



JF6474

Secretary of State for Trade and Industry

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8 May 1984

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815

The Rt Hon Viscount Whitelaw  
PC CH MC  
Lord President of the Council  
Privy Council Office  
Whitehall  
LONDON  
SW1A 2AT

Dear Lord President,

I regret that I will be unable to attend E(LA) Committee tomorrow and I am therefore writing to you and colleagues with my comments on Nicholas Ridley's memorandum on Transport Supplementary Grant, to which Patrick Jenkin has already responded in his memorandum E(LA)(84)5 of 1 May 1984. attached

2 I have no objection to Nicholas Ridley's proposal for a flat rate grant for local authority capital expenditure on roads and structural maintenance. I note that his intention is to encourage local authorities to carry out major schemes on primary non-trunk roads, and I would see this as a contribution to improving the transport service available to industry. I note that it already applies in Wales.

3 So far as the issue of public transport revenue support is concerned, the paramount interest of this Department is to minimise the burden which industrial and commercial ratepayers must carry. I would therefore see no objection to the course which Patrick Jenkin proposes, provided that it can be relied on to produce a system which brings this expenditure into line with our public expenditure plans no less effectively than would the proposals put forward by Nicholas Ridley.

4 I am copying this letter to E(LA) colleagues and to Sir Robert Armstrong.

Yours sincerely,

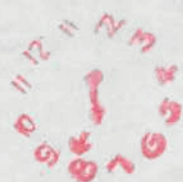
Norman Tebbit

NORMAN TEBBIT

(approved for the Secretary of State & signed in his absence)



- 8 MAY 1984



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DEPARTMENT OF TRANSPORT  
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ccyo  
N B P M

AT 8/5

The Rt Hon Nicholas Edwards MP  
Secretary of State for Wales  
Welsh Office  
Gwydyr House  
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LONDON SW1A 2ER

4 May 1984

*Dear Nick*

LOCAL CHOICE IN PUBLIC TRANSPORT: A CONSULTATION PAPER

Thank you for your letter of 25 April. I am grateful to you for agreeing to delay publication of your consultation paper until my bus policy proposals have been considered.

There is a major difference between us about the desirability of giving the local authorities more transport responsibilities, and transferring to them subsidies which are now distributed through the central Government PSO grant. I feel strongly that, especially in present circumstances, this would be the wrong thing to do.

The risks which I outlined in my letter of 6 April might be worth running if there were a prospect of major savings. But, as you say, there is no such prospect. And, as George Younger says, the consultation paper would be likely to reopen the unhelpful post-Serpell debate. I therefore see no advantage in adopting the local rail option nor in publicly ventilating the possibility.

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You were concerned about the fifth point in my letter of 6 April. I do not see how stable arrangements for local support of cross-border rail services could be established except by setting up joint boards or committees on a permanent and formal basis. The local authorities concerned would also probably have to be given a statutory duty to co-operate in providing rail services. The draft paper hints at these problems in its reference to the need to build in "suitable means of settling disputes" (paragraph 39). Only if the joint bodies were given responsibilities for other public transport - including services within each county - could they decide "whether the public subsidy for the local rail services might be better spent in providing alternative methods of meeting the transport needs of their areas" (paragraph 32). This is not the direction in which we should take the organisation of local transport.

On my fifth point, there would be clear dangers in distinguishing between a "national" and a "local" rail network. By removing direct central subsidy from some services we would be signalling that they were less important and more dispensable than other rail services, even though these local services would be indirectly supported by the Government; this would be seized on. Nor would I welcome the implication that, by contrast, all "national" rail services would be specially protected. This could, for example, make it more difficult to move towards bus substitution in suitable cases.

I recognise, however, that there is a Welsh Manifesto commitment, and that you are committed to publication. I accept that without the local rail option, the paper would

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be very thin; and it is only a consultation document, confined to Wales.

It would I think be sensible for our officials to get together when E(A) has reached decisions on bus policy, to consider further how best to proceed.

/ I am sending copies of this letter to the Prime Minister, the other members of E(NI) and to Sir Robert Armstrong.

