

PREM 19/1579

PART 16

MT

SECRET

CONFIDENTIAL FILM

FINANCIAL POSITION OF THE
COAL INDUSTRY

MINeworkERS' PAY

NATIONALISED
INDUSTRIES

PART 1: JUNE 1979

PART 16: JAN 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
21/1/85							
4/1/85							
25.1.85.							
28.1.85.							
30.1.85							
31.1.85							
1.2.85							
4.2.85.							
5.2.85							
14.2.85							
8.2.85							
20.2.85							
21.2.85							
25.2.85.							
26.2.85,							
28.2.85							
28.2.85							
PT ENDS							

PART 16 ends:-

⑤ CC(85) 7TH Con. Min 4 LCA

PART 17 begins:-

ENERGY TO AT POWER STAYS 1.3.85

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(85) 7 th Meeting, item 4 Limited Circulation Annex	28/02/1985
CC(85) 7 th Meeting, item 4	28/02/1985
MISC 101(85) 8 th Meeting	26/02/1985
MISC 101(85) 7 th Meeting	18/02/1985
CC(85) 6 th Meeting, item 4 Limited Circulation Annex	14/02/1985
CC(85) 6 th Meeting, item 4	14/02/1985
MISC 101(85) 6 th Meeting	11/02/1985
CC(85) 5 th Meeting, item 3 Limited Circulation Annex	07/02/1985
CC(85) 5 th Meeting, item 3	07/02/1985
MISC 101(85) 5 th Meeting	04/02/1985
CC(85) 4 th Meeting, item 5 Limited Circulation Annex	31/01/1985
CC(85) 4 th Meeting, item 5	31/01/1985
CC(85) 3 rd Meeting, item 4 Limited Circulation Annex	23/01/1985
CC(85) 3 rd Meeting, item 4	23/01/1985
MISC 101(85) 3 rd Meeting	22/01/1985

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed J. Gray

Date 3/3/2014

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons HANSARD, 21 February 1985, columns 1203 to 1211: Coal Industry Dispute

House of Commons HANSARD, 4 February 1985, columns 613 to 704: Coal Industry Dispute

Signed J. Gray Date 3/3/2014

PREM Records Team

PRESS STATEMENT BY THE SECRETARY OF STATE FOR ENERGY

It is incredible that an NUM national executive which no longer represents the majority of miners should end in Mr Scargill again repeating that he is opposed to any pit, no matter how uneconomic, being closed after going through all of the appropriate procedures.

The sad fact is that coal faces are being lost week after week because of this unnecessary industrial action.

The final offer made by the Coal Board and conveyed to the NUM by the TUC is a document which embraces the NACODS agreement and deals with the crucial question of how the modified colliery review procedures agreed with NACODS can be implemented. If agreed to and put into operation, it will provide miners with the greatest influence they have ever had on the future of any individual colliery.

It is in the interests of every miner, his family and community, that miners return swiftly to normal working and the excellent offer that is available is put into effect.

ow

SECRET AND PERSONAL

Copy No 1 of 19

Private Memorandum ①

AT

60

Daily Coal Report - Thursday 28 February 1985

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	80
(iv) On strike/picketed out	14

Oakdale and Blaenant (South Wales) have moved from category (iv) to (iii).

By 7.30 pm 1,114 new faces had reported - an excellent total considering the uncertainty which today's meeting of the NUM national executive will have created for some miners. More than 95,000 NUM members have now returned: 51 per cent of total membership. Excluding the figures for Yorkshire and South Wales 74.2 per cent of NUM members are now not on strike.

Area attendances were as follows:-

			<u>Change on</u> <u>last Thursday</u>
Scotland	(24 hr attendance)	5,774	+ 641
North East	(24 hr attendance)	10,879	+ 2,161
Yorkshire	(24 hr attendance)	10,647	+ 3,102
North Derbyshire	(24 hr attendance)	7,265	+ 334
Western	(24 hr attendance)	12,337	+ 13
South Wales	(morning shift)	1,471	+ 980
Kent	(morning shift)	230	+ 59

Coal Movements

Fog affected road movements of coal yesterday: 190,000 tonnes were moved.

SECRET AND PERSONAL

SECRET AND PERSONAL

60 coal trains ran - a new record.

Law and Order

Generally quiet.

NUM

The NUM national executive met for seven hours today before deciding to hold a delegate conference on Sunday to decide the union's next move.

Earlier in the day the committee had approached the Coal Board, first through NACODS and then directly, about the possibility of using the NACODS agreement "as a basis" for new negotiations. They were, it seems, unwilling to accept the Coal Board's final offer as previously conveyed to them by the TUC. Scargill later said "We shall at no time sign an agreement acquiescing to the closure of pits and the destruction of jobs".

Notts Miners' Overtime

Although NUM members in Nottinghamshire have lifted the overtime ban NACODS indicated today they would refuse to co-operate pending a decision by their national executive committee who are due to meet next week.

Line to Take

Please draw on press statement issued tonight by the Secretary of State for Energy.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

PRESS STATEMENT BY THE SECRETARY OF STATE FOR ENERGY

It is incredible that an NUM national executive which no longer represents the majority of miners should end in Mr Scargill again repeating that he is opposed to any pit, no matter how uneconomic, being closed after going through all of the appropriate procedures.

The sad fact is that coal faces are being lost week after week because of this unnecessary industrial action.

The final offer made by the Coal Board and conveyed to the NUM by the TUC is a document which embraces the NACODS agreement and deals with the crucial question of how the modified colliery review procedures agreed with NACODS can be implemented. If agreed to and put into operation, it will provide miners with the greatest influence they have ever had on the future of any individual colliery.

did we really need to say this?

It is in the interests of every miner, his family and community, that miners return swiftly to normal working and the excellent offer that is available is put into effect.

28 February 1985

1. MR. BUTLER
2. PRIME MINISTER

Mr. David Hart

I have suggested
Some amendments to the letter
to Mr. Walker, but I think that
in any case you may like to
discuss.

FERB

cc. Mr. Atkin
Mr. Sherbourne
Mr. Turnbull

(i) Letter from Peter Walker

Peter Walker has written the attached personal letter to you about David Hart to which I have drafted a reply for you to sign. Because nothing these days is safe from leaks, I have had to make sure that it could appear in a newspaper without causing undue embarrassment.

