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DEPARTMENT OF TRANSPORT
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John Sparrow Esq
Central Policy Review Staff
Cabinet Office
70 Whitehall
LONDON SW1A 2AS

Prime Minister

mis 8/12

3 December 1982

Dear John

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LONDON TRANSPORT

Thank you for your letter of 30 November. It is helpful to have your ideas.

As you say, a good deal of time has already been spent examining a whole range of possibilities. For my part, I think the arguments against handing LT Underground over to BR are still very strong. If we did that, we would ensure that any strike on the Underground was also a strike on BR's commuter services. We would ensure that there was a single purchaser for railway equipment. And we would scarcely be believed if we said that this was a measure aimed at improving transport services for Londoners. We would also be adding to the responsibilities of the British Rail Board, and I doubt whether enlarging their sphere of operation is likely to prove a helpful move in containing the demands for subsidy. The measures which I am proposing for London do not in any way prevent us from considering, when we have Sir David Serpell's Report, whether the BR commuter services could be given a greater management independence from BR.

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Nor am I at all attracted by the idea of adding to the responsibilities of the NBC. I simply do not think it is part of our philosophy to take already large nationalised industries and enlarge them further.* The problems about finding any local government device, in the absence of the GLC, for subsidising buses in London have already been well rehearsed.

We have already been over the question of ensuring that the cost of subsidy to London buses falls on London, and I really cannot see any advantage in reopening the conclusions that Ministers have reached.

I am sending copies of this letter to other members of MISC 79 and to Sir Robert Armstrong.

Yours

David

DAVID HOWELL

* Always NBC - for which we have other plans - certainly has a part to play in London transport provision



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From John Sparrow
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30 November 1982

The Rt Hon David Howell MP
Secretary of State for Transport
2 Marsham Street
SW 1

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Dear David,

London Transport

At last week's meeting, MISC 79 was still searching for a satisfactory solution to London Transport's problem, and you were invited to develop a variant of your previous proposals. As the discussion showed, it may prove difficult to find a single solution. Because of this, I mentioned to you briefly after MISC 79, an option which would involve splitting LT into its two businesses and adopting different solutions for each. I recognise that a good deal of time has already been spent examining a whole range of possibilities, but I still think it may be worth considering this option further.

What I had in mind was that BR would take over LT underground as owner and manager, integrating it with the London and SE services. Post Serpell, it would be for consideration whether the resulting total rail services for London and the South East could be given its own management in some form, perhaps with its own board. The total level of subsidy provided by the centre would be little changed from the present as LT rail almost breaks even.

The bus services would be owned and managed separately, with the National Bus Company as the most obvious candidate; this should have the advantage of bringing closer co-ordination between LT's buses and the services NBC currently runs. But LT's bus services currently receive a large subsidy from the GLC. There is advantage in any subsidy for such a local service being raised locally. If Cabinet agrees to the

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abolition of the GLC, this would require joint arrangements among the boroughs, but so will a number of other services. It would fit well with their responsibilities for roads and traffic..

This should not prevent close co-ordination between bus and underground services, for example in making arrangements for through ticketing. The main advantage would be to avoid the need for any new body or tier, or any extra burden on the Exchequer.

I am sending copies of this letter to other members of MISC 79.

Yours sincerely,

John Sparrow

John Sparrow

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