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P.01092

PRIME MINISTER

Railway Policy  
(E(NI)(83)17 and 18)

BACKGROUND

PLAGB' | The Report of the Official Group on Railway Policy (MISC 94) is circulated as E(NI)(83)17. In line with the conclusions of your ad hoc Ministerial meeting on 3 March (recorded in Mr Scholar's letter of 4 March) the Group explored a variety of ideas for promoting innovation and diversity, within a cost and manpower constraint but did not reach any conclusions on a preferred size of network. It will be producing a separate report in October on the shorter term and narrower issue of possible changes in systems for calculating grant.

2. In E(NI)(83)18 the Secretary of State for Transport puts forward his proposals for following up the MISC 94 Report and, in the light of that, attaches the draft of a letter to the new Chairman of British Rail (BR) setting out the objectives to be pursued. The main proposals are:

- that the Manifesto commitment makes anything more than limited closures not possible at present, but we should do nothing to increase the constraints on our discretion;
- that public debate should be stimulated on franchising, track authorities and private freight companies;







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covering note) confirms that none of the ideas for promoting innovation and diversity is likely to lead to a major change in the level of support for the railways and that any major reduction in public expenditure will depend on substantial contraction of the passenger network. What therefore can be done about the network (for example loss making inter city services and some of the provincial sector) consistent with the Manifesto commitment not to provide ever larger subsidies from the taxpayer but not to embark "upon a programme of major route closures"? It is not clear what Mr King has in mind. He accepts the need "not to make the commitment more restrictive on our discretion". He suggests that further examination of inter city services may require reappraisal of the Manifesto commitment and that examination of some provincial services may require new approaches to bus substitution and local options.

5. If the Government is to make tangible progress in reducing the network within the constraints of the Manifesto commitment, this will require a positive steer from the Sub-Committee, some hard and detailed analysis of particular services, and a major effort to develop a new form of bus substitution which undermines opposition to local closures. Care will also be needed over the drafting of the references to network size in the letter of objectives to the new Chairman. In particular would it be better to omit the last sentence of paragraph 6 which repeats the Manifesto commitment about "no major route closures" but inevitably by inclusion in this letter makes it harder and more specific?

The suggestions for innovation and diversity

6. The Sub-Committee will probably see no harm in opening up the suggestions for innovation and diversity to public debate.



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If however the Sub-Committee were to conclude now that some of them are not likely to be sufficiently worthwhile, it would be better to drop them now, so as not to consume effort and distract management.

7. The most immediate of the suggestions in this area is that of a study of separating off the Southern Region. Besides the arguments for this identified in the papers, there is the further point that it could be easier for a separate Southern Region to work effectively with the new London Regional Transport, since both organisations would be receiving subsidy specifically for much the same area and many of the same customers. On the other hand, a substantial study would be bound to involve heavy calls on the time of BR management; and there would be the danger that the final result would be little more than re-painting the carriages and changing the letterheads. You will wish the Sub-Committee to probe the arguments for and against with some care.

Draft letter to Mr Reid

8. The draft letter to Mr Reid has been broadly agreed by officials of the Departments mainly concerned. It will however be important to make sure that there is Ministerial agreement on what, if anything, should be said about network size (paragraph 6 of the draft letter; see paragraph 5 of this brief). Some Ministers may be dismayed by the reference to carrying "the most you can by rail" in paragraph 3 of the draft letter. This is evidently meant to relate only to the freight and parcels business and to be constrained by the requirement for a commercial return on that business. If paragraph 3 is thought to be insufficiently clear, the draft will need to be amended. On these and any other points as required, the Secretary of State for Transport might be



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invited to revise the draft letter and clear it in correspondence with the Sub-Committee before it is shown to Mr Reid.

Publication

9. There is much to be said for the Government's publishing the letter in preference to partial leaking from BR, and there appears to be nothing in the draft which would make this difficult. Although it would be courteous to consult Mr Reid about publication, the Sub-Committee might agree that, unless Mr Reid raises some unforeseen point, Mr King might be authorised to arrange publication of the letter, assuming that the text is approved by the Ministers concerned.

HANDLING

10. You will wish to invite the Secretary of State for Transport to open the discussion. Either the Chancellor of the Exchequer or the Chief Secretary, Treasury might then be invited to reply. The Secretaries of State for Scotland and the Environment and Mr Roberts (attending on behalf of the Secretary of State for Wales) will wish to comment, in particular, on the route network; Mr Roberts should also be able to comment on the specific proposal about a passage on local options for the consultation paper on transport in Wales.

CONCLUSIONS

11. You will wish the Sub-Committee to reach conclusions on the following matters:

- i. what should be the Government's policy, and public stance on network size;





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ii. whether ideas of franchising, track authorities and private freight companies should be put into public debate;

iii. whether officials (MISC 94) should urgently produce proposals for an outside study of making the Southern Region a separate public sector railway;

iv. whether the Secretary of State for Wales should include a passage on local options in his consultation paper;

v. whether the letter of objectives for the new BR Chairman should be on the lines of the draft at Annex 1 to E(NI)(83)18 and should, subject to consultation with Mr Reid, be published.

*PLG*

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12 September 1983

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