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PRIME MINISTER

BUS WHITE PAPER

We are to discuss at E(A) on June 28th the draft White Paper I circulated on 14 June.

It may be helpful to you and other E(A) colleagues to see in advance of the meeting some revisions I suggest to the text to meet the helpful points made in your Private Secretary's letter of 19 June.

/ I attach revised opening paragraphs and a new piece about London to replace paragraph 4.18. I also agree that the extended reference to the Monopolies & Mergers Commission's report in paragraphs 5.4 and 5.5 may expose us unduly. I suggest omitting paragraph 5.5 and bringing paragraph 5.4 under the heading "Efficiency of public bus operation". I do not think we can leave out a reference altogether, given the importance both we and the industry have attached to the detailed and useful investigation the MMC carried out.

I am sure we should discuss the question of how to tackle fuel duty rebate. I am no advocate of a large indiscriminate subsidy of this kind, but its removal or phasing out now would adversely affect rural areas (where it probably forms a higher proportion of unit costs than elsewhere). We might consider whether we could "recycle" the money through some form of help to County Councils, but the loss of rebate could be a particular blow to small private operators, many of whom have sought to avoid dependence on local authority subsidy and all the paperwork that entails.



I have seen Patrick Jenkin's comments. I suggest these be settled between officials before Thursday's meeting.

I am copying this to the members of E(A), to Norman Fowler and Keith Joseph and to Sir Robert Armstrong.

NICHOLAS RIDLEY

26 June 1984

LONDON

4.18 The Government does not propose to deregulate completely in London for the time being. The need to take a grip on subsidy has led the Government to take over responsibility for the London Transport Executive from the GLC and reconstitute it as London Regional Transport, with new powers and duties. The legislation requires changes in the way London's buses and tubes are run, requires LRT to contract out work wherever suitable and provides for greater involvement by the private sector in the provision of services both as contractors to LRT and in competition with them. In particular, LRT is required by the Act to invite tenders from private firms to carry on certain of their activities and to accept satisfactory tenders where this would save costs. In addition, for the first time bus operators will be able to apply to the traffic commissioners for a road service licence to run local bus services in London rather than having to depend, as formerly, on obtaining an agreement from London Transport. These are major changes which will bring a measure of competition into the provision of London Bus Services. The Government has decided, in these special circumstances, to defer deregulation in London while the changes so recently instituted, bear fruit.

1.1 Britain needs good bus services. Over 10% of all journeys are made by bus and three quarters of those journeys are for essential purposes - work, school, business, shopping. Most of the people who take the bus are in less well paid jobs or unemployed, women, pensioners or schoolchildren. Most of them come from the 39% of households in this country who do not have the regular use of a car.

1.2 Since the great majority of the population live in towns, the biggest use of public transport is also in the towns, where buses carry large numbers of people to and from work and school in the peak hours. Indeed in our biggest cities, the high level of service by public transport throughout the day means that people can get to all the facilities the city offers without needing a car and so can enjoy all the benefits of city life. But policies for public transport must also take great care of the interests of country dwellers. People who live in the country without a car depend on the bus for access to the local towns and for their social activities; maintaining these public transport links is vital for the future of rural communities.



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My ref:

Your ref:

21 June 1984

Dear Secretary of State

BUS WHITE PAPER

Thank you for copying to me your minute *at frag.* to the Prime Minister and your draft White Paper.

I have three interests in the White Paper - the links with abolition, implications for the local government finance system and the implications for rural areas.

On abolition, I am content with paragraph 5.14. We shall, however, still need to ensure that undue turbulence is not created for the PTAs/PTEs by simultaneous pursuit of our two separate policies. Our officials have been in touch about the drafting of paragraph 1.10, where I am concerned that critics may claim that there is a discrepancy between your White Paper and Cmnd 9063.

On finance, our officials are in touch about the need to square your proposals for detailed financial control over both municipal and PTE operations after incorporation with the general rules governing local authority capital expenditure. Paragraph 5.12 will need some amendment to reflect this.

There appears to be no reference in the text to the accounts points mentioned at item 2(v) of the timetable annexed to your letter.

I very much welcome the additional help you propose for services in rural areas in para 3.12 of the draft, which does a great deal to improve the public acceptability of the White Paper. I look forward to my officials being consulted about the definition of the services to benefit.

I appreciate it may be necessary for public expenditure reasons to set a time limit in the White Paper. The new grant will however, rightly, be linked to a continuing assessment of the impact of de-regulation - an assessment which will also need to cover any effects from breaking up the NBC. I think it important therefore that the legislation should not be limited to 3 years in case the assessment should demonstrate a need for help in some areas beyond 3 years.

I also welcome the £1M pa grant to be administered by the Development Commission for new schemes. I think the White Paper should make it clear that the £1M - also to be funded

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from Transport PESC as I understand it - is the sum for England, as was the basis of discussions between officials. I also suggest it would make more impact if the words "for community transport" in line 9 were omitted - there may well be scope for imaginative pump-priming operations in the commercial sector which should not be excluded.

Finally, you might want to look again at the balance between what is said about Scottish rural needs in para 7.3 and the simple first sentence of 3.12. I do not want to belittle Scottish needs but everything said there applies equally to many rural areas in England, and no doubt in Wales.

/ I am copying this to the other recipients of your minute.

Your sincerely
A.H. Davis

for
PATRICK JENKIN

Approved by the SFS and
signed in his absence
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