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# Passengers, citizens, customers: London transport transformed 1977–1987

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## ABSTRACT

This paper examines a transformation in the corporate control of London's transport between 1977 and 1987. We offer a detailed case study explaining how a corporatist consensus broke down, what replaced it, and why. By 1977, London Transport was a centralised monopoly captured by its producer groups while passengers were treated as passive recipients. Two alternatives presented themselves: a utility maximising perspective, empowering passengers as citizens, or a cost-minimising perspective construing passengers as customers. After a period of conflict, central government intervened to disaggregate London Transport as an organisation while keeping its monopoly of provision intact. We assess this complicated transformation, arguing that there was a pivot from enterprise-level to product-level orientated logics visible in the day-to-day operations, interactions, and reporting systems. Using techniques later characterised as New Public Management, senior officials re-configured London Transport's dynamic capabilities towards commercial imperatives, successfully transforming its business model.

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Corporate control; transformation; business model; dynamic capabilities; utility maximising; cost minimising; monopoly; London transport

## Introduction

The study of post-war government–business relationships has been an important area of research (Milward & Singleton 1995). This is reflected in the increasing importance of the nationalised, state-owned approach to organising production of goods and services introduced under the 1945 Labour government. In the context of utilities, Clifton et al. (2011, p. 661) note that in the immediate post-war period, 'general welfare considerations were prioritised over and above individual benefit' in the organisation of classic utilities and local transport provision. There followed 30 years of post-war consensus ending with the election of a Conservative government in 1979 determined to reform what they saw as a poorly functioning Britain, in which they perceived state ownership as both a symptom and a cause (Dell, 1997; Edgerton, 2019). The core of this paper examines the reaction against

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the corporatist social democratic settlement – the tripartite arrangement of employer, union, and government at the heart of government for much of the 1950s, 1960s, and 1970s (Middlemas, 1991; Barnett, 1986; Hutton, 1994; Wiener, 1981). The UK was not alone in needing to restructure state-owned enterprise, and the model of state regulation was being questioned across the Anglosphere in terms of recasting management in new ways (Barton & Mees, 2023). We present evidence relating to an underlying dissatisfaction from customers and some areas of internal management who were susceptible to a new conservative ideology that spoke to revolutionising the relationship between central government and utility providers.

The shift in emphasis that we analyse here was part of a more widespread move towards deregulation and an increasing emphasis on resources through the notion of value for money. Chick identified this in an earlier period within general policy on utilities (2011, p. 748). However, he attributed Treasury concerns regarding public spending in the mid-1950s as being ‘economically spurious but politically charged’. We would argue that for London Transport by the 1970s, the economic context was no longer spurious and certainly politically charged. At London Transport, the 1948 regulatory settlement was questioned as a result of both the economic pressures building up in the late 1960s and early 1970s, and the failure of the existing corporatist approach to deliver financial sustainability and customer satisfaction. By the mid-1970s, Conservative politicians and a significant portion of public opinion believed that London Transport was no longer fit for purpose in its traditional, centralised form (Cutler, 1982; *The Economist*, 1973; GLC DG PRE 132/002). Public transport in London would therefore be one of the early frontiers upon which competing ideas of public service and private enterprise would be fought out.

To explore that battlefield, we look at the changing approach to decision-making that emerged out of the growing recognition that London Transport was increasingly unable to deliver an acceptable standard of service. As such, it is an analysis of the changing approach to management in practice, of the precursors to New Public Management (NPM), rather than a history of NPM. Nonetheless, the NPM literature does enable us to situate some of the issues that emerged during the process of business-model transformation and the reconfiguration of dynamic capabilities. Dunsire noted of NPM that its study ‘took a surprisingly long time to engage scholars of public administration (whether to explain or to advocate)’ (1995, p. 21), and we would concur with this.

The paper is organised as follows. First, we outline the context within which we frame our analysis and then explain our approach and the archival sources used. Next, we assess the evidence from an internal managerial perspective and construct our argument that London Transport, emblematic of many public service providers of the period, had been captured by producer interests. From there, we situate London Transport’s managerial dilemma within Barton & Mees’ parameters of the political confrontation within the period before moving to explicate the process by which the organisation re-connected with its customer base and rediscovered its market anticipating and sensing capabilities in a manner that was congruent with the prevailing political orthodoxies at that time (2023, p. 503). We frame this evidence in terms of business-model reconfiguration and the shifting emphasis on how the value proposition was conceptualised in a politicised environment where we borrow from a utility vs. profit maximising model to illustrate the transition (Tennent, 2017). We conclude that London Transport was successful in this endeavour and represents an example of a complex, sometimes contradictory, and

generally under-researched transformation of corporate control of a major public utility early in the UK's privatisation process.

## Method and approach

Since accounts of the development of organisations in business history often combine elements of historical craft and social science, they have to tread a careful line between the degree to which they privilege theoretical engagement, narrative construction, and use of quantitative and qualitative data in their structure, argumentation, and assumptions (de Jong et al., 2015; Decker et al., 2015). Our response is to be explicit about our sources and open from the outset about the balance we intend to strike between offering a credible degree of reliability to our evaluation while circumventing an overly quantitative analysis (Tennent, 2020). Primarily, we position this work as a story-telling historical narrative, since we believe that this approach realistically encompasses the inherent subjectivity and relativist position that politics imposes on the management of organisations (Maclean et al., 2018; Popp & Fellman, 2017).

As we have seen in the literature review, the period we consider the history of London's transport is riven by political controversy and underexamined in secondary literature. To address controversy reliably, we want to consider as broad a spectrum of opinion as possible, and thereby construct a valid and credible account that fills the gap. Therefore, we draw heavily from primary sources from a range of archives and also from a limited number of interviews with managers from the period. We also examine a wide variety of documentary sources and then to triangulate them against each other and, to some degree, against eyewitness perspectives.

From the Transport for London archive, we used annual reports, internal and external consultancy reports, and strategy planning documents. The London Metropolitan Archive (LMA) provided the minutes of the meetings of the Transport Committee of the GLC, relations with the LTE, and its long-term transport planning and applications for transport grants from central government. The National Archive supplied the Ministry of Transport's preparations for the creation the new London Regional Transport (LRT) in 1984, ministerial briefings, performance indicators, minutes of the London Transport Passenger Committee, fares, and investment policies. In addition, Hansard and articles from the archives of national newspapers gave us outsider perspectives from the period, and finally a series of semi-structured interviews with former management arranged courtesy of the Chief Executive of The Friends of the London Transport Museum (see Appendices One and Two) offered us a valuable reality check against which to compare the written evidence that we assessed. There were five standard questions posed to each interviewee. However, these were merely a guide, and we encouraged participants to elaborate on any further points they wished to make or draw our attention to the significance of issues outside the standard question set (Bryman & Bell, 2015). We intended that this process generated fine detail and personal perspectives, which explored the difference between the announcement of a formal policy and its actual implementation. In summary, we employed a wide of variety of sources to construct a 'thick' historical description emphasising a specific reality, though not rejecting theoretical import, as a counterpoint to the attractive but incorrect narratives that have emerged about London's transport as an organisation in this period (Scranton, 1997).