I accept Peter Walker's account of events and believe his complaints about David Hart are justified. Though DH has on occasions provided you with useful intelligence he has recently been pursuing his own ends at the expense of those of the Government. For example, while professing total loyalty to you, he has not shrunk from denigrating Peter Walker's activities even though the latter was carrying out the line agreed with you and Ministers. DH has his own views on how the coal strike should end and has been pursuing his cause even when it conflicted with the interests of yourself and Peter Walker. And in so doing he has exploited his No. 10 connection.

I think you need to acknowledge most of Peter Walker's complaints. There is a danger that if PW finds himself threatened by DH he will unhesitatingly use DH against you to protect his own position. Our gratitude to DH for his pieces of intelligence does not extend to protecting him against his own folly.

(ii) How to deal with David Hart

We know that DH has been playing up his No. 10 connection to the point of embarrassing the Government in the recent TUC/NCB negotiations. We also know that he has tried to involve himself in the "Star Wars" issue in an attempt to act as a

.../

Mr. David Hart cont

- 2 -

'go-between' between you and the US administration. And who knows on what other sensitive subject (eg. Northern Ireland?!) he will turn to next.

So long as he feels he can telephone me regularly on whatever issue, so long will there be risk of grave embarrassment to you. I am also worried about Peter Walker's mention of a book by DH.

I think therefore we must consider how we sever the link with DH in a way which is clear to him but does not unduly offend him. I think this is something we need to talk about because I only want to act in accordance with your own interests and wishes.

STEPHEN SHERBOURNE

27.2.85



10 DOWNING STREET

THE PRIME MINISTER

Personal and Confidential

28th February, 1985

Thank you for your letter of 27th February about Mr. David Hart. I note your account of events and I am therefore deeply concerned by what you say.

Mr. Hart has no status at No. 10 and holds no position here, formal or informal, official or unofficial. Any contact he makes with members of my staff here is on his own initiative and without solicitation.

As you know, Mr. Hart has at times provided useful and accurate information. *But*
On no occasion did I or anyone else at No. 10 authorise Mr. Hart to pass instructions to Mr. MacGregor. Indeed, Mr. Hart was specifically told in the clearest terms that he was not to act in any way as a channel of communication to the Coal Board and he can have been in no doubt about this. I have insisted at all times that the correct channel of communication between Ministers and the Board was through you.

[I have to say, however, that it is a sad reflection on the management 'resources' of the Board that people like Mr. Hart could come to establish themselves so prominently in its affairs.]

.../2

Your letter ~~therefore~~ highlights certain problems ^{about the support available to Mr. McGregor} which at some stage we will have to discuss together.

I am gravely concerned that Mr. Hart may be producing an "inside story" of the coal strike. I agree with you that this is likely to be inaccurate and I shall certainly see that Mr. Hart is aware of my view that this would be an inexcusable breach of confidence

The Rt. Hon. Peter Walker, MBE MP

PERSONAL



File K

10 DOWNING STREET

From the Principal Private Secretary

27 February 1985

Following a conversation which I had with your Secretary of State yesterday, the Prime Minister has written in the attached terms to Jack Peel. This is a personal correspondence between the Prime Minister and Mr. Peel, and I should be grateful if you could ensure that it is not given further circulation beyond yourself and your Secretary of State.

File K

David Normington, Esq.,
Department of Employment.

PERSONAL

DM

PERSONAL



10 DOWNING STREET

*File AFJ
CD/M*

THE PRIME MINISTER

27 February 1985

Dear Sir,

I was very grateful for your letter of 6 February, which I read with great interest.

Matters have now moved on in the coal dispute and I hope that you feel that the Government responded in the right way to the TUC and that the NCB went as far as they properly could to get a settlement. It now looks as if, despite our hopes, that is not within our reach, unless there is a change of heart in the NUM Executive.

I was also grateful to you for warning me about the situation in British Rail. Nicholas Ridley is watching this closely but I hope that you will keep in touch with me about it.

I have considered very carefully your suggestion that you should become a part-time adviser to me on industrial relations and I have had a word with Tom King about it. Both he and I feel that you can be more valuable in the field of industrial relations by continuing to advise us on the present basis than by accepting any sort of official post in this field. I hope therefore that you will continue to give me advice from time to time on the present basis, which I greatly value. Tom King has said, however, that if you would like to have a talk with him about other ways in which you could help the Government he would be glad to do so.

Yours ever

Raymond

RP

Jack Peel, Esq, CBE, DL.

PERSONAL

SECRET AND PERSONAL

Daily Coal Report - Wednesday 27 February 1985

59

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	78
(iv) On strike/picketed out	16

By 6.00 pm 1,342 new faces had reported, bringing the total for the week so far to 6,663. Over 93,000 NUM members - 50.25 per cent - are now not on strike.

As yesterday, the best return - 540 - was in Yorkshire. Some 250 returned in the North East, 100 in Scotland and 120 in South Wales. Also in the North East there was a full return to work at the Derwent Haugh coke works.

Area attendances were as follows:-

			<u>Change on</u> <u>last Wednesday</u>
Scotland	(24 hr attendance)	5,687	+ 577
North East	(24 hr attendance)	10,695	+ 2,106
Yorkshire	(24 hr attendance)	9,989	+ 2,617
North Derbyshire	(24 hr attendance)	7,242	+ 235
Western	(24 hr attendance)	12,324	+ 283
South Wales	(morning shift)	1,374	+ 889
Kent	(morning shift)	219	+ 46

Coal Movements

191,000 tonnes were moved on Monday, and 200,000 tonnes yesterday.

54 coal trains ran yesterday.

SECRET AND PERSONAL

Law and Order

Generally quiet.

NUM

The NUM national executive meet tomorrow - Scargill now has his back to the wall.

The TUC general council today reaffirmed Congress policy to support the miners and to give financial help to alleviate hardship in mining communities - but Willis again confirmed that they had no plans for any new peace initiative.

Labour's national executive committee today urged the whole party to step up support for the NUM.

North East Ports

Four ships today left North East ports carrying coal for Thameside power stations. The lifting of the seamen's blockade follows the granting of last week's High Court injunction preventing the NUS from instructing members not to sail.