*Gorman*  
*Armstrong*

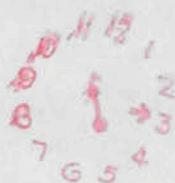
NICHOLAS RIDLEY

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Local Gent : Relatam A 20.

E 8 MAY 1984





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From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

25 April 1984

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*Dear Secretary of State*  
LOCAL CHOICE IN PUBLIC TRANSPORT:  
A CONSULTATION PAPER

*nbm*  
*A*  
*24/4.*

Thank you for your letter of 6 April. I have also seen George Younger's of 11 April, and Peter Rees's of 5 April, whose points I can meet.

*will request prepared*  
We have since spoken, and although my paper deals with the rail option I am naturally prepared to defer issue of my paper for a week or two until we can consider your proposals for buses. I would however be seriously embarrassed by any longer delay, since I am under considerable pressure to honour the commitment given in our Welsh Manifesto. If asked at the next oral questions to me (30 April), I would like to be in a position to say that its issue could be expected shortly.

I am also concerned about the objections now being made to the presentation of arguments in favour of local choice extending to rail services in Wales. There seems to be a fundamental misunderstanding of the position in Wales and of the policies and framework for local authority expenditure in which any changes would operate.

There is, for example, no question of forcing local authorities to take on rail services which they could not afford. The Welsh counties have not been grossly overspending, and with their limited resource base they would find it quite impossible to assume additional responsibilities without an initial transfer of resources from the PSO grant (as indicated in the paper). Even then the local authorities in Wales may refuse to consider the idea, which is their prerogative; but it certainly is not "Serpell by stealth".

/Secondly ...

The Rt Hon Nicholas Ridley MP  
Secretary of State for Transport





Secondly, while I agree that we must look for savings, we must also recognise that local authorities in Wales will continue to need to spend substantially on providing transport services. In remote rural areas in Wales - and no doubt George Younger would agree as regards Scotland - it simply is not politically feasible for the local authorities or me to enforce draconian reductions in the provision of rail or bus services. Of course there will have to be painful decisions leading to withdrawal of grossly uneconomic services, and as regards buses, the counties will have to take them; but they will have to continue to fund bus services from within the very tight financial regime now imposed on them, and I cannot see much real prospect of obtaining major savings of public expenditure in Wales merely by imposing new transport policies. Indeed, I see little opportunity or indeed likelihood that the Welsh counties could embark on transport activities which led to net additions in public expenditure. The basis of our argument is that there will be no new money available for transport, and that the counties will have to make their choices from within the resources available to them.

I would agree that if there is to be local choice in rail there will have to be a marked improvement in the quality and quantity of financial information. This may prove to be a stumbling block, but at least the question should be aired, for at present there is no incentive for BR to provide better information. The difficulties of cost attribution are well known, but it ought to be possible to get a clearer picture of the costs of maintaining the basic shuttle services on rural branch lines (there are several in Wales) which do not carry freight.

I am sorry that an analogy is drawn with metropolitan counties. There are none in Wales, and I have firmly resisted their introduction by proxy through Passenger Transport Authorities and Executives. Our paper suggests not so much wider co-ordination of public transport in Wales - that would imply a directing role for the Welsh Office, which I emphatically do not want - as more effective co-ordination by the counties who have to take the decisions anyway.

You refer to joint boards and committees. In Wales as elsewhere, there are inevitably shared decisions on those cross border bus services which are subsidised; all we are suggesting is that this is recognised and that where necessary counties could form joint committees to arrive at decisions on cross border bus or rail services. There need be no question of imposing a new structure on them.

I did not quite understand the fourth point in your letter. As I say above, we envisage counties jointly deciding their requirements for cross border services, not giving the decision to some new body. It is a question of importing greater effectiveness into present arrangements, not replacing them. We have to recognise that transport burdens already fall unequally between counties, in many different ways (eg in rural areas, sparsity and distance leads to expense; in urban areas with high unemployment, fare income decreases). We cannot legislate against inequity, nor would I propose to do so. In any case, there is presently inequality of benefit between counties in so far as some enjoy disproportionately greater benefit from centrally subsidised loss making rail services than others, eg in South East England.

