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Mr 18/11 → to see them

① Mr Vercher

② Cf pl by 23/11/82

Serpell
Proposed
10/12/82 at
Lambert.

MR SCHOLAR

cc Mr Mount
Mr Ingham

I have already spoken to Mr Bird,
this afternoon. I asked him to let me know
what D T's considered proposals for handling
were and indicated that (believed the PM)
would not want leisurely consideration of Serpell
given the risk of leaks - but would want
consideration expeditions taken at the

THE SERPELL INQUIRY

I understand that the Report of the Serpell Inquiry into a *trout*.
the finances of British Rail is now expected towards the
end of this year, having slipped by a week or two. The inquiry *MUS 17/11*
team seem to be keeping their conclusions quite close to their
chests, and although rumours abound, there is no hard information
about what they will come up with.

But it was always in the nature of their task that the
recommendations would have to be controversial. Anyone looking
at British Rail is bound to conclude that some lines must be
closed; that some further decline in the freight business
must take place; that prices of some commuter services must rise;
and that substantial extra investment is required if the existing
capital stock is not to deteriorate further.

I am worried about how all this is going to come out. As
soon as it is delivered to the Government and to the BR Board,
we must expect it to leak to the Press within a matter of days,
if not hours. There has been no official or Ministerial
preparation for that event, and we shall find ourselves in a
CPRS/NHS situation, ie of having to deny intentions which we
might actually rather like to pursue quietly.

Would you think it worthwhile your having a word with
Mr Howell's office to see how he intends to handle the report
in the first few days? If you prefer, I could of course do
this at official level, but the initial public reaction is bound
to be very much a matter for Ministers. There will of course
have to be extensive official analysis of the report, and that
will require appropriate machinery (in which I would hope to

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be involved) but we can worry about that later.

JN.

17 November 1982

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Prime Minister (2)
C/SJ

I have asked Mr Howell's

Prime Minister

THE SERPELL REVIEW OF RAILWAY FINANCES

I understand from Sir David Serpell that his Committee will do their utmost to submit their report to me by the end of this week or very early next week. Some press speculation has already started, and we shall need to move fast so as to keep the initiative in our hands.

Sir David has been very careful not to tell me what will be in his Committee's report. But I am in no doubt that, in accordance with their terms of reference, they will present us with radical choices for the future size and shape of the railway, and its finances.

In my statement on 5 May, I said that the setting up of this inquiry followed a proposal by Sir Peter Parker and the Railways Board last year, and that I intended to consult the Board upon the conclusions before reaching decisions concerning the future of the railway. I also made it clear that the Committee's conclusions would be available for publication.

Since the report must go to the Board it is only realistic to assume a strong probability of leaks. There is anyway bound to be a good deal of speculation, and the lobbies will use this to try to press us for assurances which would reduce our room for manoeuvre.

As soon as I have the report I will let you have a summary. My present view is that it would probably be best to announce very quickly that the whole report will be published - subject only to safeguarding commercial confidentiality. I would also want to make it clear that publication was bound to take some weeks and that the Government would not be taking any decisions until after the report had been published. This should both

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reduce the risk of pressure for immediate decisions, and should lessen, though it cannot eliminate, the risk that leaks or speculation will give the public, and the railway industry itself, a distorted idea of the nature of the report.

I will follow this up with a paper to colleagues on the policy decisions we need to take, with the aim of reaching conclusions as soon as possible in the New Year.

I am sending copies of this minute to the Chancellor of the Exchequer, the Leader of the House and to Sir Robert Armstrong.

DH

DAVID HOWELL
7 December 1982

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RM
Bic J. Verkerke
Bingham

Transport

10 DOWNING STREET

From the Private Secretary

9 December, 1982

THE SERPELL REVIEW OF RAILWAY FINANCES

The Prime Minister was grateful for your Secretary of State's minute of 7 December about the Serpell Committee's Review.

The Prime Minister agrees with your Secretary of State's proposals for handling the report. She thinks that it would be useful if a few days breathing space could be secured after your Secretary of State has received the report and before this fact is publicised. Thereafter she hopes that publication could take place as quickly as possible. Finally, the Prime Minister hopes that Sir David Serpell and his Committee will submit the report in the very near future, since the longer it is delayed, the more press speculation there will be.

I am copying this letter to John Kerr (HM Treasury), David Heyhoe (Lord President's Office) and Richard Hatfield (Cabinet Office).

W.D. SCHOLAR

R. Bird, Esq.,
Department of Transport

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10 DOWNING STREET

2

Prime Minister

The Serpell Report is not
now expected until Dec 14th -
Tuesday. I have asked Mr.
Howell's office to let you have
early warning of how he proposes
to handle it - and of what it
says.

MCS 3/12