## Dynamic capabilities and a business model framework

We have framed our analysis through business-model transformation and dynamic capabilities. The foundation of both is the notion of a routine, defined here by Zollo and Winter as a stable and regular pattern of managerial and administrative behaviour that represents the various technical activities required to run a passenger transport organisation. This was useful as a framework for conceptualising the management and technical ideas and practices embedded in London Transport needed to change (2002, p. 340). We combined the Teece approach to business-model transformation with the dynamic capabilities behind organisational learning developed by Zollo and Winter (2002), because as Sosna et al. recognise, 'we do not yet know what role individual and organisational learning plays' in business-model innovation (2010, p. 383). Teece himself notes that such processes require dynamic capabilities to shape a 'deep knowledge of customer needs and the technological and organisational resources that might meet those needs' (2018, p. 40).

The dynamic capabilities in this case were the reformed mix of routine and ad hoc management processes utilised by London Transport to transform to a customer-focused approach. Zollo and Winter refer to 'experience accumulation' as the process whereby routines develop as a 'central learning process' coupled with knowledge articulation. This is a 'deliberative process' through which individuals within the organisation discuss and test the suitability of existing routines and what needs to change/stay the same (2002, p. 341), which constitutes a prelude to knowledge codification where the routines change through new operating instructions, documentation, etc. The focus here is on the articulation of these phenomena observed in the archives and interviews. Archives chart the codification process, while interviews offer a window into how formal instructions were perceived and implemented. Through them, we observed the changing knowledge base required to implement change in terms of financial information and customer focus.

The articulation of change in the case of London Transport is complicated by the multiple layers of management and administration present throughout this period. The process of sensing and seizing of opportunities and threats was an important part of London Transport's and local government's response to change and the growing need for subsidy (Teece, 2007). This paper examines that multi-dimensional process, with managers and administrators acting through multiple political and organisational channels where it was recognised that change to the business model was necessary. We looked at the articulation of a new business model through new 'sensing' functions as a prelude to 'seizing' *via* a new approach to passenger transport. The business model, defined by Teece as the 'design or architecture of the value creation, delivery, and capture mechanisms' (2010, p. 172), is not limited to the purely profit-maximising entity. As explained by Oliver Laasch, a broader conceptualisation may be applied to include value that is useful but not necessarily profitable (2018, p. 159). The rationale for a historical application of this concept derives from the use of business models as a taxonomy/typology of business entities within a spectrum of organisations that can then be historicised (Baden-Fuller & Morgan, p. 2010).

This type of analysis splits the business model into three key components: the value chain, the value proposition, and the revenue model. The value chain for much of our period remains the same. However, it is the organisational and political understanding of the value proposition and associated impact on the revenue model that are our focus here. Following on from Gandy and Edwards, we argue that the period of change under consideration saw

a shift from enterprise-level financial and operational control to a more nuanced understanding of product-level sensing of the value proposition and impact on the revenue model (Gandy & Edwards, 2017, 2019). This framework enables us to explore how changes in the economic environment resulted in a shift from an operating/engineering business model to one more focused on sensing what the customer wanted, and a reorientation of government subsidy from meeting both operational and capital costs to just meeting capital costs as a component of the total revenue model. This reveals an important point about the state-owned enterprise form of business model, where a subsidy is critical for the furtherance of objectives. There are key differences from a purely commercial business model when examining any of the incarnations of London Transport – there is an additional layer of organisation involved in decision-making and the allocation of subsidy. This raises important issues in how organisational change occurs because it leads to potential, if not actual, politicisation of the decision-making process.

By the mid-1970s, politicians from across the political spectrum agreed that London Transport, as it had hitherto operated, no longer met the needs of the city. This created potential conflicts of approach that, even if based in a functional appreciation of economic and operational realities, took on a political dimension. This further increased the likelihood that extraneous objectives may get introduced into how the organisation is managed. The problem of conflicting political goals is recognised more generally in the literature. According to Rozentale and Van Baalen (2021, p. 21), these inevitably create re-occurring tactical conflicts within the business model. Furthermore, problems are exacerbated by ‘multiple stakeholders, mutually incongruent demands, and competing goals’, a problem faced by any state-owned enterprise. Subsidy invariably comes with the imposition of wider conditions, often in the form of providing a product or service at a non-market rate. Teece recognised the dynamics behind this more politicised process of change in his discussion of seizing: ‘Committee decision-making structures almost always tend towards balancing and compromise. But innovation is often ill served by such structures, as the new and the radical will almost always appear threatening to some constituents.’ Furthermore, external approval to this process might be required. It certainly was in the case of London Transport with its multiple relationships to local and national government (2007, p. 1327). The presence of existing capabilities and administrative routines can result in a procedural lock-in that mitigates against rapid change.

The extension of a business-model analysis to state actors expanded our ability to compare across a spectrum of organisational solutions that have been developed to solve production and distribution of goods and services. Some were based on a more rational approach engaging with the agency of management and may be understood as using a variety of knowledge bases – accounting, legal, engineering. Most have some sort of basis in such disciplines, although the emergence of solutions may derive from a more evolutionary and feedback-driven rationale, with trial and error rather than rational reflection. A mix of the two is perhaps more likely, with design informed by a variety of experience and knowledge (Martins et al., 2015).

The key distinction between our different definitions of historical business models for the provision of transport in London turned on whether passengers should be construed as citizens or customers, a distinction that dovetailed into whether the organisation should pursue a utility-maximising and/or cost-minimising strategy (Garbutt, 1985; Travers, 2004; Tennent, 2017). This forms the basis of our definition of the dominant visions behind the business model at each point in time. NPM recognised that the transition to ‘consumers’

represented changes in what Hood calls ‘progressive public administration’. This represented a twofold ‘continuity, ethos, methods of doing business, organisational design, people, rewards and career structure’ designed with ‘buffers’ to ‘political and managerial discretion’ using ‘procedural rules designed to prevent favouritism and corruption and to keep arms-length relations between politicians and the entrenched custodians of particular public service’ (1995, p. 94). NPM sought to introduce ‘a different conception of public accountability, with different patterns of trust and distrust and hence a different style of accountingisation’ (1995, p. 94). This move to a new style of accountability is visible in our case, as London Transport moved from management systems dominated by providing vehicle-miles to a system aimed at cutting government subsidy.

### Corporatist consensus

London’s transport had been unified in 1933 and nationalised in 1948. Problems with this model began to make themselves felt almost immediately, particularly on the road operations of London Transport’s buses. After 1953, the number of cars registered in London began to expand at an average rate of 10% every year until 1963 (Fowler, 2021). The annual reports reveal a steady loss of bus passengers from 3.8 billion annually in 1950 to 2.6 billion in 1960 and 1.5 billion in 1970 (LT-146 and 264 series). In the period 1973–1977, data in Tables 1 and 2 show rapid deterioration in staff productivity, falls in revenue, and growth in subsidy. The number of journeys on London Transport remained approximately stable, but car ownership in London continued to grow, as did the number of cars entering central London each day (Table 1). In 1976, London Transport moved the same number of passengers around London as in 1973, but it now cost £943 million as opposed to £705 million to perform the same task (Tables 1 and 2). The causes of this extraordinary rise in operational costs are manifold, but evidence from both the archives and interviews suggests that salary overheads played a

