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10 DOWNING STREET

9 July 1985

From the Private Secretary

COMMISSIONERS IN LIVERPOOL

Your Secretary of State came to see the Prime Minister today to discuss the possible candidates for Commissioners in Liverpool. He said there were no signs that the Liverpool Council were taking steps to produce a legal budget. A financial collapse therefore looked inevitable, the only question being when. It was possible the Council could find ways of lasting through until February; equally they could run out of money in August. One difficulty was that the District Auditors no longer had access to the Council's books and, in consequence, Departmental Accounting Offices could no longer be sure that the money was being properly spent. The Department was taking legal advice on this which might lead to grant payments being suspended before 7 August when they were scheduled to end.

Given these uncertainties it was important to make progress with contingency plans. The proposal for Commissioners for a short period had been investigated but found not to be workable. Two versions of a Commissioners Bill were being refined.

The Secretary of State for the Environment said he had looked at possible candidates for the Chairman and Deputy Chairman of the Commissioners. As Chairman, he was seeking someone who was known and respected locally but who was not too closely identified with the Government. As Deputy Chairman he was seeking someone who could perform the role of Chief Executive. As Chairman his first choice was Sir Leslie Young; and as Deputy Chairman Mr Tom Caulcott, currently Chief Executive of Birmingham. Alternatives as Deputy Chairman were Sir John Boynton and Mr Gardner who was shortly to retire as Chief Executive of Tyne and Wear. The Prime Minister agreed with your Secretary of State's first choices and raised no objections to the second choices.

Your Secretary of State also put forward the names of Mr Christopher Chataway, Mr Clive Thornton and Lord Mellish. In discussion it was agreed that none of these were suitable. It was agreed that a role should be found for Mr Maurice Stonefrost, though not in Liverpool. CST.

It was agreed that your Secretary of State could sound out Sir Leslie Young on a confidential basis, and if he were content with Mr Caulcott as his Deputy Chairman, the Department could sound him out also.

ANDREW TURNBULL

John Ballard, Esq.,
Department of the Environment .