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Prime Minister:
An optimistic report on LRTs prospects

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CONFIDENTIAL

PRIME MINISTER

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LONDON REGIONAL TRANSPORT

John and I saw Keith Bright, Chairman of LRT, shortly after he and his managers had successfully resisted the NUR strike over driver-only underground trains. This success came from painstaking preparation, with the emphasis on openness and effective communication throughout LRT's 56,000 workforce. Immediately before the strike broke, staff were sent individual letters explaining the background and facts. Likewise, the London press and local MPs were fully briefed with LRT's case. The NUR were given no chance to use to their advantage the threat of action under the 1984 Industrial Relations Act; LRT immediately took legal action on the grounds that no ballot had been conducted.

Another recent exercise in good industrial relations entailed inviting all the staff of London Transport Builders - an internal civil engineering department - to the Odeon, Leicester Square, for a detailed explanation of the poor financial results of the organisation and the need for the workforce to be reduced; as a result a trouble-free reduction from 1,400 to 900 is being achieved through voluntary redundancy or early retirement. To keep them lean and hungry internal organisations like this have to compete against external tenders.

More importantly, the quality of LRT's management looks like bearing fruit in future. Two years ago, the EFL for LRT was approaching £400 million and set to go on rising. This year Keith Bright expects to beat an EFL of £323 million. Within 5 years LRT expect progressively to reduce their Revenue Grant from the current level of £128 million to zero, or even make a contribution to capital expenditure. After the current programme of long-neglected capital expenditure to increase efficiency (eg automatic ticketing on the underground), and to improve levels of customer service and appeal, LRT are looking for substantial reductions in the Capital Grant - £197 million this year.

Although only a gleam in the eye at this stage, Bright has a picture of LRT in the mid-1990s:

- financially self-sufficient;

- carrying significantly more traffic than today by virtue of higher standards of service and good marketing (eg the Capitalcard facility to combine the use of rail, bus and underground);

- with a well-informed, motivated workforce down from 64,000 in 1982 to perhaps 40,000, achieved very largely through natural wastage and retraining the younger staff threatened with redundancy.

We will watch with interest to see if this can be translated into reality. Would that BR could get on a similar track.

JW.

JOHN WYBREW