**Table 1.** London Transport usage 1970–1987.

Date	Passengers			Staff	Journeys p/h of staff	London car ownership	Cars daily entering Central London
	Tube	Bus	Total				
	(billions)			(thousands)		(thousands)	
1970	0.7	1.5	2.2	60	37	1,660	172
1971	0.6	1.5	2.1	59	35	1,710	175
1972	0.7	1.5	2.2	57	38	1,740	189
1973	0.6	1.4	2.0	55	36	1,830	189
1974	0.6	1.5	2.1	60	37	1,820	184
1975	0.6	1.5	2.1	60	35	1,820	185
1976	0.6	1.5	2.0	60	33	1,860	187
1977	0.5	1.4	1.9	60	32	1,850	192
1978	0.5	1.3	1.9	60	32	1,820	185
1979	0.6	1.2	1.8	60	30	1,880	195
1980	0.6	1.2	1.8	60	30	1,870	211
1981	0.5	1.1	1.6	60	27	1,900	199
1982	0.5	1.0	1.5	59	26	1,920	235
1983	0.6	1.1	1.7	57	30	1,950	193
1984	0.7	1.2	1.9	54	35	1,970	206
1985	0.7	1.2	1.9	52	37	2,000	212
1986	0.8	1.2	2.0	47	42	2,030	187
1987	0.8	1.3	2.1	41	51	2,050	181

Source: TfL Archives LT146 series, National Archives MT198/25, The Department of Transport Vehicle Licensing Statistics, Tables VEH 0204 and VEH 0103, and authors’ own calculations.

**Table 2.** London Transport financial results 1970–1987.

Date	Total revenue <sup>a</sup>	Operational costs (£million)	Subsidy	Operational cost per journey	Revenue per journey (£)	Subsidy per journey
1970	653	638	0	0.29	0.30	0
1971	662	669	0	0.32	0.32	0
1972	708	705	0	0.32	0.32	0
1973	662	705	77	0.35	0.33	0.04
1974	575	779	156	0.37	0.27	0.07
1975	568	920	346	0.44	0.27	0.16
1976	647	943	292	0.47	0.32	0.15
1977	655	881	215	0.46	0.34	0.11
1978	696	847	142	0.45	0.37	0.07
1979	675	936	200	0.52	0.38	0.11
1980	738	1,071	333	0.60	0.41	0.19
1981	666	964	295	0.60	0.42	0.18
1982	709	1,101	392	0.73	0.47	0.26
1983	698	1,104	407	0.65	0.41	0.24
1984	672	1,008	309	0.53	0.35	0.16
1985	724	1,006	311	0.53	0.38	0.16
1986	741	1,041	265	0.52	0.37	0.13
1987	758	980	217	0.47	0.36	0.10

<sup>a</sup>All figures are adjusted for constant 1987 RPI values.

Source: TfL Archives LT146 series and authors' own calculations.

**Table 3.** London Transport average weekly rostered earnings for railmen and train drivers, 1972–1983.

Date	Railmen (£)	Increase (%)	Drivers (£)	Increase (%)
1972	27	–	42	–
1973	29	7	45	7
1974	33	14	51	13
1975	52	58	86	67
1976	55	6	90	5
1977	59	7	94	4
1978	65	10	104	11
1979	76	17	119	14
1980	91	20	145	22
1981	101	11	161	11
1982	108	7	171	6
1983	113	5	180	5

Source: The London Transport Museum Library Collection, Staff Wages and Conditions.

substantial role (Table 3). This outcome was a matter of severe embarrassment for London Transport's management. London Transport in general, and its buses in particular, faced the threat of growing competition from the car with its product-sensing and anticipating functions dulled and its commercial capabilities atrophied by decades of protection and the use of cross-subsidy to disguise loss-making activities (Hibbs, 2005, 1982). Indeed, by the mid-1970s, London Transport was not interested in specific commercial information about discrete activities. Instead, it made an annual political arrangement with the GLC to run a given number of road and rail vehicle-miles in exchange for a public operating subsidy (LT 146 series, MT 198-42a). The overall corporate goal was to maximise passenger mileage (MT 198-42b), but more accurately this was a policy of producing transport seating space irrespective of any precise understanding of the nuances of demand, or perhaps even an aggregate sense of it. Furthermore, evidence from the archives in the annual reports of the time indicates that London Transport did not actually have the staff to run the service mileage



that they had agreed (LT 146 series 37–46). As our interviewees emphasised: ‘Bus scheduling was always to get maximum productivity, and you ended up with the most unattractive frequencies from the passenger point of view ... what compounded all of this was that there were not the resources to run all the schedule anyway’.

The policy of producing vehicle mileage irrespective of demand was coincident with the phenomenal growth in public subsidy of operations from nothing in 1970–1972 to £346 million in 1975 (LMA GLC DG PRE 132 002; [Table 2](#)). This allowed its political critics to charge London Transport as ‘An albatross around the neck of London’s ratepayers’ (Cutler, 1982) and for it to be generally held in low regard by a frustrated general public (GLC DG PRE 132 001, *The Economist* 1973; *The Telegraph* 1973; *The Times*, 1973, 1975; *The Financial Times*, 1979).

After 1973 political pressure to maximise passenger miles resulted in a fare freeze, the recruitment of approximately 5,000 additional London Transport staff, and average annual basic pay increases in the region of 20% annually during 1973–1977 ([Table 3](#)). Freezing fares at a time of high inflation 1973–1975 meant that revenues fell in real terms by 14%, while costs rose 30% ([Table 2](#)), meaning that the fare freeze had to be abandoned in 1975 after a mere 2 years. Such U-turns scarcely gave an impression of managerial control or competence to the travelling public (*The Daily Telegraph*, 1974; *The Times*, 1975), while the indiscriminate generosity in fare setting brought about the probability that some of those who enjoyed free travel were using facilities for no other reason than that they could (Cutler, 1982; Garbutt, 1985; Glaister & Lewis, 1978; Hay, 1986). Embarrassingly, this largesse nevertheless resulted in no significant or sustained improvement in passenger numbers ([Table 1](#)). These outcomes were as a result of expansionist, utility-maximising transport policies implemented in a way that ensured that the extra resources were either diverted to producer groups or indiscriminately and inefficiently dispersed amongst the travelling population.

Further evidence of the prominence of the producer interest can be found in the reports of the London Transport Passenger Committee (LPTC) supplemented by press reports. The LPTC consisted of 30 passengers’ representatives whose remit were the road and rail services provided by London Transport. It was appointed and funded by the GLC. In the first instance, customer suggestions or complaints had to be directed to the organisation in question, in this case, London Transport. If the outcome was not satisfactory, they could be brought to the LPTC, which had the power to oblige London Transport to investigate, explain, or act. If London Transport did not do so adequately in the view of the committee, the LPTC could approach the GLC to direct London Transport to take action. Even officials thought that this structure was cumbersome, and the LPTC was forced to defend itself in the press against accusations that few Londoners knew who they were (GLC DG PRE 133).

The process offered little chance of speedy redress for minor irritations typical of daily life and was better suited for large-scale planning enquiries. The minutes of the committee’s meetings indicate that they acted as impartial arbiters, rather than consumer champions: ‘Not all complainants are satisfied with our efforts, but we have to accept the limitations imposed by the government, although we do what we can to try and influence policy ... the Committee have to decide what is best for the majority of users’ (Chairman’s Forward, LPTC Annual Report 1976).

This comment needs to be read in conjunction with another statement, this time for internal consumption, from the chairman of London Transport to his employees in their staff magazine from 1975 (LT460/253/1-8):

Obviously, any traveller in London must have thoughts and ideas, maybe half-baked, about how he thinks the service can be improved. But I know that pretty well all the possible developments, changes and improvements have been considered, and if they have not already been adopted, there's probably a very good reason why not.

