

~~BR with DoT response~~
AT 1/6



Treasury Chambers, Parliament Street, SW1P 3AG
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PRIME MINISTER

EAST COAST MAIN LINE ELECTRIFICATION

I have seen the Secretary of State for Transport's minute to you of 24 May.

2. The key issue which he addresses is the tactical handling of the Government's relations with the railways. As he points out, we have so far taken a tough line in refusing to approve this major prestige electrification project until we have reached agreement on a satisfactory path to commercial performance for Inter-City. We have adopted a similarly tough stance on the PSO grant target and have pressed for progress on productivity to be linked with BR pay negotiations, although we were not able to achieve as much as we would have liked on that this year. All this is encouraging railway management and employees to deliver greater efficiency and reduce operating costs. But there is still a long way to go.

3. The sums of money involved in ECML electrification are potentially very large and they will have to be judged both on their own merits and against other pressing priorities. To drop any linkage with overall improvements in Inter-City performance would be a major step and I am not yet convinced that we can have sufficient confidence in BR's future performance to allow us to do this. The annual review of nationalised industries' investment and financing will shortly begin and I think that this will be the right framework within which



to consider BR's proposals. The chances that we shall reach a conclusion on all this before the summer recess seem very remote.

4. I am sending copies of this minute to the other members of E(NI) and to Sir Robert Armstrong.

(N.L.)

31 May 1984

Transport Nov 80 BR



electrification

COOPERATION

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