Line to Take

A majority of NUM members have now returned to work. The end is now in sight to this senseless dispute which has caused such damage to the coal industry and mining communities. The urgent task is now to get the whole industry working normally and for mining communities to learn to live and work with each other again.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

Ref. A085/625

PRIME MINISTER

Cabinet: Industrial Affairs: Coal

You will wish to invite reports from:

i. the Secretary of State for Energy on:

the number of miners and pits working;

coal production and movements;

likely developments in the return to work now that more than 50 per cent of NUM members are no longer on strike;

likely outcome of forthcoming NUM meetings; the NEC is due to meet on Thursday; area meetings in the South Wales and Durham coalfields are to be held on Friday;

the likelihood of other areas following the Notts lead in abandoning the overtime ban;

ii. the Secretary of State for Employment on the prospects of any further action by the TUC to achieve a settlement of the strike;

SECRET

iii. the Secretary of State for Transport on:

prospects for the movement of coal by rail following BR's decision to approach that part of their workforce involved over the heads of their unions;

the significance of the recent sailing of three coal ships from the North East for future movement of coal by sea;

iv. the Home Secretary on law and order;

v. the Attorney General on significant developments in the Courts (charges of unlawful assembly against 21 Yorkshire miners were dropped in Nottingham Magistrates Court on 26 February and it is reported that similar charges against a further 60 men will shortly be dropped).

2. A meeting of MISC 101 has been arranged for Monday 4 March at 10.00 am.

RIA

ROBERT ARMSTRONG

27 February 1985

2

SECRET

BRIAAR

01 211 6402

P E Heathfield Esq
Secretary
National Union of Mineworkers
St James' House
Vicar Lane
Sheffield
South Yorkshire
S1 2EX

26 February 1985

P E Heathfield

Thank you for your letter of 22 February in which you asked whether or not the NACODS agreement of last October is available to the NUM. It was of course made clear last October that this agreement was available to the NUM. It was, however, not only rejected by the NUM but in an interview concerning the agreement your President, Mr Scargill, stated "Anybody who claims to be on the Left and suggests that the NACODS deal was acceptable is quite frankly bloody stupid - the deal was an absolute sham".

In your letter you state that you have been faced by a demand from the National Coal Board that you sign an agreement dealing with the future of collieries. You are well aware that the National Coal Board freely entered talks with the TUC at the latter's request in order to produce a wording that would be the firm agreement on the main issues of this dispute.

Seven leading trade unionists at the meeting with the Prime Minister confirmed that this was the position and, as you know, the wording was provided to you last Thursday by the TUC.

The document contains all the appropriate references to the modified colliery review procedures in accordance with the principles agreed with NACODS. Unfortunately you and your executive have rejected this document.

The Coal Board have made clear publicly, as they have made clear to the TUC, that this was their last word on these issues. For it is a document which carries within it not only the spirit of the NACODS agreement but also the spirit of the compromise proposal made by ACAS last October, also rejected by you. It also contains clarifications asked for by the TUC itself.



I hope therefore on reflection your executive will now see the importance of swiftly accepting this document as the firm agreement on the main issues of the dispute, thus bringing the dispute, and the damage to your members, their communities and their industry, to an end.

Peter Walker

PETER WALKER

57

Prime Minister ①

Daily Coal Report - Tuesday 26 February 1985

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	78
(iv) On strike/picketed out	16

Kinsley (Barnsley) and Lady Winsor (South Wales) have moved from category (iv) to (iii).

Another excellent day. By 6.00 pm 1,464 new faces had reported bringing the total for the week so far to 5,308. The Coal Board announced this afternoon that the number of NUM members not on strike had now risen to 92,000 ie over 49.5 per cent of total NUM membership.

553 of the new faces on the morning shift were in Yorkshire, 318 in the North East and 202 in South Wales.

Area attendances were as follows:-

			<u>Change on</u>
			<u>last Tuesday</u>
Scotland	(24 hr attendance)	5,584	+ 493
North East	(24 hr attendance)	10,360	+ 2,052
Yorkshire	(24 hr attendance)	9,349	+ 1,929
North Derbyshire	(24 hr attendance)	7,085	+ 547
Western	(24 hr attendance)	11,835	+ 142
South Wales	(morning shift)	1,258	+ 780
Kent	(morning shift)	216	+ 37

Coal Movements

The Coal Board confirmed today that just over 1 million tonnes were moved last week - a significant milestone. 648,000 tonnes went to the CEGB.

38 coal trains ran yesterday.

Law and Order

Still generally quiet.

NUM

Scargill's talks with the TUC ended without indication of any new initiatives. Scargill said the union had agreed "to keep in touch" with the TUC.

In the various NUM regions signs of tension and division continue. The Yorkshire area council today decided to continue with the dispute whilst seeking a negotiated settlement. Durham area officials claimed there would be no question of their members going back unless there was a national agreement to end the strike - but a coalfield conference has been called for Friday. The South Wales area president today said he would be calling on the union's national leadership to "appraise the situation in a realistic manner". Delegates from all 28 South Wales pits are also to hold a coalfield conference on Friday.

The Secretary of State for Energy has replied to Mr Heathfield's letter - copy of reply attached.

Rail Unions

The BR management today made a new attempt to halt the ban on coal movements and informed the unions that it will be talking directly to the 3,500 rail staff concerned. Department of Transport advise that the BR management are confident this

SECRET AND PERSONAL

pressure will not create a new flashpoint.

Line to Take

Over 49 per cent of the NUM membership is now back at work. This is decisive evidence that miners have decided to end this needless dispute, despite all the efforts of Scargill and his fellow extremists to sustain a political confrontation. The record movement of coal achieved last week is further evidence that the end of the strike is now near. Those still on strike can now see that their actions have been futile. To help secure their own future, and the well-being of their families and communities they should return to work tomorrow.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL



SECRETARY OF STATE FOR ENERGY

01 211 6402

P E Heathfield Esq
Secretary
National Union of Mineworkers
St James' House
Vicar Lane
Sheffield
South Yorkshire
S1 2EX

26 February 1985

P E Heathfield

Thank you for your letter of 22 February in which you asked whether or not the NACODS agreement of last October is available to the NUM. It was of course made clear last October that this agreement was available to the NUM. It was, however, not only rejected by the NUM but in an interview concerning the agreement your President, Mr Scargill, stated "Anybody who claims to be on the Left and suggests that the NACODS deal was acceptable is quite frankly bloody stupid - the deal was an absolute sham".

In your letter you state that you have been faced by a demand from the National Coal Board that you sign an agreement dealing with the future of collieries. You are well aware that the National Coal Board freely entered talks with the TUC at the latter's request in order to produce a wording that would be the firm agreement on the main issues of this dispute.

Seven leading trade unionists at the meeting with the Prime Minister confirmed that this was the position and, as you know, the wording was provided to you last Thursday by the TUC.

The document contains all the appropriate references to the modified colliery review procedures in accordance with the principles agreed with NACODS. Unfortunately you and your executive have rejected this document.

