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10 DOWNING STREET

From the Private Secretary

19 June, 1984.

B

Dear Dinah,

Bus White Paper

The Prime Minister has seen the draft White Paper, "A Better Way for Public Transport" attached to your Secretary of State's minute of 14 June. She feels that this is a major subject for which it is vital to get the presentation right, and she would, therefore, like it to come back a further time to E(A). Meanwhile, if Departments have any detailed points which they wish to make, they should try to clear them with the Department of Transport in advance of the meeting.

The Prime Minister would like the following points to be considered. She wonders whether the language of the vital opening paragraph is over-simplified. Secondly, paragraph 3.9 dismisses any change in the Fuel Duty Rebate. This is costing £100 million per annum and becomes harder to justify and administer in a deregulated market. The White Paper could suggest consultations on phasing it out. Thirdly, the explanation given in paragraph 4.18 does not provide a convincing explanation of why London is not included in the deregulation package. She hopes that something can be said which will hold out the prospect for more competition for London's transport. Finally, paragraphs 5.4 and 5.5 referring to the 1981 Monopolies and Mergers Commission's examination of 4 bus companies could provide material which could be turned against the Government. Are paragraphs 5.1 and 5.3 sufficient on their own?

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/ I am

da

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- 2 -

I am sending copies of this letter to the Private Secretaries to the members of E(A), to Steve Godber (Department of Health and Social Security), Elizabeth Hodgkinson (Department of Education and Science), and Richard Hatfield (Cabinet Office).

Your sincerely  
Andrew Turnbull

Andrew Turnbull

Miss D.A. Nichols,  
Department of Transport.

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MR TURNBULL

cc Mr. Redwood

WHITE PAPER ON BUS DE-REGULATION

At E(A) on 16 May, the Prime Minister and Lord Whitelaw stressed the importance of good presentation and salesmanship in the White Paper which Mr. Ridley promised. By and large, Mr. Ridley's team has done a very good job.

We cavil at a few points:-

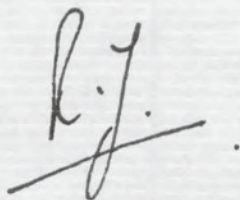
1. The very first paragraph (1.1) uses language which we feel is much too child-like. One senses that Bertie the Bus might be about to drive up! We have already suggested a maturer version to the Department of Transport.
2. Paragraph (3.9) deals dismissively with Fuel Duty Rebate. At nearly £100 million per annum this is no small distortion, which in a de-regulated market becomes harder to justify and administer. We feel that Mr. Ridley should commit to consultations on phasing it out.
3. Paragraph (4.18) is an insufficient attempt to explain why London is not included in the de-regulation package. We need much more cogent prose which also holds out the prospect of more competition for London's transport.
4. Paragraphs (5.4) and (5.5) refer to the 1981 Monopolies and Mergers Commission examination of four bus companies. We seriously doubt the value of these two paragraphs, in that the Monopolies and Mergers Commission's report contains plenty of innocent material which Mr. Ridley's detractors can too easily turn against him. In our view, paragraphs (5.1 - 5.3) are enough on their own.

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-2-

All in all, the draft White Paper can easily be turned into an excellent work. We recommend the Prime Minister to approve it subject (if she is happy) to the points above.

You should be aware that there is some disagreement at the moment over the Annexes, which are not being circulated to Ministers. Large parts of the Annexes are tedious, off the point of deregulation, and cut right across the 'selling' style of the main paper. Other departments, Policy Unit included, are arguing for improvements which should forestall any need for the Prime Minister to arbitrate.



Robert Young  
18 June, 1984

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10 DOWNING STREET

Prime Minister ①

A Chapter 1 makes the  
case for radical change  
for the bus industry  
Chapter 2 Summarise the  
proposals.

- (i) Approve the White Paper  
generally, subject to colleagues?
- (ii) Agree Policy Unit  
points be put to D/Tsp?

AT

18/6

1/2 should come back

to K.

ms



NDM CENO  
AT 22/6  
SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

E

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The Rt Hon Nicholas Ridley MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
LONDON  
SW1P 3EB

22 June 1984

Dear Nick,

BUS WHITE PAPER

Thank you for sending me a copy of your minute of 14 June to the Prime Minister.

I confirm that I am content with the draft White Paper and the timetable for implementing the proposals. I also agree that we should aim to publish in the first week of July if at all possible.

It would be helpful if our officials could continue to keep in close touch on the arrangements for the launch and the subsequent stages of the exercise.

