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The Rt Hon John Biffen MP
Lord Privy Seal and
Leader of the House of Commons
Privy Council Office
68 Whitehall
LONDON SW1A 2AT

19 July 1984

Dear John

OBJECTIVES FOR LONDON REGIONAL TRANSPORT

/ I am enclosing for your information the text of the written PQ answer announcing LRT's objectives which I propose to table on Friday morning.

I do not believe that this announcement is sufficiently controversial to warrant an oral statement. Moreover an oral statement would provoke the Opposition to raise questions about fares, service levels, employment and other matters, which do not strictly arise on the letter to the Chairman of LRT, in an attempt to score political points. We could give no definitive answers to these questions at this stage. I understand that in the circumstances you agree that a written announcement would be satisfactory.

I am copying this letter and the text of the announcement to the Prime Minister, Willie Whitelaw, members of E(NI), John Wakeham and Sir Robert Armstrong.

Nicholas Ridley

NICHOLAS RIDLEY

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QUESTION

To ask the Secretary of State for Transport, when he proposes to announce the Government's objectives for London Regional Transport.

ANSWER

I have today written to the Chairman of London Regional Transport in the following terms:

- " 1. This letter concerns the objectives which the Government wishes you to pursue in running London Regional Transport. It supplements the statutory and financial duties of the Board. Enactment of the London Regional Transport Act starts a new stage in providing better and more efficient public transport for the capital city. The Act sets the framework of duties for you and your colleagues, and prescribes how you are to publish your plans and strategies and consult on them with local authorities and others. Close working with British Rail is specially important, and I am writing separately to you and to the Chairman of the British Railways Board about that.

Tasks for London Regional Transport

2. Building upon the White Paper "Transport in London", I see four initial tasks for the new organisation:

- to improve bus and underground services for London within the resources available and to make the service more attractive to the public;
- to reduce costs, including fraud, and the call on taxpayers' and ratepayers' money and generally secure better value for the community;
- to involve the private sector in the provision of services where that is more efficient and to make better use of publicly owned assets, including the sale of public assets which are no longer required;
- to promote better management through smaller and more efficient units with clear goals and measurable objectives.

Costs, Subsidy, Fares and Investment

3. I want you to submit for my approval within an investment allocation that will be agreed by the Government, a programme of investment to modernise the public transport systems, making them more attractive to passengers and more efficient. In addition to

necessary renewal of equipment, you will want to bring forward as rapidly as possible investments which will save costs, and a steady programme to improve facilities for passengers, including interchanges between bus, rail and underground services, long distance coaches, taxis and private transport. I shall expect you to secure this investment at the best price through competition wherever possible.

4. To reduce the present excessive call on ratepayers and taxpayers, the burden of revenue support will have to be reduced. To achieve this, a proper priority for investment is vital. You have told me that you can achieve a reduction in unit costs of two and a half per cent a year, in real terms, over the next few years. I look to you, if possible, to do better than that, and I shall want to review the target with you within the next twelve months. The most effective use of labour, and keen purchasing in the market, will both be important in achieving this target.

5. The improvement of efficiency can make a large contribution to achieving your prime financial target, which will be to reduce the level of revenue support from ratepayers and taxpayers to £95m in cash in 1987/88. Given control of costs, this does not in any way imply a programme of large fare rises. After any initial increase to redress the balance I would expect you to maintain a broadly stable relationship between fares, prices generally and the fares on the British Rail London commuter services. You will also want to consider how your fare scales can best be set to reflect the different cost structure of the bus and underground systems.

6. In the light of these objectives and your plans to achieve them the Government will decide each autumn the provision for your total of external finance for the coming fiscal year; and your investment allocation.

Organisation and Control

7. I look forward to receiving by the end of the year your proposals under the Act for establishing separate bus and underground subsidiaries, and separate companies for other parts of your organisation. These should provide for the clear identification of costs and performance and clear responsibility for them, and for the involvement of private capital where appropriate.

8. In the case of the bus subsidiary, the organisation will need to allow your Board to set clear objectives for devolving accountable management to smaller units, for reducing costs per bus mile, for improving the match between supply and demand so as to increase average bus loadings, and for carrying forward vigorously a plan to bring in other operators, both public and private, to compete for the provision of services.

Disabled People

9. The Act requires you to have regard to the needs of disabled people and to report annually on the steps you have taken to cater for them. I expect you to keep their requirements in mind in

developing your equipment, and co-operate with those financing special services for the more severely disabled. I hope that one member of your Board can provide a focal point for considering the needs of disabled people.

Conclusion

10. In seeking to improve bus and underground services for London you will be strengthened by advice from the new London Regional Passengers' Committee.

11. Your efforts to provide better value for money in public transport will have the fullest support of the Government and I am sure of the ratepayers and of the travelling public. "

L. Transport