The Coal Board have made clear publicly, as they have made clear to the TUC, that this was their last word on these issues. For it is a document which carries within it not only the spirit of the NACODS agreement but also the spirit of the compromise proposal made by ACAS last October, also rejected by you. It also contains clarifications asked for by the TUC itself.



I hope therefore on reflection your executive will now see the importance of swiftly accepting this document as the firm agreement on the main issues of the dispute, thus bringing the dispute, and the damage to your members, their communities and their industry, to an end.

A handwritten signature in cursive script, which appears to read "Peter Walker". The signature is written in dark ink and is positioned to the right of a large, stylized flourish that resembles a large, open 'Y' or a similar calligraphic element.

PETER WALKER

Daily Coal Report - Monday 25 February 1985

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	76
(iv) On strike/picketed out	18

Horden (North East) has moved from category (iv) to (iii).

Today's return to work set a new record of 3,807 new faces - real, but unsurprising, evidence that the strike is slipping away from Scargill. 1200 of the new faces were in the North East, 1,157 in Yorkshire, 552 in South Wales (a most encouraging development), 235 in Scotland, 147 in the Western Area and 113 in North Derbyshire.

Area attendances were as follows:-

			<u>Change on</u> <u>last Monday</u>
Scotland	(24 hr attendance)	5,434	+ 419
North East	(24 hr attendance)	9,330	+ 1,485
Yorkshire	(24 hr attendance)	8,442	+ 1,433
North Derbyshire	(24 hr attendance)	6,511	+ 236
Western	(morning shift)	6,816	+ 58
South Wales	(morning shift)	1,052	+ 584
Kent	(morning shift)	199	+ 30

Coal Movements

It seems likely that the Coal Board achieved a record movement of coal last week. The final figure will be confirmed tomorrow.

58 coal trains ran on Friday - the best since June.

SECRET AND PERSONAL

Law and Order

Generally quiet today.

The majority of those arrested in Sunday's demonstration in London were not miners.

NUM

Today's substantial return seemingly rattled Scargill. He claimed this morning that the figures were disastrous and that 124,000 NUM members remained on strike. (The actual number is 95,000. Over 91,000 - some 49 per cent - are now not on strike).

Scargill suffered a further blow when the Nottinghamshire NUM area council decided by a two to one majority to end the overtime ban with immediate effect.

NUM lodge officials at Cynheidre pit, where more than 300 out of the 1100 workforce are now back at work, today urged South Wales miners' leaders to recall the area conference to discuss an organised return to work. NUM branches at Ledstone ~~Lack~~, Allerton and Sharlston in Yorkshire have tabled motions to their area council seeking a return to work without an agreement. A mass meeting at Easington pit in County Durham today voted by a large majority for the NUM delegate conference to be recalled to discuss an organised national return to work.

This afternoon Scargill was meeting the TUC Finance and General Purposes Committee. At the time of writing no report of the meeting was available.

Mr Kinnock today accused the Government of being "foolish and divisive" in seeking to achieve a return "by attrition". Mr Orme was reportedly intent on contacting both sides to arrange further talks.

SECRET AND PERSONAL

SECRET AND PERSONAL

The NUM has now written directly to the Secretary of State for Energy - copy attached. Like today's meeting with the TUC this seems an attempt to pretend that the negotiating ball is still in play.

Line to Take

Today's return to work has set a new record. 49 per cent of NUM members have now returned. The commonsense of the ordinary miner is defeating the violence and political warfare of the extremists. This welcome return to sanity augurs well for the country, for mining communities and for all who depend on the industry. Scargill's grip is now being broken.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

NATIONAL UNION OF MINeworkERS

ST. JAMES' HOUSE, VICAR LANE,
SHEFFIELD, SOUTH YORKSHIRE S1 2EX

President A. SCARGILL

Secretary P. E. HEATHFIELD

Telephone: 0742 700388

Please quote our reference in reply:

Your Ref:

Our Ref: PEH/yf

Mr. Peter Walker,
Secretary of State for Energy,
Thames House South
Millbank
LONDON SW1P 4QJ



22nd February, 1985

Dear Mr. Walker,

For the past 12 months the NUM has been involved in strike action as a result of the National Coal Board announcing a pit closure programme on the 6th March, 1984, and also indicating its intention to close five collieries where there had been specific undertakings given under the established procedures which operate in the industry.

In the course of this dispute, the NUM have attempted to negotiate a settlement but are constantly faced with a demand from the National Coal Board that we sign an agreement dealing with the future of collieries.

The Union has made clear its willingness to accept the modified colliery review procedure which was negotiated at ACAS last October. Mr. David Hunt, in the House of Commons on the 4th February, indicated this agreement was available to the NUM. Could I ask you to confirm that that part of the NCB/NACODS agreement dealing with the modified colliery review procedure (see attached) is available to the NUM?

Yours sincerely,

A handwritten signature in cursive script, appearing to read "P.E. Heathfield".

P.E. HEATHFIELD
Secretary

SECRET

P.01506

PRIME MINISTERMISC 101(85)8th Meeting: Coal

You will wish to invite reports from:

- i. the Secretary of State for Energy on:
- the number of pits and miners working;
 - coal movements last week;
 - the prospects for maintaining the increase in the numbers now returning to work;
 - the NCB's intended course of action once more than 50 per cent of NUM members are working;

(Do we think that the return to work will accelerate further when the 50 per cent figure is reached? Or shall we be getting to the hard core? Will the return tail off when the tax benefits disappear? What do the NUM mean by guerilla warfare, and how should the NCB deal with it?)

- what NACODS might now do;
(NACODS leaders expressed disappointment at the NUM rejection of the NCB document last week, but their Executive Committee is believed to be meeting on 1 March to consider their next step. It would be a pity if NACODS were to be given any pretext to give practical support to Mr Scargill, as their President is believed to be keen to do.)
- latest developments relating to the overtime ban in Nottinghamshire;

SECRET

SECRET

ii. the Secretary of State for Employment on:

- the outcome of the TUC Finance and General Purposes Committee meeting with Scargill, McGahey and Heathfield on 25 February;
- prospects of further action by the TUC;

iii. the Secretary of State for Transport on:

- prospects for a further improvement in the rail movement of coal;
(The British Rail Board are scheduled to meet Messrs Buckton (ASLEF) and Knapp (NUR) on Tuesday 26 February to discuss union blacking of coal movements)
- movement of coal from the North East in ships;

iv. the Home Secretary on:

- law and order;
- current levels of policing in the coal fields;

v. the Attorney General on:

- any significant developments in civil court actions.