Comments like these hardly encouraged much respect for the customer amongst the workforce. The title of the article 'New Chairman Moves in Today: Good Staff Relations a Top Priority' spoke volumes about what mattered to senior management.

To understand more about the users' perspective, the minutes of the LPTC meetings 1977–1978 provide a flavour of passengers' frustrations while trying to work their way through a system that we propose had been captured by its operators. In them, we find cases of passengers accusing bus drivers of keeping their bus doors shut on the stand while customers wait in the rain. Told to keep their doors open, the drivers allegedly responded by halting just short of the stand and keeping the doors shut. Elsewhere, on London Transport's premier express buses to Heathrow airport, passengers with flights to catch were prevented from boarding unless they had the exact 10p fare as a single coin. There were no facilities nearby where the exact change could be obtained. Angry parents criticised the unreliability of buses on school routes in north London, which saw children departing home at 7.30am and generally not arriving until 10am for a journey of less than 5 miles. The school ceased to mark the children as late, normalising the loss of education. A young mother recounted a series of incidents on the Underground where staff refused to open side gates to let her pram through the turnstiles, leaving members of the public to step in and help lift her buggy over. A group of women complained about consistent bus irregularity on their route and add that their initial petition was torn up by the local bus garage manager (GLC DG PRE 132 003-006).

Naturally, there are caveats to these accounts. In the late 1970s, there were approximately 4 million journeys by bus alone in London every day. It would be unrealistic to expect a perfect operational record, or the highest standards of customer service at all times. Nor do appellants always tell the whole truth and nothing but the truth. Yet amid the hundreds of pages of personal detail in the minutes of the London Passenger Transport Committee, we think that a picture, broadly corroborated by our interviewees and the internal archival record, can be constructed of an organisation overly concerned with its function of producing vehicle-miles and relatively unconcerned with value for money and the experience of travelling.

## **Beginnings of cost minimisation 1977–1981**

It was political events that started the long process of changing London Transport's business model, and its relationship with local government and central government. In May 1977, the Greater London Council (GLC) municipal elections returned a Conservative administration. Their leader, Sir Horace Cutler, had concerns about the results of public monopoly, which covered several interlocking ideas and preconceptions: (1) Fiscal prudence, (2) Efficiency, (3) Responsiveness to Users (Cutler, 1982, pp. 15, 46, 115, 118). Thus, political agency began the process of change through a new direction of articulation using a 'value for money' mantra and greater commercialisation. This would see the end of the older corporatist vision, and an eventual full transition to an operational and commercially focused business model. We frame our analysis of Cutler's period in office 1977–1981 around three major policy documents published in that period: the 1977 GLC report 'London

Transport – A New Look’, London Transport’s own report ‘Busplan ‘78’, and the external PA International report, which appeared in spring 1980.<sup>1</sup>

‘London Transport: A New Look’ was the Conservative controlled GLC’s perspective. It proposed £186 million of savings over the period 1978–1983 to be achieved through GLC mandated annual subsidy reductions, reducing duplicate Underground and Mainline Rail services, simpler fares, fraud reduction, automation, and increased one-man operation of buses, and ensuring that information flows within London Transport emphasised quality and efficiency as well as quantity. The authors of the report pointed out that it cost London Transport 55% more to run its bus services than other Passenger Transport Executives across the UK, and that there were 50% more administrative staff and 21% more engineers than their regional equivalents (London Transport Unit Costs, Annexe A to ‘London Transport – A New Look’).

As an alternative, we see ‘Busplan ‘78’ as London Transport’s internal, preferred, but rather limited, response to its predicament. It proposed a reduction in the planned schedule to a level that could be realistically provided given manpower constraints, regular ‘Clockface’ departures, evenly spread services and a standard route plan for both weekdays and weekends. It was the ‘gradually dawning light’ in terms of bus services according to one interviewee, and as such Busplan ‘78 began to address shortages and standardise routings but left underpinning assumptions concerning meeting effective demand untouched.

The PA International report offered an external perspective. PA were a British firm founded in 1943 to help organise war production, and by 1970 they had become the largest consultancy in the world, making them a credible and domestically based choice to investigate London Transport. Their assessment took 2 years and largely bore out the GLC’s perspective. The concluding statement ‘London Transport is weak in skills’ (LT 1858/5) made the headlines, but more specifically the report noted in its conclusion that: ‘[The Board] has: 1. A limited sense of purpose. 2. Lacks clarity on its business culture. 3. Is too preoccupied with day-to-day operations. 4. Is insufficiently outward looking 5. Is ineffective in monitoring the performance of the business’ (1980, p. 36). PA International identified the root cause of these shortcomings as a pre-occupation with functional (ie engineering) concerns over commercial ones: ‘The reports submitted to the executive board lay too much emphasis on functional considerations and are insufficiently related to the achievement of corporate objectives, the users of services, the underlying strategic assumptions or the generation of revenue’ (1980, p. 18). In short, the product level operational understanding was present, but not developed to include the demand from customers. Furthermore, London Transport’s product sensing and anticipatory capabilities scarcely existed in discussion between the operational departments and the board (1980, p. 7):

Only [a] small minority of members [of the board] referred to market of competitive characteristics, until prompted to do so ... Most members had no concept of market share or LT’s declining proportion [they] were insufficiently conscious that the historically captive market was not only becoming smaller and, indeed, less captive.

Elsewhere, the report attacked the subordination of the marketing function: ‘In the organisation of the central services insufficient prominence has been given to marketing. If anything, the apparent objectives of London Transport have become less market orientated in recent years, one principal objective being increasingly expressed in terms of car or bus miles (ie the service offered to customers rather than passenger miles, the use made of the service by customers)’ (1980, p. 7). This critical analysis was backed up by our interviewees,

all of whom commented on the rigid demarcation between departments, the absence of marketing as a distinct function, and the deference paid to engineering, who were held to 'own' the revenue-generating assets, which were then 'borrowed', a telling word used by the interviewees, by everyone else.