/The fifth ...





The fifth point is also difficult to understand, given that the Government is already subsidising local transport services heavily, albeit through TSG in England and RSG in Wales, and will continue to do so.

On these grounds I do not accept that there is a case for omitting the rail option from my paper. Indeed it is the central feature to which I am publicly committed. At E(NI) on 13 September last, it was agreed that I should issue such a paper after consultation with you and the Chancellor of the Exchequer. I feel very strongly that we must proceed on this basis. If you still see difficulties we should discuss them in committee, for I believe that the paper could be issued without the embarrassment that you and George seem to fear. After all, as you imply, the Serpell report is no longer an issue. Naturally, I am anxious to avoid misunderstandings, and my officials will be ready to discuss with yours any drafting suggestions which might protect your flank. I hope you can agree that they should do so urgently so that we can aim for issue of the paper as soon as your proposals for bus policy are available for consideration.

/ I am sending copies of this letter to the Prime Minister, other members of E(NI) and Sir Robert Armstrong.

*Yours sincerely,*

*C. L. James*

Approved by the Secretary of State  
and signed in his absence



Wash Govt: Relations  
Pt 20

22 APR 1964







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RT 11/4

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The Rt Hon Nicholas Edwards MP  
Secretary of State for Wales  
Welsh Office  
Gwydyr House  
Whitehall  
LONDON  
SW1A 2ER

11 April 1984

Dear Nick,

LOCAL CHOICE IN PUBLIC TRANSPORT: A CONSULTATION PAPER

see Pt 19  
Attached -

Thank you for sending me copies of your letter of 22 March and draft consultation paper.

I appreciate that you are under pressure to honour the Manifesto commitment to issue the paper but I see some difficulty if you were to do so now.

My main concern relates to the rail proposals. First, my experience with Strathclyde Regional Council and its Passenger Transport Executive (which supports a network of local rail services in and around the Glasgow conurbation) suggests that local authorities are simply not well enough equipped to secure best value for money from British Rail. Second, and more significantly, I think issue of the consultation paper as drafted would be likely to reopen the unhelpful post-Serpell debate about the Government's intentions for the future size of the rail network. Although your proposals are confined to Wales our opponents could claim that they were intended for wider application as a means of securing the demise of rural railway lines throughout the country. Now that Nicholas Ridley has persuaded British Rail to accept tough financial objectives which will reduce the subsidy bill for the railway, it seems counter-productive to run the risk of reopening the public debate on the future of the non-commercial railways.

As you acknowledge, the work which officials are carrying out on public road passenger transport has a bearing on what is proposed for buses in your paper. I would prefer that we had an opportunity to consider officials' recommendations on these issues before going public with proposals on any aspect of the future bus regime.

I am sorry if this all seems unhelpful but I do feel that the time is not right for issue of your paper.

I am copying this letter to the Prime Minister, other members of E(NI) and to Sir Robert Armstrong.

Yours well, George



Local Govt Relations

Pt 20



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The Rt Hon Nicholas Edwards MP  
Secretary of State for Wales  
Welsh Office  
Gwydyr House  
Whitehall  
LONDON SW1A 2ER

6 April 1984

*Dean Nick*

LOCAL CHOICE IN PUBLIC TRANSPORT: A CONSULTATION PAPER

Thank you for your letter of 22 March enclosing a draft consultation paper on possible changes in responsibilities for transport services in Wales.

The draft's many references to road passenger transport are, of course, written from the point of view of the present system. But I am currently reviewing the organisation and regulation of the bus industry. So on this ground alone I would want publication deferred until after colleagues have had a chance of considering my proposals on the bus industry, which I will be circulating to colleagues within the next few weeks.

But I am also very concerned about the only substantive proposal made in the draft - the transfer of responsibility for controlling and subsidising local rail services to the counties. There are strong arguments against even airing this possibility in a consultation paper.

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First, we have put paid to scare stories about a threat to major parts of the rail network following Serpell. We would be accused of trying to introduce "Serpell by stealth" by - it will be said - forcing local authorities to take on rail services which they could not afford.