2. You may wish once again to get agreement on the line for Ministers to take should they need to make public comment on any aspect of the dispute.

3. The next opportunity for discussion will be under the Industrial Affairs item at Cabinet on 28 February. The next Misc 101 is arranged for Monday 4 March at 10 am.


P L GREGSON

25 February 1985

COVERING SECRET

Copy No. ① of 4

53



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 7214

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

25 February 1985

Dear Andrew

I attach the latest weekly report on coal
and power station statistics.

Copies also go to Margaret O'Mara and
Richard Hatfield.

Yours ever

John

J S NEILSON
Private Secretary

COVERING SECRET

22 February 1985

1/14

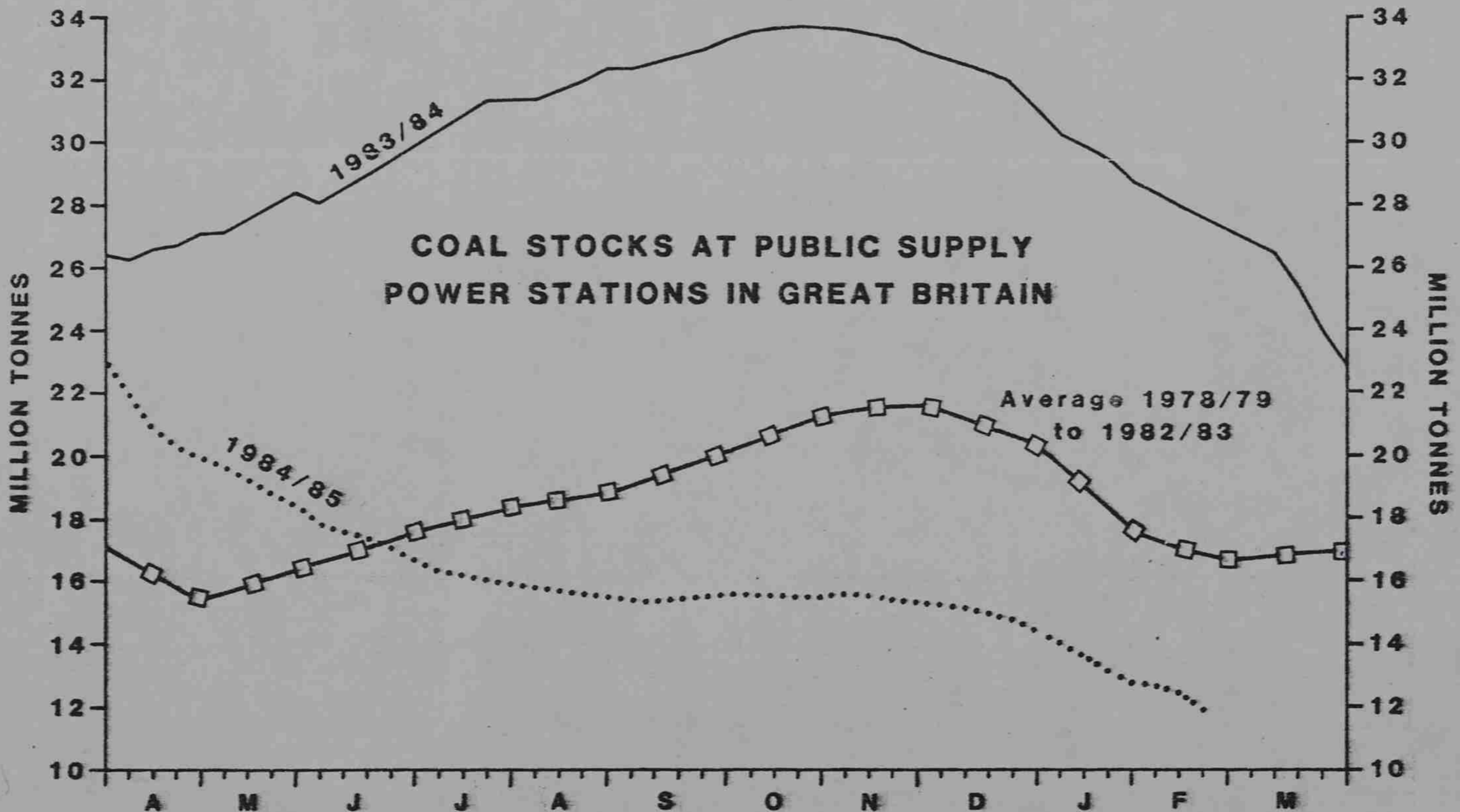
WEEKLY COAL AND POWER STATION STATISTICS (1)

EcS Division, Dept. of Energy, Thames House South, Millbank SW1P 4QJ. Phone: 01-211-6928

Week ending 18.2.84 : 26.1.85 2.2.85 9.2.85 16.2.85

COAL	PRODUCTION (m. tonnes)	deep mines+	1.64 :	0.68	0.73	0.76	0.74
		opencast+	0.30 :	0.27	0.27	0.29	0.30
		TOTAL	1.94 :	0.95	1.00	1.04	1.04
	PRODUCTIVITY(2) (tonnes/manshift)	'overall' o.m.s	2.29 :	0.0	0.0	0.0	0.0
		'production' o.m.s	9.79 :	0.0	0.0	0.0	0.0
UNDISTRIBUTED STOCK (m. tonnes)		TOTAL	22.98 :	20.57	20.53	20.61	20.96
STATIONS	COAL STOCKS (m. tonnes)		27.56 :	12.80	12.68	12.45	11.87
	COAL CONSUMPTION	"	1.89 :	1.05	0.78	0.89	1.20
	COAL RECEIPTS	"	1.46 :	0.66	0.65	0.66	0.62
STATIONS	OIL STOCKS(3)	"	1.25 :	1.11	1.07	1.08	1.05
	OIL CONSUMPTION(3)	"	0.09 :	0.61	0.65	0.60	0.63
	OIL RECEIPTS(3)	"	0.03 :	0.50	0.55	0.57	0.54
POWER	ELECTRICITY SUPPLIED (4) (GWh)		:				
	Nuclear	"	934 :	1,170	1,213	1,140	1,113
	Other Steam	"	4,566 :	4,742	4,348	4,477	5,100
	TOTAL	"	5,500 :	5,912	5,561	5,617	6,213
	TOTAL - temperature corrected	"	5,285 :	5,667	5,778	5,617	0.0

