

bc. F. Mount



SUBJECT

LOCAL GOV: Relations: Pt 16

cc MASTER

10 DOWNING STREET

From the Private Secretary

15 July, 1983.

London Transport Regional Authority

The Prime Minister had a meeting about the proposed London Transport Regional Authority this afternoon. Your Secretary of State, the Chancellor of the Duchy of Lancaster, the Chief Secretary, the Parliamentary Under-Secretary of State, DOE (Mr. Waldegrave), Mr. Lazarus, Mr. Palmer, Mrs. Bridgeman, Mr. Osmotherley, Mr. Goldman (all from the Department of Transport), Mr. Burgner (HMT) and Mr. Ferdinand Mount were present.

After a discussion of the issues raised in my two earlier letters to you today on this subject, the Prime Minister said that it was agreed that the White Paper should propose that the new Authority should in the first instance be a purely holding company, with the bus and tube operations as subsidiary companies; and that your Secretary of State should chair a Liaison Committee of which the Authority, British Rail, and the Department should be members, together with any outside consultant help they required. The Liaison Committee's objective would be to cut out wasteful overlapping between British Rail and London Transport, to seek maximum operating efficiency and cost savings in both networks and to give objectives to, and allocate the minimum necessary subsidy between, British Rail and the new Authority. The White Paper should, further, indicate that the aim would be for the Liaison Committee to make maximum progress in relation to the above objectives; but the legislation would provide that the Government would have the power, by Order, to transfer to the Transport Authority the power to allocate grant as between its operating subsidiaries and the British Rail commuter network; and to pursue the other objectives listed above. There would be no automatic implementation of this second stage, and the Government's aim would be to achieve its objectives by means of the Liaison Committee.

The Prime Minister said that she hoped that it would be possible to publish the White Paper before the Recess.

I am sending copies of this letter to Alex Galloway (Office of the Chancellor of the Duchy of Lancaster), John Gieve (Chief

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Secretary's Office), Joan Dunn (Mr. Waldegrave's Office), John Ballard (Department of the Environment) and Richard Hatfield (Cabinet Office).

M. C. SCHOLAR

Miss Dinah Nichols,
Department of Transport.

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