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Prime Minister

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SERPELL REPORT ON RAILWAY FINANCES

I should be grateful to know if you and colleagues are content with my proposals for the publication of the Serpell Committee reports as set out in this minute.

As you know I was committed to making the reports available to the Railways Board as soon as I received them. BR have taken advantage of this to mount a campaign of partial and slanted press stories. However recent press comment suggests that this policy may have back-fired on the Board as the media have increasingly recognised that they were getting a very one-sided view.


on Wednesday
MS

The reports and the engineering Annex will be available at the beginning of next week. I would propose both publishing them and making a statement to the House on the first suitable day after Parliament returns and am consulting John Biffen about this. The Committee do not intend to give a press conference (although it is possible that Mr Goldstein and possibly Mr Butler, will be questioned by the media).

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In my statement I must adopt a neutral stance as to the relative merits of the majority report, and the minority report from Mr Goldstein. As required by their terms of reference, the Committee have illustrated options and not made recommendations. Both reports carry the message that much is wrong in BR at present. They show clearly that the future of the railway industry is in its own hands and not dependent on taxpayers' largesse and I shall emphasise this. The Board asked for a review because they claimed that the Government was giving them an impossible task. The Committee were clearly not persuaded of this.

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On many issues - excessive maintenance and engineering costs, structure of the industry, a new management attitude under a new team, prospects for improved service, putting the customer first - a strong line from the outset will be both appropriate, and welcome to our supporters. The present Board have recently begun a more spirited attack on the problems but it is obvious that the time has now come for a whole new approach under a new Chairman.

But two issues will be particularly difficult in the current climate, as newspaper speculation has already shown. - namely fares and changes in the size of the network.

On fares, we can emphasise that the more costs are reduced, the lower fares can be. Neither report mentions or even implies the 40 per cent rise in commuter fares quoted by the media.

On network reductions, the position obviously is still more politically sensitive. To my mind it is vital to keep this issue open but it will be very difficult. The options examined are illustrative only. There are no firm proposals underlying them for particular cuts or closures. But they show how very costly some services are, and how even in purely transport terms the traveller and the taxpayer get very bad value for money. For at least the last decade, any rational debate about the network has been completely stifled, and there is no doubt that a thorough and informed public debate on these issues - and on alternative forms of transport - is long overdue. Moreover, it would be absurd to make snap judgements on a report which is perhaps the most wide-ranging about the railways since they were nationalised.



It is however right to warn my colleagues that the moment I appear to depart from the previous position - that we do not wish to see major cuts in the network - continuing and persistent questions will inevitably start up about the future of particular services. For example, even Option C1 in the report - deleting the worst performing services - would be very far from painless. It would in fact involve withdrawing passenger services from a large number of stations, including almost all those in Wales and the North of Scotland, and many in such places as Suffolk and the South West. The map in the report looks reassuring but in fact many of these lines would be retained for freight service only. So I think that our response on the future size of the network will be a key point to get right in our reaction to the reports.

On balance, as I have indicated, I think that this debate must take place in due course, and that we must keep the door open for decisions on network size when the time is right. I attach a draft of what I might say about this aspect on publication. I shall circulate a draft of the full statement as soon as possible.

There will inevitably be demands for an early debate. Subject to John Biffen's views, I suggest that we should welcome that as soon as Parliamentary business allows.

I have confined this minute mainly to the mechanics of publication, not to the substance of the reports. As mentioned, they raise major issues for the future of the railways which will require a radically new approach in many fields, to be carried through under the new Chairman. I shall circulate a note to colleagues, discussing these issues as soon as the actual publication of the reports is out of the way.

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I am copying this to Cabinet colleagues, the Chief Whip
and to Sir Robert Armstrong and John Sparrow.

DA
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DAVID HOWELL
12 January 1983

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CLOSURES SECTION : PROPOSED DRAFT

These reports raise the broadest range of issues about our railways since nationalisation and it would be absurd to respond with snap judgements.

One issue on closures of which the Committee does dispose is that large increases in resources are needed immediately to prevent extensive closures. Serpell does not support that. Nor does it agree that major parts of the network are now at risk from lack of maintenance, as has repeatedly been asserted.

I believe it is right that the public should know more clearly just what kind of value for money they are getting from certain lines and services and the different ways in which funds for public transport can best be used. The network cuts described in these reports are only illustrations. In no sense are they considered plans showing what changes would be desirable, let alone necessary. No plans for closure on any of these scales exist or are before us.

So let us establish the facts and hear the arguments. It would be quite wrong to stifle discussion of any changes before Parliament and the public have thoroughly studied the reports and the deep questions they rightly raise.

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Transport ! Carlinago Pt 6.

