

CONFIDENTIAL *Parliament* 2.



DEPARTMENT OF TRANSPORT  
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*MS*

The Rt Hon William Whitelaw CH MC MP  
Secretary of State for the Home Department  
Home Office  
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22 July 1981

*Prime Minister (through TPL)  
Mr Fowler wants to take  
new powers to limit the  
transport subsidies planned by  
the GLC and other authorities.  
This will be discussed at E;  
and, presumably, when Cabinet  
takes another look at legislation next  
week. MPD 23/11*

*See Willie.*

LEGISLATIVE PROGRAMME 1981-82

I am writing to let you know at the earliest opportunity about proposals I am making to colleagues which would require legislation at the beginning of the next session.

I am very concerned at the massive prospective public expenditure consequences that are now clearly emerging as a result of the proposals the GLC and some of the Metropolitan Counties have to slash fares on public transport this autumn. This is likely to exceed PESC provision this year by over £260 million in cash out-turn prices, next year by over £460 million and to continue to soar thereafter. My existing powers are quite inadequate to restrain this, and those proposed by Michael Heseltine will not bite until 1983-84. I have therefore considered urgently what might be done in this situation. I would propose to take powers to control directly the amount of subsidy that London Transport and the six Metropolitan PTEs in England could receive - in effect putting an EFL on each. I am about to put a paper to E Committee with this proposal.

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If E agrees my proposals, we should need to legislate very quickly indeed. Royal Assent would be required as soon as possible and in any event in good time for me to set EFL's before the beginning of the financial year 1982-83. We would have to be ready to introduce provisions in the first days of the Session. Possibly between 12 and 15 clauses would be required. Fortunately I already have two Bills in the draft legislative programme for next session, a Transport (Financial Provisions) Bill and a Transport Bill. This means we should be able to deal with these proposals with the minimum of change from our existing plans.

With the exception of the provisions on ports, all the parts of the Transport (Financial Provisions) Bill will be ready for introduction at the beginning of the Session and instructions have already been sent to Counsel. I would therefore propose that the Ports provisions should be transferred to the Transport Bill and that, if agreed, the new public transport subsidy provisions which I have described should be included in the Transport (Financial Provisions) Bill. There would be clear tactical advantages in including provisions to control public transport subsidies in a Bill which at the same time increases grant and loan limits for the British Railways Board and the National Bus Company.

Because of the difficulties which I face with London Transport and the PTEs have been created by the most extreme element in our political opposition among the local authorities, legislation to deal with the problem is bound to be controversial. But I expect wide support and I am sure that the alternative line of giving way is much too serious a threat to our own fiscal policies.

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I am copying this letter to the Prime Minister,  
other members of QL and to Sir Robert Armstrong.

*J. N. Fowler.*

NORMAN FOWLER

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