19 February.

My Secretary of State is content with the draft PWLB circular and the suggested draft Answer. It is understood that the Public Works Loan Commissioners at their meeting on 20 February agreed to amend the first paragraph of the Circular to read "The Public Loans Board Commissioners are aware that there has been concern about their lending policy." He agrees with the Chancellor that it is important to ensure that both local authorities and the market are aware of the circumstances in which the PWLB would have to stop lending.

On the timing of the circular and PQ, we suggest that it should not issue before the announcement of the Court's decision on the GLC application for judicial review of their precept limit. But it would also be as well if the circular were issued in time for the rate limited authorities and Liverpool to take it into account before they hold their budget meetings, on 7 March but before my Secretary of State visits Liverpool on 5 and 7/8 March. If the circular were to issue while he was there it is liable to be misunderstood. This would suggest that the circular be issued on Monday 4 March.

I am copying this letter to Andrew Turnbull (No 10), the Private Secretaries to MISC 109 members and to Richard Hatfield (Cabinet Office).

John Ballard

John Ballard

JOHN BALLARD
Private Secretary

Miss Margaret O'Mara

Reg Por: Liverpool Pt 6.



26 FEB 1985