

c.c. Mr. Owen



10 DOWNING STREET

From the Private Secretary

15 July 1983

The Prime Minister had a meeting with Dr. Keith Bright, the Chairman of the London Transport Executive, this morning. Mrs. Lynda Chalker was also present.

The Prime Minister asked Dr. Bright for his views on whether a London Transport Regional Authority, with powers for allocating grant to British Rail, was a practicable proposition; whether there was overlap between British Rail's and London Transport's services; and whether there was any need for a new Authority, given that the Department of Transport would have to make the ultimate political decisions in any event. The Prime Minister also asked Dr. Bright to give her an account of the current situation at London Transport.

Dr. Bright said that he expected to remove £70 million from London Transport's costs over the next three years. They were finding savings at a rate of £100,000 a week. Within five years savings of £140 million would be available, before even beginning to try hard. But the GLC were attempting to people his Board with their supporters who would try to stop the move towards greater efficiency, and would argue for increased services and increased subsidy. He would have difficulty in controlling this Board, although the legal obligations of Board members would help to ensure that the Board acted responsibly.

Dr. Bright said that there certainly were overlaps between British Rail and London Transport, for example on the Aylesbury line, the line to Dagenham and to Watford. There was scope for running services over the same track and securing sizeable maintenance economies thereby, for common ticketing and staffing of stations, and more streamlined and better services generally. Ten per cent of London Transport's customers currently switch between them and British Rail, depending on the fare structure at the time. There was much to be done at LT, which owned assets in excess of £2 billion. Their aim was to stop the decline in the use of LT services, to cut costs, and reverse the existing downward spiral of poorer

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services and lower use. This would be helpful to the travelling public, to London's ratepayers, and to industry.

The Prime Minister enquired about the basis for judging how much of British Rail's PSO grant should be applied to a new London Regional Transport Authority. Mrs. Chalker said that British Rail's improved financial management meant that, within the last months, they had come to know very much more about where the subsidy went. They were now able to identify the element of the London and South East Region which was properly attributable to commuter travel.

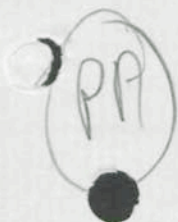
Dr. Bright said that London Transport was at a critical moment. They had wondered whether it might be possible to have a two-clause Bill which would transfer their ownership to the Government from the GLC; or a quick Second Reading of the Bill which would ultimately come forward, which would enable them to freeze the situation vis-a-vis the GLC. Mrs. Chalker said that the Department of Transport had considered a quick, short Bill, but had concluded that it would be likely to force the GLC into still more extreme action. The Prime Minister said that the Government would need to think hard, and quickly, about this problem.

+ Mrs Chalker (DTP)

I am sending copies of this letter to John Gieve (Chief Secretary's Office) and John Ballard (Department of the Environment). I should be grateful if you and they would ensure that its circulation is very tightly restricted.

M. C. SCHOLAR

Miss Dinah Nichols,
Department of Transport.



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Prime Minister

London Transport Authority

I have set up a presentation by
Tom King and his Dept. Transport
team - it cannot be earlier than
3 pm on Friday because Mr King is
opening the 'Bed pan' line that morning.

Shouldn't you see Dr Bright
and Sir P Parker separately, and
after the King meeting? (It would
be embarrassing ^{if} Parker ^{saw} ~~to see~~ you
and Tom King in disagreement.)

or before?

MCS 13/7