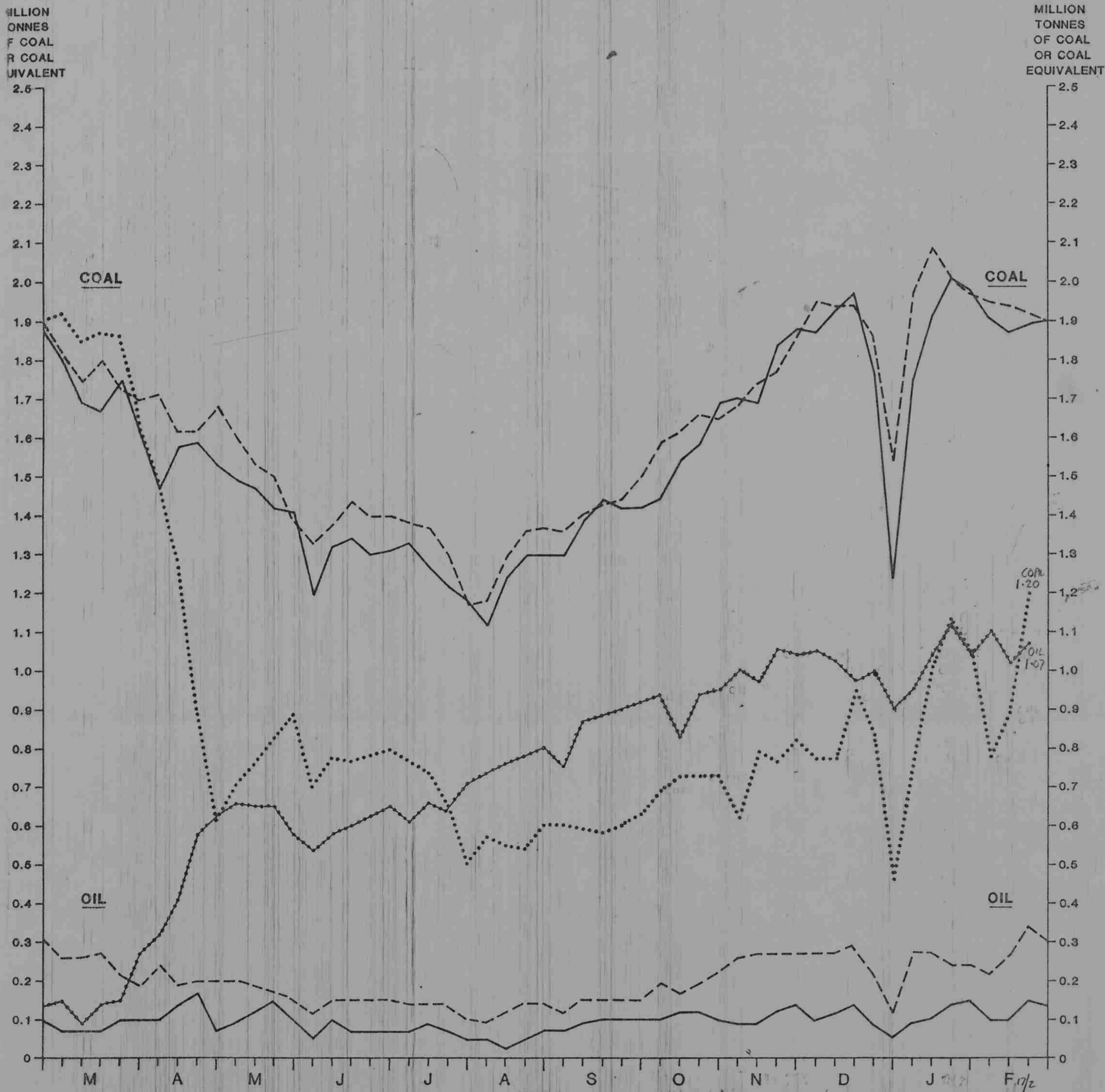
(1) Great Britain unless otherwise stated. All latest figures are subject to revision.
 (2) NCB mines only. (3) Oil-fired boilers only. (4) Steam stations only.
 at available. + includes licensed production.



COAL CONSUMPTION AND OIL CONSUMPTION (OIL FIRED) AT PUBLIC SUPPLY POWER STATIONS IN GREAT BRITAIN

Key

- COAL } March 84 to February 85
- OIL } March 84 to February 85
- March 83 to February 84
- Average 1977/78 to 1981/82



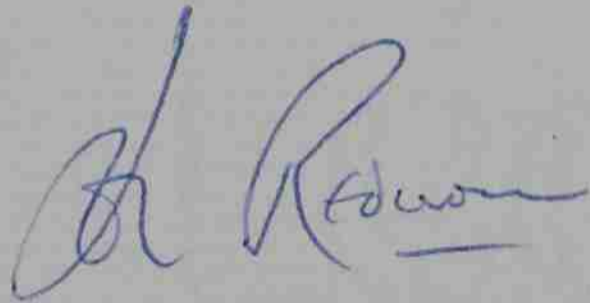
CONFIDENTIAL

MR TURNBULL

25 February 1985

MINERS' DISPUTE

We are close to the 50% return. It is important that any statement issued to mark this event should not foreclose any of the options for the future commercial development of the industry, or for exerting more pressures on those still on strike.



JOHN REDWOOD

CONFIDENTIAL

ew

SECRET AND PERSONAL

Prime Minister

524

Daily Coal Report - Friday 22 February 1985

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	75
(iv) On strike/picketed out	19

md

By 4.00 pm 456 new faces had reported - the highest Friday total since November. This compares to just 93 last Friday, and augurs well for the week ahead.

Of the 186,064 NUM members more than 87,500 (47 per cent) are no longer on strike.

Area attendances were as follows:-

			<u>Change on last Friday</u>
Scotland	(24 hr attendance)	5,199	+ 263
North East	(24 hr attendance)	8,510	+ 860
Yorkshire	(24 hr attendance)	7,650	+ 619
North Derbyshire	(24 hr attendance)	6,794	+ 258
Western	(24 hr attendance)	12,111	+ 116
South Wales	(morning shift)	509	+ 96
Kent	(morning shift)	154	- 10

Coal Movements

Yesterday was another excellent day: 205,000 tonnes were moved.

54 coal trains ran.

Today's movements were also encouraging, though final figures

will not be known until early next week - and coal is again moving through the North East ports.

Law and Order

Generally quiet.

NUM

Given the prospect that many miners may be tempted to abandon the strike it is more than likely that Scargill will attempt some new diversion over the weekend. However there are signs that the NUM leadership is in some disarray.