Second, we should pursue only those options - such as bus substitution - which offer a real prospect of savings. I very much doubt that the local rail option could in fact be implemented in such a way that we would save public expenditure. It would probably be possible to reach agreement with the local authority associations only by, in effect, guaranteeing the necessary financial support, which would defeat the object of the exercise; some individual local authorities would use their powers to subsidise rail services to increase spending; and the PTE precedent suggests that counties would have only a limited impact on BR's costs and efficiency.

Third, we do not want to extend local authority responsibilities or establish joint boards or committees more than absolutely necessary. The arguments for wider co-ordination of public transport made in the paper do not sit easily with the arrangements we are proposing for abolition of the Metropolitan Counties.

Fourth, since joint boards or committees would not have responsibilities for other transport services (especially buses), they could not decide local priorities or whether bus or rail was the most economical way to serve a route. So it would be impossible to achieve the

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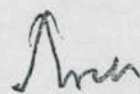
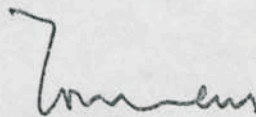
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claimed benefits of local choice for rail without a wider reorganisation of local authority transport responsibilities, which we do not want. If local choice were confined to the few services falling wholly within one county, the "burden" would fall very unequally between counties.

Fifth, we would face political difficulties in distinguishing between a national network which the Government was willing to subsidise and local services in which implicitly the Government had no interest.

For these reasons, I would prefer that the consultation paper should not include the local rail option. But I do recognise your difficulties arising from the Welsh Manifesto commitment and your subsequent promises to publish a consultation paper. I suggest that further consideration of publication should be deferred until after we have taken decisions on bus policy.

I am sending copies of this letter to the Prime Minister, the other members of E(NI) and to Sir Robert Armstrong.



NICHOLAS RIDLEY

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Local Govt. Relations  
PT 20



19 APR 1984

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*File* **Ref. No:** TPT(84)9 **AT.**

**Date:** 3.4.84

LONDON REGIONAL TRANSPORT BILL

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Enquiries on this brief to:  
Jeremy Moody  
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## LONDON REGIONAL TRANSPORT

This Bill implements proposals set out in the White Paper 'Public Transport in London' (Cmnd 9004) published in July 1983, for reform of the structure and organisation of London's public transport system.

### A. The Government's Objectives:

- The Government wishes to restore a stable framework for the planning of public transport in London.
- It wishes to reduce unnecessary costs and provide better value for money on the London Transport system for travellers, ratepayers and taxpayers.
- It wishes to bring bus and underground services into the same policy framework as BR Commuter Services and to improve co-operation between the two operations.
- It wishes to reduce the shabbiness of the system by redirection of resources towards cost saving investment.
- It wishes to ensure fully professional management at all levels.
- It wishes to encourage greater competition in the provision of transport services in London by creating smaller and more accountable units; by contracting out by LRT of more work to the private sector, where the private sector can do it more effectively, and by divesting the public sector of unnecessary roles.

### B. The Need for Change

#### 1. Political Interference

The above objectives cannot be achieved while London's transport is subject to the irresponsible political whim of County Hall. London Transport has become a political battleground. For example,

- i) The 'Fares Fair' experiment was ill conceived. It led to a (successful) Court challenge, and left London's ratepayers and travellers paying more for transport.
- ii) The Labour GLC raised LT wages in 1981 above the original proposal of 8 per cent to 11 per cent when the bus drivers had already accepted 8 per cent.
- iii) They made LT in 1981 increase the number of LT staff by over 500 people.
- iv) More recently, the GLC has packed the LT Board with its own nominees in an attempt to prevent the professional members of the LT Board pushing ahead with sensible cost savings. The most recent nominees were:
  - Arthur Latham - Chairman of the London Labour Party, member of Tribune Group - supports Left-wing causes including the Soviet-backed regime in Afghanistan;
  - Merle Amory - 25 year old Left-wing secretary and member of Brent Council - supported Ken Livingstone's campaign to be nominated Parliamentary candidate for Brent East.



