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Prime Minister #2

You asked to see the full case

and costings. These are attached.

We are arranging to a meeting with Mr Howell?

MR. SCHOLAR

HASTINGS/TONBRIDGE RAIL SERVICE

The Private Secretary (DoT) letter of 22 April can only be seen in the context of the fact that British Rail abhors diesel pockets more than nature abhors a vacuum. It is notable that our enquiry has induced the Department to do its own evaluation and increased the electrification cost by £20 million and reduced the diesel alternative by £10 million. A £30 million relative change from the original submission!

(It will be at least a week away,

given your diary).
MLW 25/4

Now, on the Department's assessment, the diesel alternative is £4 million cheaper than the electrification programme. One would have guessed that this would have led the Secretary of State to prefer the diesel programme, first because it is cheaper, and secondly because it is not an all-or-nothing proposition and could at various stages be stopped or amended. The electrification proposal is an all-or-nothing proposition: all is sunk.

Not so. The DoT argues that they are more or less certain of the electrification costs, but on the other hand they fear that the diesel costs might be higher than the estimate. But this is nonsense; if they have done their estimates right, and made the proper expected evaluation, then the likelihood of the costs being higher is exactly balanced by the likelihood of them being lower.

The DoT submission is admitting to the fact that they produced deliberately biased figures, and biased too in favour of the diesel alternative. This has all the appearance of desperation after finding that their own figures discredit the electrification option.

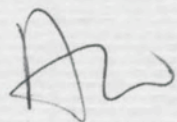
British Rail's anxiety to show that the diesel alternative is inferior has led the Department considerably to improve on British Rail's submission. There is, however, another alternative low-cost option which was rejected for consideration by British Rail Board and not reviewed by DoT (this was suggested by the Director of Research of British Rail in 1982). This option involved buying new coaches made up of bus-type bodies on existing Mark I underframes. The bodies could be built in the time frame by a bus builder. They would be hauled by Class 33 locomotives (on the existing restricted clearances). These locomotives would be fitted with controls to enable them to be operated from the remote end of the train as a pusher as well as the conventional puller.

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These bus-bodied coaches would cost much less than the normal coaches. The capital cost was about £8.2 million.

Like the saga of the 1981 Electrification Report, the Hastings/Tonbridge project has followed the same pattern of, first, DoT supporting British Rail's case, second, our questioning of that case, third DoT revising it very considerably, and, fourth, coming back with a much modified argument. I am perfectly certain that British Rail have suppressed many low-cost options, similar to that suggested by the Director of Research in 1982, in order to make their case for electrification apparently water-tight. We should oppose it.



ALAN WALTERS
25 April 1983

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