McGahey has talked of the union appealing over the heads of the TUC for support from the trade union movement - and is likely to make this a theme of Sunday's rally in London.

Heathfield claimed that the union had not isolated itself from the TUC and hoped the union could meet the TUC's finance and general purposes committee to explain its position and "move forward".

The NUM leadership may be encouraged by today's decision of the South Wales NUM leaders to endorse yesterday's delegate conference decision and stay on strike. However it is not without significance that at Cynheidre pit (sometimes referred to as the Bilston Glen of Wales), where 155 men were present this morning, NACODS men today returned for the first time.

Line to Take

Over the last year the NUM leadership have ruthlessly exploited the traditional loyalty of NUM members. They have turned down the best offer since nationalisation, rejected the ACAS compromise proposal, and slapped the TUC in the face. They have

SECRET AND PERSONAL

done all in their power to prevent NUM members from exercising their democratic rights. They have caused untold misery for mining communities and for individual miners both striking and working. Given half a chance they would keep the conflict going whatever the price to the industry and the country.

Striking miners have already paid too dearly for their loyalty to such a leadership. They must not be exploited further. They can end the misery decisively by returning to work on Monday to join the 47 per cent of NUM members who have already taken this step.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

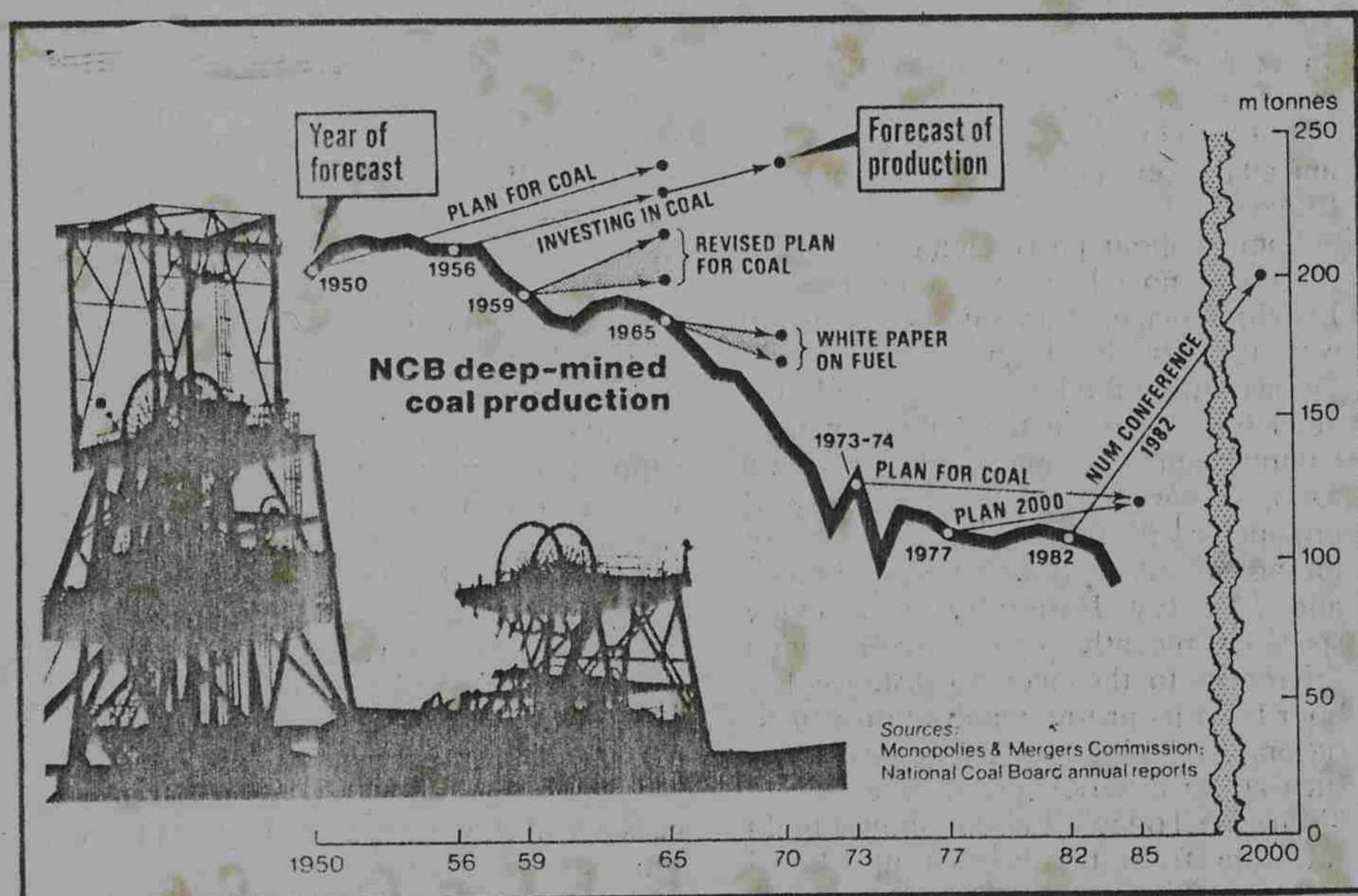
SECRET AND PERSONAL

PRIME MINISTER

22 February 1985

"PLAN FOR COAL" - THE DANGERS OF WISFUL THINKING

Every long-term plan for the UK coal industry formulated since the last War has been flawed by wishful thinking.



Such ill-founded optimism carries the seeds of its own destruction - excess capacity, marginal cost exceeding marginal revenue, resources diverted not into productive investment but into subsidising uneconomic surplus capacity.

The NCB's latest proposal to prepare a new Plan for Coal within 6 months, "with a view to establishing a developing and expanding coal industry, equipped to meet future energy requirements", bears the same fatal hallmarks of long-term target-setting based on wishful thinking. The annex to the NCB proposal is revealing.

The downward trend is reversible, but only by abandoning the traditional NCB/NUM approach to planning. The very idea of a "Plan for Coal" is ill-conceived in assuming that there is a set of production targets which, if met from the most productive sources, will satisfy the demand for coal at prices which will yield a profit.

Energy markets are too complex, dynamic and uncertain to permit this type of long-term planning. We don't know whether coal demand in the mid-1990s will be 60 million tonnes per annum or 110 mt pa. We can be pretty sure that if the NCB aims at the high end of the range, without first closing down uneconomic capacity, their coal will be so dear demand will be much lower.