v) In November the GLC staff committee decided that Nick Lester, Chairman of the London Transport Passenger Committee - the consumer watchdog for LT should not give up that post on becoming an officer of the GLC. Conservative GLC members attacked the decision as the Chairman of the LTPC should be independent of public transport and the GLC. Plainly Mr Lester will no longer be so.

vi) Under the Transport Act 1983, LT produced a 3 year plan for the 3 year period beginning in 1984-5. This contained proposals for sensible cost savings including:

- fares to be kept constant in real terms;
- bus mileage to be reduced slightly, tailored to demand;
- Underground mileage to remain constant;
- Costs to be reduced by over 9 per cent over the period of the plan by means of a 2 per cent reduction in unit costs and the reduction in bus mileage already referred to;
- increased marketing and promotion of LT's services;
- reduced level of revenue support.

The GLC have proposed to modify the Executive's plan in a number of ways - by:

- increasing the levels of bus and underground mileage above the level necessary to meet demand;
- deferring the extension of one person operation until a 'searching' independent appraisal of its advantages and disadvantages has been carried out;
- increasing the level of revenue support.

2. The measures in the Bill provide the only way to bring BR Commuter Services and LT services under common policy and financial direction. Without it, co-ordination of services and co-operation between them was difficult. The Secretary of State for Transport will be establishing liaison arrangements to ensure that better co-operation takes place.

3. While political interference has been far reaching, inadequate pressure to control the costs of LT has led to:

- real unit costs rising by 67.1 per cent (bus) and 47.8 per cent (underground) since 1970;
- high fares - up by 85 per cent in real terms between 1970 and 1982;
- Subsidy up thirteenfold in real terms from £6.5 million in 1970 to £369.8 million in 1982.

The GLC has pretended that the argument is about the balance between fares and subsidy. But this has been allowed to obscure the real problem - the increase in the total cost of public transport in London - a cost which has to be paid for by somebody.

4. Public transport is, as the Select Committee on Transport said

'a matter of national, as well as local importance'.

It is therefore entirely appropriate that the Secretary of State should assume responsibility for policy and finance.



## C. The Bill's Provisions

General Description. The Bill transfers control of the London Transport Executive from the GLC to the Secretary of State, and renames it London Regional Transport. There will be central Government funding of LRT with a contribution to the Exchequer from London's ratepayers. The Bill requires subsidiaries to be established for the bus and underground undertakings, and includes plans for the involvement of private capital in these and in other subsidiaries of LRT, and for the disposal of parts of LRT's operations. The Bill also makes provision for other bus operators to operate either under agreements with LRT or independently of LRT under Road Service Licences from the Traffic Commissioners. A single new consumer body is to be established for LRT and for British Railways Board services in and around Greater London. There are reserve powers under which LRT would assume responsibility for financial support of BR Board services in the London Region.

Themes of the Bill

### i) New Organisation and Structure

LRT will be formed in two main stages. The first stage involves a transfer of the existing body, LTE from the control of the GLC to the Secretary of State for Transport. The main change will be to the constitution of the body LTR which will be subject to the normal policy and financial controls appropriate to nationalised industries. The Board will be appointed by the Secretary of State. At the second stage, LRT will form two subsidiaries under the Companies Acts which will become the operating companies for the bus and underground services respectively.

It is likely that the main board will comprise people with general management and financial qualifications with separate membership from the Boards of the subsidiaries. The main subsidiaries will be able to form sub-subsidiary companies in the normal way under the Companies Acts. LRT itself will be able to form further subsidiary companies for the runnings of its ancillary operations. These will provide services on a competitive basis to the operating companies of LT.

### ii) Competition and Privatisation

The Bill encourages competition and privatisation in several ways.

- It encourages LRT to contract out services where it makes economic sense to do so.
- It allows LRT to make arrangements with other operators for the provision of services under agreed terms and conditions.
- It provides a power for LRT to dispose of parts of their operations to the private sector, or to arrange for the participation of private capital in their own services or in joint ventures.
- The independent operators who do not wish to operate services under agreement with LRT will be able to apply for a licence from the Metropolitan Traffic Commissioners.
- LRT will be able to provide facilities - such as bus garages and car parks for the use of private bus and coach operators.



