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Treasury Chambers, Parliament Street, SW1P 3AG

24 August 1979

The Rt Hon Norman Fowler MP
 Minister of Transport
 Department of Transport
 2 Marsham Street
 LONDON
 SW1

N 31/8

Dear Minister,

ASSET SALES: TRANSPORT CONTRIBUTION

I am responding to your letters of 16 August to me about asset sales and to John Biffen about lease and lease-back arrangements for British Rail property.

I accept, of course, that the NFC sale cannot be hurried. So I welcome your assurance that you are pressing the British Railways Board for progress on the disposal of surplus land. As I understand the position, their cash limit for the current year already presupposed quite significant receipts for this source; and I am sure that, in setting the cash limit for 1980-81, we should make allowances for the largest feasible volume of receipts from asset sales.

Against this background, I was rather surprised by the proposal in your letter to John Biffen that we should assist British Railways to obtain the necessary powers to undertake office developments on their own account via lease and lease-back. If British Rail have these prime sites available, and not required in any way for operational use, should they not rather be sold?

I am copying this letter to members of E, E(DL), and E(EA), the Attorney General, the Lord Advocate and Sir John Hurt.

Yours sincerely,

P Diggle (private secretary)

PP NIGEL LAWSON

(signed in the Financial Secretary's
 absence with his approval).



29 AUG 1979

