

PREM19

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NATIONALIZED
INDUSTRIES

(British Rail - cutback in
fuel supplies)

Confidential Filing

~~_____~~ ~~_____~~ Cutback in Fuel
supplies to British Rail

NATIONALISED

INDUSTRIES

JUNE 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
4.6.79							
7.6.79							
PREM 19/98							



TPL to see MAP 7/VI
DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

Had had

Mike Pattison Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON
SW1

7 June 1979

Dear Mike

OIL SUPPLIES: CUTS IN BR SERVICES

As I told you yesterday, the Department of Energy have now suggested that BP could make up the deficiency in the supply of diesel fuel to British Rail. The Railways Board have negotiated this additional supply with BP. But they have, as a matter of prudence and contribution to economies, decided to make some service reductions by shorter trains and by some reduction in train miles.

They will accordingly be announcing tomorrow that as a result of further negotiations with the oil companies the cuts in diesel services from Monday next, 11 June, will now be less severe than at first envisaged; the possibility of restoring services will be kept under review in the light of progress with the oil companies.

I am copying this letter to Bill Burroughs, John Chilcot and Martin Vile.

Yours

Genie

MRS E C FLANAGAN
Private Secretary

197 JUN 1979





Mike Pattison Esq
 Private Secretary to
 the Prime Minister
 10 Downing Street
 LONDON
 SW1

DEPARTMENT OF TRANSPORT
 2 MARSHAM STREET LONDON SW1P 3EB

PRIME MINISTER

Henry James is in touch
 with Transport and Energy
 about the handling of
 this. MPA 4/11.
 4 June 1979

Harley - Rob.

Dear Mike

You may find it useful to have the attached summary
 of the 5% reductions in services which British Rail will be
 making from next Monday.

As I told you earlier today, we agreed with BR
 that the cuts should not fall on major freight services (e.g.
 those carrying coal to power stations) and that, although most
 of the cuts would be borne by the passenger services, the aim
 should be to maintain services for work and business travel and
 to minimise the financial effects for the railways.

Although the cuts will be relatively minor on Southern
 Region, with only three commuter services affected, the impact
 in other parts of the country will be quite severe. For instance,
 in Birmingham, Manchester and Liverpool there will be a 50%
reduction in off-peak services, while in the Western Region (the
 only wholly diesel region) 105 main line services will be cancelled.
 In the London commuter area the services affected will be those
 into Paddington and Marylebone, and on the Bedford-St Pancras
 line.

Yours

Gene

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MRS E C FLANAGAN
 Private Secretary

PROPOSED CUTS IN RAIL PASSENGER SERVICES FROM 11 JUNE

Southern

Reductions on Ashford - Hastings and Portsmouth - Salisbury services, and on services from London - Hastings, East Grinstead and Uckfield.

London Midland

50% reduction in off-peak, and some reductions in peak, services.

18 services cancelled in East Midlands.

Severe cutback in Sunday services in North West.

50% reduction in North Wales services.

Scottish

Reduction in frequency of Glasgow - Edinburgh service.

Commuter trains to be reduced in length by between 33% and 50%.

Western

105 inter-city services cancelled, increasing journey times by 20 minutes between London and Bristol.

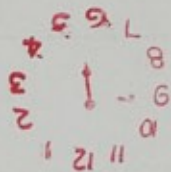
Services in South West reduced by between 15% and 25%.

Paddington - Slough service reduced by 30%.

Eastern

46 local services in Leeds withdrawn.

13 local services in Sheffield withdrawn.



- 4 JUN 1979

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bc Mr James
Mr Howe
NAT
INDUSTRIE

10 DOWNING STREET

From the Private Secretary

4 June 1979

I am writing to record the outcome of our consultations today about fuel allocation for British Rail.

I wrote to you earlier in the day recording the Prime Minister's concern at the advance warning you gave me on Friday of a cut in fuel deliveries to BR, which would lead to an announcement of a reduction in passenger miles. You then provided up-dated figures showing that the oil companies have agreed to apply a 7.3% reduction in supply to BR, but to assess this against BR's diesel oil requirement for June 1979, not their June 1978 utilisation. You explained that BR would announce today cuts of about 5½% in passenger miles concentrated on diesel-hauled, off-peak, local services, with some thinning of inter-city services. You pointed out that BR hoped to achieve a 1% saving by good housekeeping, and that they were reluctant to reduce freight services because of, eg, the effect on coal deliveries to power stations.

Note: D. Transport
copy, train
miles, not →
ACKM
4/6/79

The Department of Energy confirmed to me that "7.3% of June requirement" was the most favourable treatment which could be negotiated with the oil companies on BR's behalf without formal Government intervention. They also confirmed that BR are in fact receiving more favourable treatment than most consumers, as a base of the 1978 utilisation has been used to calculate a 7.3% reduction for other users.

