

CONFIDENTIAL

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BF



Prime Minister 2  
To be aware.

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

30 September 1985

DLF  
30/9.

Dear Norman,

LIVERPOOL: HOUSING BENEFIT SUBSIDY PAYMENTS

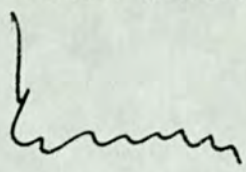
Thank you for your letter of 24 September about the housing benefit subsidy payments which are due to Liverpool and other authorities.

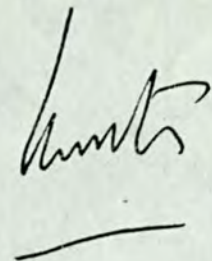
While we are agreed on the need to make these payments at some point, the timing of the payment in relation to Liverpool is critical. There is still great confusion about their precise financial position, and we cannot afford at this crucial stage in the development of the saga to lose any presentational tricks with the City Council. On the other hand I understand your concern in getting the payments out to other authorities quickly, if there are no over-riding grounds of propriety.

We must also bear in mind that the Party Conference season is a time when we can expect political capital to be made of an announcement of this kind. However, I agree with you that there are solid arguments with which we can refute any suggestion that we are bailing Liverpool out; along with the fact that this is money for which they will already have allowed, so that the payment does not represent any change in the underlying position.

My own conclusion is therefore that, on balance, it would be best to let events take their course, and make the payments at the time that you normally would have done, that is, as soon as possible. I understand that our officials are in touch about the precise wording of the letter that accompanies the payment, and about the precise timing of its issue.

I am copying this letter to the Prime Minister, to MISC 109 members and to Sir Robert Armstrong.

  
KENNETH BAKER



The Rt Hon Norman Fowler MP



Local Govt Pt 28  
Relations