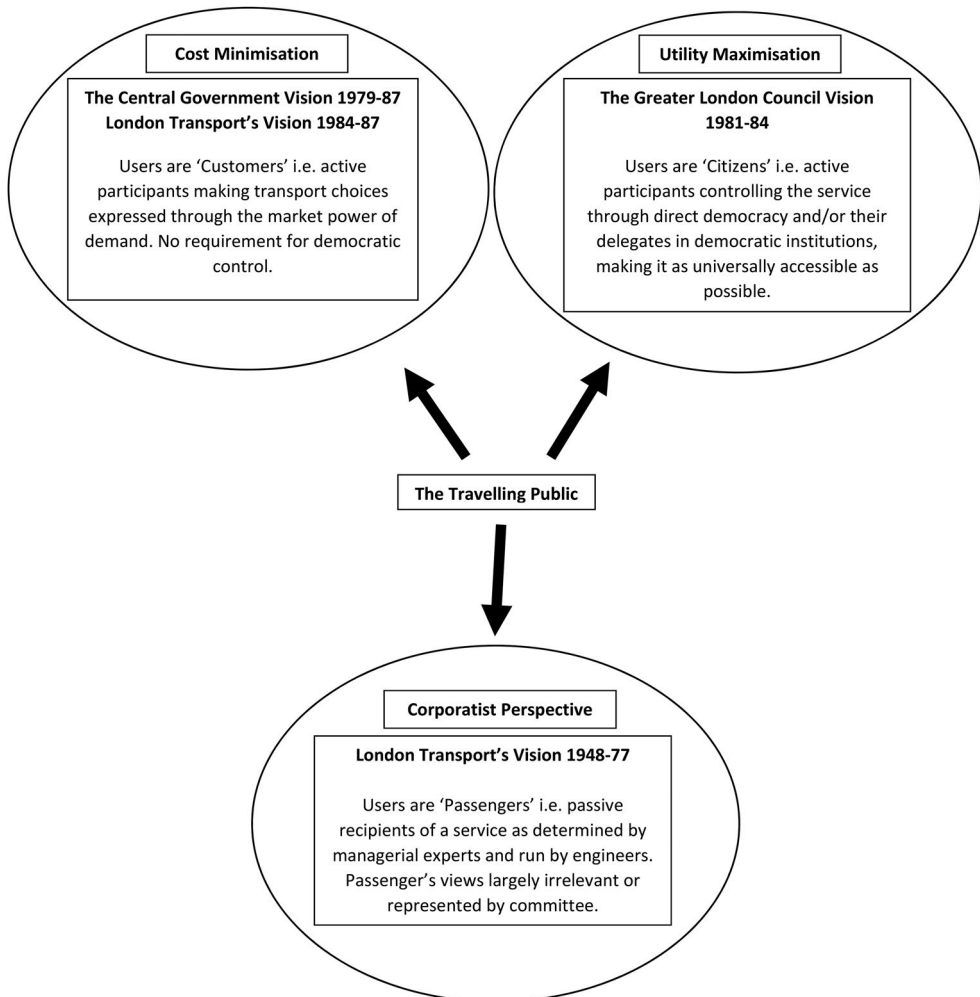
Furthermore, our interviewees also observed: 'London Transport was very heavily an operating-based organisation, the really important people were just below Board level; Chief Operating Manager Railways, Chief Operating Manager Buses, and the separate Engineering department. It was very much focused on the production of a transport service'. By contrast, marketing and customer service were downplayed:

The marketing department emerged from the commercial office which had in turn emerged from fares and charges, but it was a purely functional, administrative office. The marketing element was grafted on which caused all sorts of frictions and wasn't welcomed by the established powers, including the commercial officer of the time.

The report further identified that throughout London Transport, there was 'Chief Officer Syndrome' that was 'engrained' in middle and senior management (LT 1859/5 Organisation of London Transport Executive, Report to the Chairman, PA International, 1980, p. 16). Such a critique had often been made of transport managers stretching back to the inter-war period; indeed, Sherrington identified that there had been a tension between 'back of house', operating and 'front of house', commercial activities identified in this period (1937, pp. 12–27), while Barton and Mees identified similar weaknesses in Australian Telecoms in the early 1980s (2023, p. 501). When the chairman of London Transport attempted to suppress and then redact the report, claiming that it was only for internal consumption, the media were incredulous, and Sir Horace Cutler took the opportunity to sack him. We suggest that the chairman's naivety in the face of these events offers yet more evidence of the degree to which insulation from the public had, over time, bred indifference.

Thus, the period 1977–1981 contained the first important external intellectual, political, and policy challenges to London Transport's centralised and production-orientated approach, which had grown incrementally since unification and which we explicate in [Figure 1](#). The operational and engineering business model was an attempt to blend both efficiency and social objectives. The value proposition was technocratic with economies of scale driven by quantitative analysis. Competition was deemed wasteful, and passengers were the passive recipients of what they received, with no opportunity to give meaningful feedback *via* a sensing function. The revenue model was based around fares covering operational costs and capital subsidy for specific projects, with an overall aim of breaking even.

Cutler's reforms were a cost-minimising business model with a focus on meeting the effective demand for transport, and a value proposition based on product sensing to determine the time and location of routes. Passengers were to be construed as customers, and demand sensed through market research and a revenue model of fares, increased advertising, sale of surplus assets, and consulting. The subsidy was to be reduced to zero, if possible, but ideally ran a surplus ([Figure 1](#)). London Transport could therefore pursue policies associated with financial control, accountability, and cost minimisation (Pucher et al., 1983; Tennent, 2017). Managers needed to be given agency so that they could best sense and then meet customers' requirements and match resources to service needs. This is Teece's 'sensing, seizing, and reconfiguring' of assets and opportunities, which were to be discovered by managers performing an essentially entrepreneurial function (2007, pp. 1322–1325).



**Figure 1.** Passengers, citizens, customers: competing visions of London's transport market.

However, these changes did not immediately feed through to the travelling experience that members of the public actually noticed in their daily commutes. In 1981, the quantity and quality of London Transport's services were not discernibly better than they had been 4 years previously. Passenger numbers continued to fall (Table 1), and deficits remained considerable (The Financial Times, 1980; Table 2). Cutler had been able to set events in motion, but he had not been able to capitalise on them. His vision of a cost-minimising, value-for-money business model was stillborn – for the moment.

### ***1981–1984: a return to utility maximisation***

In May 1981, Labour won the GLC election. Following victory, Labour immediately replaced their former leader and appointed Ken Livingstone, a representative of the 'New Left' within the Party, thereby also becoming the new leader of the GLC. Like Cutler before him, Ken Livingstone had plans to radically overhaul London Transport (The Daily Telegraph, 1981).

Labour's plan was to re-introduce the utility-maximising, production-focused transport policies concerning controlling fares and hiring staff (MT 198-75/4; Figure 1). Proposed route closures or reductions in service were rejected, and the GLC urged London Transport to hire, rather than reduce, their workforce in face of rising unemployment in the wider economy (LT 121-062a). In October 1981, the GLC introduced a fares reduction of 33%, triggering the start of the so-called 'Fares Fair' campaign.

Utility maximisation focused on wider social benefits and objectives indirectly provided by transport. That meant facilitating accessibility to the transport system – hence fares reduction. These policies were based on a revenue model that downplayed fares and required both capital and operational subsidy from tax and property rates. Losses were tolerated if wider social objectives were met (Figure 1). Construing passengers as citizens meant encompassing women, schoolchildren, the elderly, minority groups, and the disabled as well as the working-class male (Rustin, 1986; Ward, 1985). It also meant opening the organisation to control by ordinary members of the public through direct nominations to the board. To many on the left, this was a laudable attempt to re-balance power relations in favour of the citizen, but to management and central government this was 'stacking' the Board with political appointees with little knowledge of how to run a transport business – a lack of product-level knowledge.

It is clear from the archives that both central government ministers and senior civil servants at the Ministry of Transport (MoT) no longer regarded the GLC as a competent, or perhaps even legitimate, authority to implement these policies, which were, in themselves, held to be practically ineffective, irrespective of their ideological merit, as well as counter to central government's declared aim of reducing public expenditure (MT 198-15; MT 198-45a; MT 198-166b). London Transport's internal management also expressed their scepticism and concern about 'creeping municipalisation' (MT 198-45b; 198-166a; MT 198-42c; MT 198-166a), stemming from a sense of independent professionalism and the long-held conviction that public service organisations could, and should, remain 'apolitical' in the sense that direct political interference from any political party was resented (Chandler, 2007; Garbutt, 1985, LT 121-062b; MT 198-45b). This conviction was affirmed by our interviewees: 'In the early '80s, we saw an increase in political involvement in the organisation, and there were undoubtedly political appointees at Board level ... some were seen as a negative factor.'