### iii) New Ratepayer/taxpayer Contribution

The Bill removes the new LRT from the Local Government grant system altogether. Instead a simplified mechanism is proposed.

- The Secretary of State is empowered to make grants to LRT with the consent of the Treasury.

- He is empowered to collect, by means of a levy on the London Boroughs, a contribution from Greater London Ratepayers towards his expenditure in grants to LRT. The amount to be raised should not exceed two-thirds of the estimated expenditure on grants. The amount to be raised will be specified in an annual order, subject to negative resolution. This order will set out the factors taken into account and the method of calculation used. The proportion of ratepayer contribution may be altered by order, subject to an affirmative resolution. This recognises the 'national' importance of London's public transport system. It will be good news for ratepayers because the proportion of the total grant to LRT they will pay will be lower than it is at present (80 per cent); because it is expected that the total subsidy to LRT will be reduced; and because it still gives ratepayers an incentive to look for better value for money from London's public transport system.

### iv) Consumer Representation

A single new consumer body will be set up, combining the present TUCC for London (the watchdog for BR's London services) and the London Transport Passengers' Committee (LTPC) (the watchdog for LT). The new body will be called the London Regional Passengers' Committee (LRPC). It will be appointed by the Secretary of State and will have a duty to consider and make recommendations on matters affecting the service and facilities provided by LRT, by operators under agreement with LRT and by British Rail.

This proposal reflects the Government's objective of ensuring that BR and LRT work more closely together. It will mean less confusion to passengers who will be able to focus their views on London's transport services on one body instead of two. It will remove the anomaly of the TUCC for London dealing with LT rail closures while the LTPC deals with other LT issues.

### v) LT/BR Liaison

London Regional Transport and the BR Board will have a duty to co-operate with one another in the exercise and performance of their respective functions, to co-ordinate the passenger transport services provided by these companies on their subsidiaries. The new arrangements will provide scope for closer co-operation because:

- they will be subject to the same political control and policy framework. The present different financial and policy frameworks has proved a major obstacle to progress, as both Chairmen have publicly acknowledged.

- The Secretary of State will be setting up new liaison arrangements between the two operators and will give his personal authority to this work.



The new consumer body will be able to identify needs in this area.

It is hoped that closer co-operation will mean that resources are allocated in the best interests of London as a whole, and that wasteful duplication is removed. Possible early initiatives might include:

- Improvements at major BR/LT interchange stations;
- rationalisation of services;
- Joint use of facilities for eg. rolling stock storage and maintenance;
- Better fares structure;
- Common ticket offices and ticket inspection at interchanges;
- Joint publicity and marketing initiatives;
- Joint purchasing initiatives.

#### vi) Reserve Powers

If the voluntary arrangements do not work well, powers exist in the Bill to extend the remit of LRT to cover BR's London Commuter Services. The reserve powers would be introduced by order for a maximum of 8 years.

- LRT would assume responsibility for the strategic oversight of all public transport serving London.
- LRT would assume responsibility for setting the PSO for BR's London and South East Services.
- LRT would allocate subsidy amongst its own subsidiaries and BR services.

#### D. Concessionary Fares

##### 1. Provisions for a Voluntary Scheme

As envisaged in the White Paper on Public Transport in London, the London Regional Transport Bill (clause 48) provides all the powers needed by London's local authorities to organise, on a voluntary basis, travel concession arrangements. It empowers the GLC to continue its existing scheme for old age pensioners and the boroughs to continue their joint scheme for disabled and blind people. It enables the boroughs to continue to provide a joint scheme for all three categories of eligible persons when they take over responsibility from the GLC.

The GLC and the boroughs are already allowed to arrange with LT for the provision of concessionary travel arrangements. They can also provide concessionary travel on BR but that has to be arranged through LT. Clause 48 goes further and allows the GLC and the boroughs to arrange directly with BR for the provision of travel concessions on BR services. Another addition is that the local authorities will be able to arrange concessionary travel on services provided by independent operators.