On the basis of these various clarifications, the Prime Minister has agreed that the Government should not intervene over the announcement expected from BR later today. I would be grateful if your Information Department, and that of the Department of Energy, would keep in close touch with the Press Office here at No. 10 over the handling of this matter.

I am sending a copy of this letter to John Arnott (Department of Energy).

M. A. PATTISON

Mrs E.C. Flanagan,
Department of Transport.

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BACKGROUND NOTE

DIESEL SUPPLIES TO BRITISH RAIL

The outcome of the Railway Board's dealings with the oil companies and their evaluation of the results so far is:

- (a) The oil companies have agreed to calculate the reduction in supply against this year's railway requirement and not against last year's level of supply, so that in consequence the net shortfall of diesel oil deliveries to the railways in June will be some 7.3 per cent less than the railway's requirement.
- (b) The Board have decided that they must introduce service reductions from next Monday which will be broadly some 5½ per cent cut train miles concentrated on diesel-hauled, off-peak, local services and some thinning of inter-city services. They hope to make a saving of something of 1 per cent by good housekeeping.
- (c) The Board have been working through the weekend on timetable alterations; and they must announce these by the end of the day because they have to start talking to the unions and notifying the men of the changes in work.

We shall have further details of the service changes in the middle of the day.

We have told the Department of Energy the position reached by the Railways Board. They hold out no prospect that any improvement could be secured.

The general line which we would take with the press is that we have made sure, through BR and otherwise, that the oil companies fully understand the consequences for rail services of the cuts in supply that they are imposing; the Government cannot set priorities for diesel supplies and enquiries on that point should be referred to the Department of Energy. Following BR's announcement, it will be necessary to say that the Board have informed us of the steps

/it is necessary

it is necessary for them to take and we agreed that the brunt of the reductions have to be borne by the passenger services and not, for example, by the freight services that are carrying coal to power stations. Most of the London commuter services are, of course, electrified and so will not be affected.

Department of Transport
4 June 1979

PRIME MINISTER

*PM: agree provided that
BR are not being
treated less favourably
than other consumers. M/A 4/vi.*

cc to Henry James

I reported to you on Friday that Transport advised us of a 15 per cent cut back in fuel supplies for British Rail this month.

As a result of informal discussions between the oil companies and the Departments of Energy and Transport, the reduction in supply will amount to about 7.3 per cent against the Railway's requirements.

This will be met by a reduction in passenger miles, concentrated on diesel-hauled off-peak local services, with some thinning of inter-city services. British Rail do not wish to make a reduction in freight services because of the problems that would arise from e.g. the supply of coal to power stations.

British Rail have been working through the weekend on timetable alterations: they wish to announce these by the end of the day because they have to start talking to the unions and notifying their employees about changes in work as a result of the modifications to be introduced from Monday next.

The Department of Energy advise that the 7.3 per cent shortfall figure is the best arrangement that can be achieved without very much more formal intervention by the Government.

x/

Are you content to let these steps go ahead as proposed, or do you want to instruct the Minister of Transport to tell British Rail to withhold the promised statement, and to tell the Secretary of State for Energy to call in the oil companies for urgent discussion on further re-organisation of supplies? These latter steps would inevitably be seen as direct intervention by the Government in relations between a nationalised industry and its private sector suppliers. Despite the problems which the cut backs will cause, you may prefer to restrict Government intervention to the present informal exchanges which have already secured some improvement.

M/A

4 June 1979

BF 9/6/79

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10 DOWNING STREET

From the Private Secretary

4 June 1979

You advised me last Friday that British Rail were expecting a cut back in fuel supplies by 15 per cent this month.

The Prime Minister is seriously concerned by this report, and especially by the implications for additional use of cars given the petrol supply situation. As I told you earlier, I would be grateful for further advice on the background to this situation, and the scope for the Government to influence some reconsideration. It would be most helpful if this could reach me later today.

I am sending a copy of this letter to Bill Burroughs (Department of Energy).

M. A. PATTISON

Mrs E.C. Flanagan,
Department of Transport.

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PRIME MINISTER

cc: Mr. Lankester
Mr. James

The Department of Transport advise that fuel supplies to British Rail are to be cut back by 15% during June. This will involve a reduction in some passenger services. The selection of these, and the timing of the announcement, are matters for British Rail. Mr. Fowler will be keeping in close touch with developments, and will keep you informed.

MAP

This is very serious.

Why by as much
as 15% and

who made the

decision? It could

increase the rate of car ^{or other} _{retail}

Please reconsider and act.

Provide the full
background facts.

1 June 1979

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END

END

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