The direct legal challenge to Labour's policies came from Bromley, one of the boroughs in outer London. The action was eventually successful, and in March 1982 fares rose by a remarkable 96%. This vertiginous rise affected passenger usage severely, leading to London Transport's worst ever annual footfall (LT 146-49; Table 1), the highest number of cars entering central London in that period (Table 2), and suggestions that passengers should refuse to pay the new fares (The Financial Times, 1982) or that staff should refuse to collect them (The Daily Telegraph, 1982). These radical exhortations emanated from the Chairman of the GLC's own Transport Committee and were endorsed by Livingstone. Despite that inflammatory rhetoric, there was broad agreement, even in central government, that fares were now too high compared with previous years, and the GLC directed a compensating 25% reduction, which came into effect in May 1983 (Garbutt, 1985; MT 198-42d).

It was in the same period that the GLC's nominees for part-time positions on the Board of London Transport came under scrutiny. According to section 4(2) The Transport Act 1969, they were supposed to be: 'Persons who appear to the Council to have had wide experience of, and shown capacity in, transport, industrial, commercial or financial matters, administration, applied science or the organisation of workers' who could be appointed

'after consultation with the chairman of [London Transport] Executive' (Section 4(1) b). The Chairman and full time Board members of London Transport expressed their view that the individuals nominated were not suitably experienced, noted their political affiliation and connections to Livingstone, and had previously expressed their concerns about the overtly political direction of fares policy (LT 121-062b; MT 198-166b). The new part-time members were appointed anyway. However, a year later in June 1984, central government removed responsibility for London Transport from the GLC, and the GLC's appointments were replaced by the Board's own nominees.

While these gyrations and machinations were dramatic and newsworthy, the true significance of events in 1981–1984 can be seen in the records of an organisation in transition, caught between two conflicting political visions emerging from the dying corporatist consensus. One was based on the citizen and a utility-maximisation business model based upon subsidy, the other a value for money approach to a cost-minimising business model based upon customer sensing (Figure 1). However, they both challenged the traditional London Transport management approach, which until 1977 had paid little attention to concepts like meeting changing demand. Like Cutler's ideas of an organisation attuned to active customers making consumer choices, Livingstone's reforms also downplayed the traditional role of independent managerial experts and focused on trying to directly empower the passenger as a citizen expressing their democratic rights through representative institutions rather than as a passive recipient (LT 101-010; LT 121-062b). Therefore, we see 1981–1984 as a period of intense rivalry between new social forces sponsored by local government, new market forces sponsored by central government, and the fight for professional independence sustained by the institution itself. Customer 'Sensing' functions emerged as the dominant strand in management after 1984, with a commitment to commercial imperatives visible throughout the organisation. Central government severed the organisation from municipal government and granted London Transport quasi-independent status, but as we will see, this was only possible because senior management, particularly the chairman, became reliable standard bearers for central government's market-driven agenda.

### **Pivot to cost minimisation 1984–1987**

In June 1984, central government created LRT under its own direct control *via* the MoT. This was the beginning of a more sustained implementation of the cost-minimisation model with its beginnings under Cutler. Its chairman, Sir Keith Bright, had already been in post for 2 years during which his working relationship with the GLC had deteriorated to an extent that had become public (The Daily Telegraph, 1983) and political (Hansard, 1983). In addition, he was also unpopular with some, though not all, the established personnel within London Transport. As one interviewee reflected: 'Keith Bright was famous for cutting at a stroke all the very pleasurable benefits that managers had'. These moves stemmed from Sir Keith's clear commitment to re-orientate London Transport's managerial practices towards commercial imperatives enforced by a target-setting regime that bore the hallmarks of techniques later formalised as NPM. One senior manager of the time commented to us: 'He tackled the paternalistic culture of London Transport ... this was not easy as it was a close-knit community of gentlemen, many of whom had served in the Forces, and were accustomed to separate Officers' dining clubs and Officers' loos, etc ... but because he came from the outside he said it was wrong, especially so because we were running a public service. It was

quite a shock'. In implementing these changes, our interviewees confirmed that he was following the clear direction of central government: 'London Regional Transport was driven much more by Thatcherite principles of involving the private sector and efficiency ... there was very strong political influence around those principles which led to whole departments being wound down or let loose'. In 1983, the Minister of Transport stated that London Transport should be run as a business, and where social provision was identified, it should be paid for separately. This recognised explicitly the need for subsidy in the revenue model with government seeking a hands-off role in the minutia of day-to-day managerialism and delegating these to professional managers. The Minister for Transport, Nicolas Ridley stated in the House of Commons that 'the issue of [combining] social provision with that of efficiency was, in fact, fundamentally misconceived' (Hansard, 1983, Column 855). To that end, LRT was obliged under its founding Act to involve private suppliers in its activities wherever that made economic sense and to submit an annual business plan as well as an annual report, and it would face competition from rival providers for the first time since 1933 (The London Regional Transport Act 1984, Sections 2, 3, 6, and 29).

These requirements set the scene for a profound change in the way the organisation reported and the type of information that it gathered. This can be seen in the 1983 London Transport Plan for the 4 years going forward to 1987, and in the 1985 Statement of Strategy whose outcomes are increasingly communicated as quantitative, numerical statements with a degree of emphasis that contrasts them with former official documents (LT 082-17/002 and 008). Indeed, the mere fact of having a comprehensive statement of strategy was a departure from former practice, as the PA International report had indicated.

In the 1983 Plan, the opening section setting out major strategies began with a résumé of the state of London transport market. A more detailed section on the market then followed in section 4 of the plan, and demand forecasting made up several of the Appendices. On the basis of that market assessment, service levels, capital investment, and fares strategies were then determined. There was also a section on cost-cutting, which, although not directly referred to as such, was treated as a strategy in itself and had equal billing and prominence with the other strategic goals (LT 82-17/002, pp. 2–3).

The plan looked ahead to 1995 and discussed transport provision entirely from the perspective of a future (female) commuter, running through her daily interaction with public transport to and from the office in considerable detail. It noted a large number of aesthetic and qualitative considerations within the journey as well as the mere facts of departure and arrival (1985, p. 54). Its tone, style, focus, and existence as a document stood in contrast to former official records and were indicative of a shift in managerial attitudes towards sensing and anticipating customer demand rather than planning for the production and supply of transport.

The 1985 Strategy echoed and reinforced these themes, though with a greater emphasis on commercial viability. It retained the overall strategy of stable fares and economic service provision, but now made an explicit commitment to reducing central government subsidy and elevated cost-cutting to the keystone strategy which enabled the other three (LT 82-17/008). In parallel to these documents, we note that within the annual reports, the section devoted to financial and accounting returns grows from around a quarter, to a third, and then to full half or more by 1987 (LT 146-52, 53, and 54). This growing preponderance of financial information was indicative of the Board's changing focus towards the commercial.

