



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

BRIEF FOR CHAIRMAN OF BRITISH RAIL

I have seen a copy of the Secretary of State for Transport's minute to you of 5 October, covering his revised draft brief to the new Chairman of British Rail.

2. In general, I am content with the presentation of the financial issues. The PSO target of £635 million by 1986 is plainly stated. But we need a greater sense of urgency from the Board on the review of Inter-City which is still awaited. Inter-City revenue is crucial to the overall financial target, and the indications so far about the outcome of the review are not encouraging.
3. I note that the draft brief departs in some important respects from our conclusions at E(NI) on 13 September. We specifically agreed that the sentence ruling out major route closures should be deleted. This has not happened, but I think the deletion is important, for we must avoid any unnecessary public commitments of this kind. Once the sentence has been removed the following one will also require amendment, for it could be misinterpreted as signalling an end to all closures under present procedures. It would not be inconsistent with our Manifesto if we were to tell the Board that closure of some of the worst loss making lines is not ruled out.
4. We also agreed that it would be right to press for the privatisation of BREL. Given the extent to which surplus capacity in BREL is already being publicly run down by redundancies and work shop closures, I do not see that an urgent review by the Board with privatisation as a specific option would be impossible to handle with employees and their unions.
5. Like Tom King, I believe that the brief should be published. But with this in mind, the reference in paragraph 3 to financial assistance for transitional costs should come out: it is too generous a hint to the unions. I understand that the agreed EFL figures for British Rail which the Chief Secretary will be reporting to Cabinet already include the transitional costs necessary to meet the PSO target.



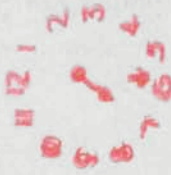
6. Two points which have disappeared from the brief are the need to update the PSO Direction, and - rather more important - the need to strengthen and restructure the British Rail Board. Provided that these points are plainly made to the Chairman in private, I am content however that they should not appear in a published document.

7. I am copying this minute to other members of E(NI), to John Biffen and to Sir Robert Armstrong.

N.L.

7 October 1983

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COLLEGE