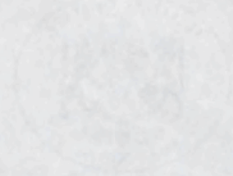
I am copying this letter to the Prime Minister, to Members of E(A), to Norman Fowler and Keith Joseph, and to Sir Robert Armstrong.

Yours ever,

George

ECON POL: Privatization Pt 9.

UNITED STATES DEPARTMENT OF THE TREASURY



TO: DIRECTOR, FEDERAL RESERVE SYSTEM  
FROM: [Illegible]  
SUBJECT: [Illegible]

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## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Nicholas Ridley MP  
 Secretary of State for Transport  
 2 Marsham Street  
 LONDON SW1 36B

22 June 1984

*Dear Nicholas,*

## BUS WHITE PAPER

You copied to me your minute of 14 June to the Prime Minister and invited comments on the draft White Paper.

My ~~main~~ concern is with the implications for rural bus services generally. School children are a main user of these services and where they have to travel from home to school above a certain distance the cost is borne by the local education authority. About £200m is involved *pa.*

Insofar as the proposals in the White Paper would lead to the withdrawal of services by private operators or an increase in fares, local education authorities - in particular shire counties in respect of their rural areas - would have to incur more expenditure and the savings which might be realised in subsidy elsewhere might not flow back to those who had to face this extra expenditure.

I was not able to be present at the E(A) meeting at which your proposals were discussed but I understand that a number of colleagues expressed concern at the effect on rural areas and the reaction of rural interests. I recognise that the proposals for an innovation grant, a premium on fuel duty rebate and the exploration of more effective co-ordination and use of buses provided for social purposes will go some way to help in meeting the criticism which the Association of County Councils is almost bound to level at this aspect of the White Paper. But we should not underestimate the very difficult expenditure position many shire counties are now in, following the savings they have already had to make. It is important not to make life more difficult for them. In addition, since home to school transport also helps to underpin parents' choice of school on religious grounds within the dual system, we may also have to face criticism from the Churches.

cont/d..



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For these reasons I welcome the suggestion that the reduction in the premium on fuel duty rebate will reflect a continuing assessment of the impact of deregulation in rural areas. In the light of such an assessment we may need to return to the question of doing something more for this sector.

I am copying this letter to the recipients of yours.

Learn,

Kevin

ECON POL: Privatization: Pt 9.



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N/S/P/M  
AT  
22/6

upto

2 MARSHAM STREET  
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

21 June 1984

Dear Secretary of State

BUS WHITE PAPER

Thank you for copying to me your minute *at frag.* to the Prime Minister and your draft White Paper.

I have three interests in the White Paper - the links with abolition, implications for the local government finance system and the implications for rural areas.

On abolition, I am content with paragraph 5.14. We shall, however, still need to ensure that undue turbulence is not created for the PTAs/PTEs by simultaneous pursuit of our two separate policies. Our officials have been in touch about the drafting of paragraph 1.10, where I am concerned that critics may claim that there is a discrepancy between your White Paper and Cmnd 9063.

On finance, our officials are in touch about the need to square your proposals for detailed financial control over both municipal and PTE operations after incorporation with the general rules governing local authority capital expenditure. Paragraph 5.12 will need some amendment to reflect this.

There appears to be no reference in the text to the accounts points mentioned at item 2(v) of the timetable annexed to your letter.

I very much welcome the additional help you propose for services in rural areas in para 3.12 of the draft, which does a great deal to improve the public acceptability of the White Paper. I look forward to my officials being consulted about the definition of the services to benefit.

I appreciate it may be necessary for public expenditure reasons to set a time limit in the White Paper. The new grant will however, rightly, be linked to a continuing assessment of the impact of de-regulation - an assessment which will also need to cover any effects from breaking up the NBC. I think it important therefore that the legislation should not be limited to 3 years in case the assessment should demonstrate a need for help in some areas beyond 3 years.

I also welcome the £1M pa grant to be administered by the Development Commission for new schemes. I think the White Paper should make it clear that the £1M - also to be funded

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from Transport PESC as I understand it - is the sum for England, as was the basis of discussions between officials. I also suggest it would make more impact if the words "for community transport" in line 9 were omitted - there may well be scope for imaginative pump-priming operations in the commercial sector which should not be excluded.

Finally, you might want to look again at the balance between what is said about Scottish rural needs in para 7.3 and the simple first sentence of 3.12. I do not want to belittle Scottish needs but everything said there applies equally to many rural areas in England, and no doubt in Wales.

/ I am copying this to the other recipients of your minute.

Your sincerely  
A.H. Davis

for  
PATRICK JENKIN

Approved by the SFS and  
signed in his absence  
1 2 3 4 5 6 7 8 9 10 11 12

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