The Conservative dominated London Boroughs Association agreed in October 1983 in principle to a voluntary scheme.

## 2. The Free Travel Scheme

It remains the Government's view, a view shared by the last Labour Government - that it is for the local authorities to take decisions about concessionary fare schemes and to be responsible for funding them.

The Government believes that local authorities will agree a voluntary scheme readily and freely. But this should not be expected for some time. First, the London boroughs cannot possibly know now what the situation will be in two years' time when they will have to resume responsibility for concessionary fares. Second, Labour boroughs in the Association of London Boroughs have not been prepared to enter into the discussions that have been taking place with the other authorities in the London Boroughs Association.

In these circumstances, the Government decided to put the matter beyond doubt and propose an ultimate safeguard for pensioners in London. The clauses will have the effect of imposing a uniform scheme throughout London if the London boroughs cannot agree. This assurance will lay to rest the fears that have been aroused by the GLC's scaremongering allegations that old people will lose their concessionary travel passes.

## 3. The New Clauses

The new provisions will place on LRT - if no uniform voluntary scheme is provided - the duty to provide a travel concession scheme for pensioners, disabled and blind people in London. The scheme will allow permit holders free travel on LRT services at all times at weekends and Bank Holidays and at off-peak times on weekdays (that is between 9.30 am and 4.30 pm and after 6.30 pm until 1.00 am on the following morning). It will apply to travel on both bus and Underground services and any services provided by private operators under agreements with LRT.

The blind will have free travel at any time on all services.

There are 3 New Clauses. The first (clause 2) establishes the details of the free travel scheme. It places a duty on LRT to provide the scheme if by the beginning of any year it appears to them that a uniform voluntary scheme will not be in place throughout the following financial year. This clause establishes the nature of the statutory scheme by specifying the categories



of people to whom it is to apply, the services on which the concessions are to be available, the nature of the concession and the times at which it is to be available to those eligible for it.

The second New Clause (New clause 3) provides for various administrative procedures governing the free travel scheme. It establishes the way in which LRT are to make permits available to the London borough councils and the basis on which LRT will charge for them. It specifies how and when the issuing authorities are to pay LRT for permits which they issue and provides a method by which they will account to LRT for the use of the permits supplied to them.

The third New Clause (New clause 4) lays down the circumstances which will have to be satisfied in order to bring the new statutory scheme into effect. The purpose of this third clause is to specify exactly what is meant by "uniform". The voluntary scheme must provide the same benefits to all those eligible in London within the same category of persons, and must apply the same conditions as to periods of validity.

#### 4. Are the Concessions Less Generous than at Present?

This is the first time any Government has written into statute a comprehensive scheme guaranteeing concessions for London's pensioners. At present there is no statutory scheme whatsoever. The GLC argue that the statutory scheme should be identical to the current voluntary arrangements. Yet it is totally unreasonable to place a statutory burden on local authorities which will compel them for all time to finance the most expensive possible scheme, in the face of all the other calls on them for finance. Individual boroughs can continue to exercise their judgement by providing additional facilities under clause 48, even if the statutory scheme comes into being.

#### 5. Charges

Under existing legislation, all local authorities have power to impose terms, limitations or conditions (which of course includes charges for permits) as they think fit in offering travel concessions. The Government would not want the operation of the reserve scheme, if brought into effect, to be frustrated by boroughs making exorbitant charges. So, as a further safeguard to pensioners and disabled people, the New Clauses include unique powers to make the imposition of any terms, limitations or conditions subject to the Secretary of State's approval.



D. Questions and Answers

Q. LT no longer accountable to Londoners?

A. LRT will be accountable to Parliament through the Secretary of State for Transport. London's public transport is a vast system of national importance it is right that it should be nationally accountable. The Government will be improving the machinery through which Londoners can express their views. The new consumer body will cover both LRT and BR Services. LRT will have a duty to prepare a strategy statement setting out in general terms the policies they intend to follow with a view to the discharge of their general duty. They will have to consult in preparing the statement, with BR, the London Boroughs and the new LRPC. This will provide Londoners with more information about the service. The first statement will be prepared within one year of the establishment of LRT.