Beyond this indicative evidence, the archives show that by 1984/1985, the chairman and senior management had become strong personal supporters of policies that would impose



greater market disciplines in cost calculation, the break-up and franchising out of services, the devolution of control to distinct business units, and the introduction of competition and franchising (LT 198-165a; LT 198-165b). As one interviewee commented: 'There was a transition in London Underground from whole divisions to individual line business units. This saw the devolution of control of aspects of business formerly run centrally – notably engineering'. The transfer of control from central authority to devolved subsidiaries had been Sir Keith Bright's plan since at least 1983 when he wrote privately to the Secretary of State for Transport (LT 198-165c), and, perhaps most importantly, it subordinated engineering beneath operational managers of discrete business units.

In summary, from 1983/1984 onwards, there is evidence of clear commitment, at least at the senior levels of management, to a demand-determined level of provision of public transport in London provided by a local management, which would be more responsive to customer requirements as understood through a detailed series of targets. This was a clear departure from the managerial perspectives visible 10 years previously. The question remains as to what extent this was visible at customer level and what effect this had on the actual provision of services. Here, it is unrealistic to argue that the arrival of these new management techniques led to a direct and immediate improvement in the standard of passenger services. Certainly, the general content of the London Regional Passenger Committee annual reports in the mid to late 1980s showed broadly the same kind of irritations and frustrations over service pattern, standards and experience continuing as before (LRPC/5/10). However, what is discernible is a difference in the tone and pattern of the responses to complaints by London Transport management. Firstly, the correspondence shows that LRT now employed new customer service agents and customer relations officers who, in parallel to the traditional committee, became involved directly responding to customers' complaints (LRPC/06/01-02). Interviewees confirm that customer relations functions expanded in importance: 'In the early days it was a battle to get marketing installed, latterly that changed and acquired more clout, it was also split so that buses and the underground had their own marketing directors ... Three press and public relations officers' posts were [also] set up when LRT was created, buses, underground and corporate'. Second, the tone became markedly more placatory. Here, the comment of one interviewee is particularly interesting: 'From the late 1980s there was much more focus on staff service, not just a mechanistic thing learning rules and regulations, but understanding the end result, which was people – who were customers, they had choice'. We also use one prominent example of customer relations from the period to illustrate a wider trend in training discussed by the interviewee, the 'Sutton case'. This incident occurred at Oxford Circus underground station where a Mr Sutton had become alarmed as the crowd was not able to clear through automatic gates at the top of the escalators fast enough, and a crush was building up. He asked the station manager to open the gates quickly 'or he would have another King's Cross<sup>2</sup> on his hands'. The manager refused. Allegedly, he walked away and told Mr Sutton to 'Tell it to 55 Broadway', effectively shrugging off the responsibility for taking any action to LRT's headquarters. A violent dispute began, and London Transport staff summoned the police. In a subsequent lengthy letter of apology to Mr Sutton (LRPC/06/03), London Transport admitted that:

In the past, it was the practice for staff to be promoted to a large degree on the basis of length of service ... [this] can obviously mean that in some instances relatively senior staff do not necessarily have all the attributes and qualities best suited to a particular post. This problem is now being addressed as a priority – a new concept in station staffing, with the emphasis on

customer care ... however, some individuals who do not live up to present day expectations will remain in post for some time, although they will undergo re-training.

These comments were both candid and indicative. They would not have been made 10 years previously, but they indicate that London Transport now knew that its sensing functions were inadequate and was in the process of trying to rectify them. The 'Sutton case' was just one of many from the period that related to the issue of customer handling, not all of which saw London Transport's management admitting their short comings so openly, but all of which made reference to staff-training programmes. It shows that it was no longer acceptable to dismiss passengers peremptorily. While claims of poor service would still be carefully and neutrally weighed by the passengers' committee, staff were also being re-trained as customer service 'champions' ready to see the experience of travel from their perspective.

In conclusion, the 1984–1987 reforms operated at several levels simultaneously, in central government and municipal government, and at managerial and delivery points within London Transport itself. However, as Common et al. point out, there was a clear unifying vision: centralised command and control would be devolved to more independent business units, yet also more tightly controlled through financially based imperatives held to be commensurate with meeting customers' needs (1992, pp. 69–73).

## Discussion and conclusion

Few businesses have been as politicised as the provision of public transport in London in the period 1977–1987. While the study of government–business relations often focuses on administrative processes and top-down attempts to execute policy, we have framed the intervention process in terms of its impact on the operating and commercial activities of the enterprise, and the degree to which intervention fails to engage with product-level knowledge and its impact on delivery to customers. In their analysis of government merger policy in the 1960s, Gandy and Edwards observed that policy 'pulled decision-making towards an enterprise level, and away from an understanding of the product market' (2019, p. 1239). This trend was amplified in the immediate post-war environment, which was characterised by central planning and ongoing government control that, perhaps almost by necessity, led to a perspective grounded in a concern over material shortages and hence based upon physical, rather than financial controls across many sectors, especially those that were nationalised (Chick, 1998). Much evidence presented here supports that perspective. Operational/engineering knowledge was present and dominated the execution of strategy at the expense of understanding consumer demand. The emphasis at London Transport was on top-down planned output related to the production of vehicle-miles, not the actual ability to deliver a service route and schedule based upon the availability of vehicles and crew, or the service required by customers. This remained the case until the late-1970s when the political environment started to shift towards connecting resources which customers might want and value for money.

Strategic narratives of failure inexorably drew London Transport into the routines of management and operations into the political arena. Once there, contesting ideologies came into play that then filtered through into the formation of a business model to be executed by the regulated organisation – the competition between different parties controlling the GLC and central government confused the situation further. As Teece observes, 'enterprises

can bring discipline to bear to purge bias, delusion, deception, and hubris, but the evidence presented here suggests this can be a complex and messy process, especially in state-owned and operated organisations (2007, p. 1333). Although the results of their preferred policies differed widely in terms of fares, service structure, and investment, both Right and Left approaches united in demanding change in the corporatist priorities and centralised management that had dominated London Transport thinking until this point. London Transport's own vision was based on the previous 40 years where it had been part of the corporatist state. The 'corporatist' approach construed passengers as a captive market, reflecting the post-war shift towards physical planning and a productionist perspective (LT1011-012 to 014 and LT237-88 to 92). This is perhaps not surprising, given the importance placed on physical output and associated non-financial metrics in the planning regime of the immediate post-war period (Chick, 1998). But it did not bode well for the continued loyalty of passengers whose options were expanding as their income increased. By the 1970s, mass car ownership meant greater modal choice in transport markets. The model of London Transport as a universal transport provider was no longer sustainable, and so a choice between utility maximisation and cost minimisation lay ahead (Fowler, 2021; Tennent, 2017). In the meantime, London Transport was caught between political manoeuvring in County Hall and Westminster as to what needed to be re-configured and to what type of business model. There was agreement that customer interests had to be considered, but the directions were opposed. This generated significant turbulence and complexity in the transformation of London Transport 1977–1987, the understanding of which we attempted to explicate *via* an analysis based on our diagrams in Figure 1 and Tables 1 and 2.

From the earlier exploration of business-model change and the importance of commercial practice – especially financial control – there is a temptation to draw the analysis in terms of an application of NPM. However, none of our interviewees mentioned the concept. Clearly there are elements that Dunleavy et al. argued become identified with NPM, for example 'unusually strong customer service orientation', but it does not appear in our story as 'a strongly developed and coherent theory of managerial change based on importing into the public sector central concepts from (relatively) modern business practices and public choice-influenced theory' (2006, pp. 469–70).

