



PRIME MINISTER

EAST COAST MAIN LINE (ECML) ELECTRIFICATION

I have seen Nigel Lawson's minute to you of 31 May in which he proposes that our decision on this project - on which I have now received BR's submission - should be taken in the context of the annual review of nationalised industries' investment and financing (IFR).

Of course, we shall have to take account of ECML electrification in the IFR - if we approve the project. But I believe that the IFR would be the wrong context in which to consider this as an investment case, and would impose an unnecessary and damaging delay.

The purpose of the IFR is to consider BR's overall funding requirement for the next three years in the light of the Corporate Plan. It would not be sensible to attempt to take decisions on a single long-term investment project - however big - in the shorter-term IFR process. We should aim to reach a decision on ECML electrification first - including the implications for BR's finances and its merits relative to other claims on public expenditure - and then take account of that decision when determining the Board's EFL for 1985/86 and succeeding years.

The Corporate Plan will not be finally agreed until August and the IFR discussions, on the basis of past experience, will continue into the autumn. The implication of Nigel's

CONFIDENTIAL



suggestion is therefore that a decision on the project could be significantly delayed. For the reasons I set out in my minute to you of 24 May, such a delay would be politically damaging. It would be impossible convincingly to defend further delay. I am sure that we should aim for a decision, one way or the other, before the summer recess.

I note what Nigel says about the links between the performance of Inter-City and the ECML electrification project. For the reasons I gave in my minute of 24 May, I believe that we should base our decision on ECML electrification on whether the project is, in its own right, a worthwhile investment. But we shall be able to consider the project in the light of the Inter-City strategy, which I expect soon and certainly before the end of this month. These seem to me the essential elements in taking a decision.

I am copying this to other members of E(NI) and to Sir Robert Armstrong.

NICHOLAS RIDLEY

8 June 1984

CONFIDENTIAL

# Transport 11/80 Electrification



11 JUN 1984

11 JUN 1984

11/80