Q. Is it wrong for Government to levy a rate precept on London's ratepayers?

A. Ratepayers elsewhere pay towards the cost of their public transport. It would be unfair if London's ratepayers paid nothing at all. The new financial arrangements provide for the national taxpayer to pay one third of the grant to LRT to reflect the national importance of London's public transport. This is a higher proportion than the taxpayer contributes at present. Ratepayers will benefit from reducing levels of subsidy overall. Another point to make is that it is important that Londoners should have an incentive to better value for money and better efficiency. They would not such an incentive if the taxpayer paid the whole subsidy.

Q. Will fares rise and services be cut under this legislation?

A. There is no reason why the establishment of LRT should lead to massive fare increases. No one wants to see massive fare increases at any time, but obviously someone has to pay the bill if costs are unnecessarily high. It is plainly the case that there is considerable scope for cost savings on LT so that subsidy could be reduced substantially without massive fare increases. When the Government assumes responsibility, LRT will work towards these savings. At present the GLC are imposing extra costs on LT. On services, we have to recognise that patronage on bus services in particular has been declining on many routes. A failure to tailor services to meet demand means higher costs. It is ridiculous - as the GLC do - to focus attention solely on the number of miles operated. What matters is reliability. LT are making some progress here. We shall expect LRT to continue it.



Q. Won't competition lead to the creaming off of good routes and damage integration?

A. No. Where LRT contracts with other operators to run services, they will be able to direct subsidy as they wish and slot the new service into the rest of the network. Where an outside operator applies to the Traffic Commissioner for a Road Service Licence, the Traffic Commissioners have to be satisfied that the benefits to the public of a new service outweigh the disbenefits that might arise from a reduction in cross subsidy to other operators. LRT will encourage co-ordination with these services, which may run anyway on routes where there is no need for services to be co-ordinated with other bus services.

Q. Why not a larger strategic authority covering BR's services as well?

A. We believe that we should try in the first instance to achieve better co-operation between LRT and BR through voluntary means. In the past, it has been difficult for them to co-operate as they have been subject to different political disciplines. If the voluntary arrangements do not work well in practice, then reserve powers exist to extend LRT's responsibilities to cover BR as well.

JM/PAC

3rd April 1984

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32 Smith Square,  
London SW1





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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Nicholas Edwards MP  
Secretary of State for Wales  
Welsh Office  
Gwydyr House  
Whitehall  
LONDON  
SW1A 2ER

3 April 1984

*Dear Secretary of State*

LOCAL CHOICE IN PUBLIC TRANSPORT: A CONSULTATION PAPER

*- see p 19*

Thank you for letting me see your draft consultation paper. I am slightly surprised that you do not want to delay publication until you can draw on the work of the Public Road Passenger Transport Steering Group, but I would not wish to hold you up on that account.

I do have a couple of suggestions on the text which should give a more positive steer to the kind of ideas you are looking for. In your letter to Nicholas Ridley you say "I anticipate that any acceptable solutions which might emerge would at the outset be neutral in expenditure terms and in the longer run could lead to expenditure reductions as the efficiency gains resulting from greater choice and increased competition were achieved". Why not add this to the end of the introduction to the consultation document? Secondly, paragraph 41 would be sharpened up if it were developed to say that ideas on any relaxation of constraints on closure and replacement by cost-effective alternative forms of transport would be welcomed.

I am copying this letter to the Prime Minister, members of E(NI) and Sir Robert Armstrong.

*Yours Sincerely*  
*Paul Rees*

PETER REES

*(approved by the Chief Secretary  
and signed in his absence)*



Local Govt Relations  
PT 20

4 APR 1984







file  
cc Nick Owen

10 DOWNING STREET

*From the Private Secretary*

3 April 1984

London Regional Transport

BF  
The Prime Minister has seen your Secretary of State's minute. Subject to the views of the Chancellor and of Sir Robert Armstrong, she is content that Dr Bright should be retained as the Chairman and Chief Executive of London Regional Transport on the terms proposed.

I am copying this letter to David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

Miss Dinah Nichols  
Department of Transport

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