The rationale for what would become NPM nevertheless clearly lies within this period and the experience of London Transport. So-called democratic control of public services was seen as inherently inflationary and irresponsible, especially when they were controlled by local government (Chandler, 2007). The 'New Right' considered the managerial cadre running major public utilities as complacent, consensus driven, and defeatist. This tension led to the escalating politicisation of London's transport over the period we examine. Denhardt and Denhardt noted that 'values such as efficiency and productivity should not be lost but should be placed in the larger context of democracy, community, and the public interest' (2000, p. 557). It is at this point in the mid-1970s that the tensions surrounding the trade-off between operating/commercial reality associated with the corporatist vision and associated business model became unmanageable within the parameters of traditional public administrative structures at London Transport. Indeed, some histories of NPM seem to dispute whether a problem even existed, and the politicisation of management is hinted at by Dunsire when he states that 'much of the Thatcher "campaign" can be explained by a simple hatred of collectivism (or 'socialism') and the wish to attack any stronghold of Labour power – the unions, municipal councils, all corporatist and consensus organs' (1995, p. 29).

Our evidence suggests there was much more to the reform process than such a purely political play. In exploring this period in the history of London Transport, we observe the preconditions of the reforms of the 1980s that emerged in response to genuine concerns over service quality that required considering both operating efficiency and value for money. NPM was not part of the initial need for reform but part of the later codification of an approach emerging from the academic world that would eventually influence policy makers.

From the unification of London Transport in 1933 until the late 1970s, there was a producer-based view of service delivery reflecting the interests of both management and employees. The basic element of the value proposition was that the passenger, the customer, would take what was given to them, trusting that politically neutral experts would provide the best outcome. A shift began in the late 1970s to a more customer-based view of service delivery that involved a transition to product sensing, where the value proposition was to pay 'the cost of the ride'. The pivot from a production-orientated organisation run by independent professionals to a commercially orientated organisation run in accordance with central government objectives was not just a top-down imposition by an authoritarian right-wing government. Archival research shows that by the late 1970s, the travelling public were very dissatisfied with a model of public transport provision that treated them as passive objects (passengers) and had become over-centralised, expensive, and complacent.

Regulation might be required because of a market failure – perceived or actual. But as Mayhew has noted, market failures are mirrored by administrative issues, 'transactions costs – the administration and coordination costs involved' in regulation, and 'the second is government or administrative failure, which can take on various forms from incompetence to capture of officials' (2013, p. 251). Many managers within the organisation were themselves aware of its shortcomings, as our interviewees highlighted. Our research confirms the problematic relationship with government found by Edwards' analysis of British Telecom's privatisation and suggests that the transition from state to private and vice versa would repay more attention from historians (Edwards, 2022).

Nor was this the only element of organisation that was changed over time. This paper has not examined the important role of economics in shaping the context within which the business model was implemented, and the routines associated with cost-benefit analysis of projects, the economics of subsidies. All would be fruitful areas of future research.

In 1977, the immediate direction of reform was not clear. Some municipal politicians envisaged London Transport as a civic organisation that could empower its travellers as citizens by making transport a more accessible social good and giving operational power to elected politicians, who in turn could sponsor more diverse appointees to control the board. However, central government ensured that reforms from the mid-1980s onwards took another path. They reduced democratic accountability, but commercially augmented travellers' powers as customers by obliging London Transport to re-orientate itself towards sensing, anticipating, and reacting to customer demand. We portray the 1977–1987 period at London Transport as one when politicians and managers debated how to deal with a public that was no longer content with passively accepting the service as provided. The result was that London Transport was being pulled in different directions while trying to navigate the changing business environment. Achieving a transition towards a customer-focused business model, or indeed any distinct model, would be a major achievement under these circumstances. This highlights the difficulties of dealing with a politicised

business environment. Nevertheless, by 1987, the view that demand for a more responsive service would be best channelled and expressed through a commercial rubric was clearly dominant, and London Transport's business model and methods of corporate control had been transformed.

## Notes

1. 'Busplan '78' was an internal London Transport project to re-organise the capital's bus services in a more efficient manner, increasing the number of drivers and cutting the planned vehicle mileage. 'London Transport – A new look' was a report presented in 1977 by Harold Mote, an ally of Horace Cutler on the GLC, and as the title suggests, it was a comprehensive examination of London Transport as an organisation. The PA International external consultant's report into London Transport's internal systems was commissioned by London Transport itself in 1978 but did not report until April 1980.
2. A disaster on London Transport in 1987 when 31 passengers died.

## Disclosure statement

The authors have no conflicting, funding, or other financial interests to declare.

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## Appendix 1

### Interviewees

Nick Agnew. Senior managerial roles in rail operations and contingency planning 1977–1987.

Norman Cohen. Joined London Transport's Operational Research Department in 1971. In 1979, joined the Bus Operating Department as General Manager of the newly formed Abbey District. In 1982 was appointed Operations Director, Bus Operating HQ.

Dr Nathan Darroch. Thirty-five-year career professional and academic career in Transport. Formerly land and vesting engineer for Transport for London, now lecturer at South Bank University.

Barry LeJeune. Career with London Transport from 1963 to 2000, principally in commercial and customer services roles. Public Relations Officer 1977–1987, subsequently Head of Customer Services.

Tony Read. Operations and planning roles 1977–1987, London Transport Buses and London Underground Limited.

John Self, OBE. London Underground General Manager (Jubilee, East London, and Victoria Lines).

## Appendix 2

### Interview questions

1. How did the engineering priorities of London Transport change 1977–1987?
2. How did the operating priorities of London Transport change 1977–1987?
3. How did the commercial priorities of London Transport change 1977–1987?
4. How did the market for transport in London change 1977–1987?
5. How did London Transport's relationship with municipal and national government change 1977–1987?

### Ethical approval

University of Essex, Social Sciences Ethical Approvals Committee, application ETH2021-1596.

### Consent

Written consent to interview was obtained from all participants *via* the following form:


#### Consent form


Title of the Project: Passengers, Citizens, Customers: London Transport Transformed 1977–1987.

Research Team: (Lead Researcher), (Researcher)


Please type your initials in the boxes below

1. I confirm that I have read and understand the Information Sheet dated for the above study. I have had an opportunity to consider the information and ask questions, and have had these questions answered satisfactorily.
2. I understand that my participation is voluntary and that I am free to withdraw from the project at any time without giving any reason and without penalty. I understand that any data collected up to the point of my withdrawal will be destroyed.
3. I understand that the research risks (social, legal, economic, reputational, safeguarding, health and safety) involved in this research are very low.


**4.** I understand that the identifiable data provided will be securely stored and accessible only to the members of the research team directly involved in the project, and that confidentiality will be maintained. 

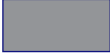
**5a.** I understand that my data will be used for research paper(s). I wish to remain anonymous, and I understand that my data will be given a pseudonym. 


**OR**

**5b.** I understand that my data will be used for research paper(s). I consent to my name and job title being listed separately as a general source in an annexe. 

**OR**

**5c.** I understand that my data will be used for research paper(s). I consent to being directly quoted in the main text. 

**6.** I understand that the data collected about me will be shared anonymously with the other named researcher (Dr Roy Edwards). 

**7.** I give permission for the anonymised transcripts arising from this interview to be used in this research and available for future research and learning activities by other individuals. 

**8.** I agree to take part in the above study. 

Participant Name:

Date:

Participant Signature (printed name accepted):

Researcher Name:

Date:

Researcher signature