The "MacGregor Miracle" is only possible with a new style of coal industry, resilient to the uncertainties ahead. Present deep-mined capacity may have to be reduced by 30 mt pa entailing total redundancies from the industry approaching perhaps 100,000. The considerable further scope for increased productivity will have to be realised. For example, the restrictive practices currently in force in the UK coal industry, require that one shift cannot go underground until the other has come up. There is no three-shift working. In consequence, the utilisation of expensive plant and equipment is half that of comparable deep mines in, say, Germany.

The formula for a profitable, expanding coal industry is:

- cheap coal from the most economic deep mines, and double the open-cast capacity, chasing new business; and
- generating profits for the development of new superpits operated at maximum productivity.

No doubt the NCB envisage an eventual return to work followed by what is described in their latest proposal as "a period of conciliation and reconstruction", the formulation and agreement of a new Plan for Coal (in the old mould) and, thereafter, resumption of the closure programme. They would contest the idea of a take-it-or-leave-it chance for striking miners to return once the 50% milestone is reached. They would see this as leaving them with insufficient manpower resources to rebuild a viable industry structure.

On the contrary, it should facilitate the all-important metamorphosis to a lean and competitive industry. That is the only Plan for Coal worth the paper on which it is written.

JW

JOHN WYBREW



file

P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

END GAME

As we approach the conclusion of the miners' strike - since even in the light of last night's rejection by the union of the Coal Board's proposals the effective end of this dispute is really in sight - there will be an understandable temptation to rush things through and to ignore points of enduring principle which, after heavy drafting sessions, only too often become relegated to points of detail.

There is now a Coal Board document which is officially stated to be the final word from Hobart House. Given the Coal Board's negotiating record since July, when it started to make serious and damaging concessions both to Mr Scargill and, later, to Nacods, this newspaper would have no profound confidence in the professed finality of that document any more than it believes that the substance of a settlement with the Mineworkers Union on these terms holds much hope of a healthy future for the British coal industry. Our own ideas for the essential restructuring of the industry which have been put frequently in these columns already, will be deployed in fuller detail when work resumes. In the meantime, however, the Coal Board's final position has to be taken at its full word because it has now not only received the endorsement of Mr Peter Walker, the Secretary of State (and therefore by extension the Prime Minister) but because its finality, at least, if not its merits, have been agreed by Mr Willis and his colleagues on the TUC.

Not too much should be made of that agreement, but we should be clear about it. Mr Willis and his colleagues, individually and collectively, have agreed with the Secretary of State that the document cannot be further amended. They have said that it provides no basis for further negotiation. That is what Mr Walker and Mr MacGregor assume they will have told the national officials of the NUM yesterday. They have not therefore recommended the docu-

ment. They have nothing to say about the merits of a settlement based on it.

Last night's rejection thus again restores Mr Scargill's freedom of manoeuvre, just as he did at Congress in September. Then he extracted promises of full TUC support for his strike without having to concede any substantial TUC involvement in his operations. The fact that the TUC has been negotiating on behalf of Mr Scargill's union over this weekend reflects divisions within his NEC. But we should not delude ourselves too soon into thinking that, now that the TUC has discharged this limited function, it will have much effect on the outcome of the argument which will continue to unfold between factions within the NUM.

Whatever tactical calculations can be made after today's delegate conference about future political developments within the NUM, the Coal Board's final position is now available for assessment. It can be judged against the underlying principles in defence of which the strike has had to be resisted at so much social financial and political cost to the country. The original principle was an industrial and economic one. It concerned the duty of a public enterprise to manage its operations on behalf of its owners, the taxpayers, but with due regard for the wellbeing of those working in the industry. To discharge that responsibility the Coal Board had to preserve its final managerial prerogative to take decisions which serve the best interests of the industry, always respecting agreed procedures within it but remembering that the overall interest of the industry, and its paymasters, was not to run it as an expensive system of outdated industrial welfare, but as an organization which could make a valuable economic contribution to Britain's economic future.

Mr Walker and Mr MacGregor will assert that the Coal Board's final document subscribes to these industrial prin-

ciples. The Coal Board's final duty to take managerial decisions is upheld and, should the NUM eventually agree, the union's respect for that prerogative and compliance with the preliminary procedures will also be upheld.

The economic principles are less clearly to be seen. It is true that the Coal Board in the document asserts the view that the union membership's best interests would be served by the development of an economically sound industry. That has nowhere been asserted by the NUM which, if it had agreed to the document as a whole would have recognized only implicitly the economic case. Such an omission can only spell trouble for the future, and it should not have been left so vague.

This vagueness will aggravate the detailed negotiations that would have to ensue on questions of pay, amnesty for convicted miners and composition of the review bodies. But there is an even more important reason for regret that the Mineworkers Union might have been allowed to escape from any explicit embrace of the sound economic principle which the Coal Board has spelt out on its own, and for which it has held out over all these months. That concerns the conduct of the dispute which apparently started as an industrial and economic one and subsequently developed into an issue concerning major questions of public order, freedom, violence and constitutional authority.

So much has thus been at stake, though none of those issues will feature in the final settlement. It should have been all the more important, therefore, to see that the industrial and economic elements of the dispute were so clearly expressed that they needed no further explanation to reassure the general public that the struggle was worth being joined. Signatures on the document would not have been enough to reassure the nation of that point.

THE THIN RESERVE LINE

In a series of articles this week we have pointed to some of the changes which have transformed Britain's armed forces in recent

determined by a number of assumptions, chief among which is that the next world war

National Service of - as in the case of the

As seen through the eyes of the bishops'

From the Right Rev. Tomkins

Sir, As one of the presenters of the Commission on the Bishops' Role in the World (February 16) from Norwich.

He rightly says for the consecration of the *Alternative Service Book* fronts every bishop clearly with "the fullness of the faith" before the laying on of hands. Dr. Tomkins answered "clearly and confidently" in the questions put to the archbishop. I do not think he was lying.

What is at stake in the consecration of the word of God. I personally interpret, e.g., accounts of the Resurrection is neither that of Durham nor that of Norwich, and I claim as either of them affirmatively to questions of the order of things.

Those responsible for mending men to fill soon vacant will family life of the Church still needs different to lead it.

Yours faithfully,
† OLIVER TOMKINS
14 St George's Square
Worcester.
February 16.

From Sir John Barrow
Sir, Clifford (February 9) comes Bishop of Durham Bishop of Birmingham 1953. Canon Bentham builds on this to have been here before.

But have we? Might not have agreed Dr Jenkins's and he certainly would have expressed them in language. He had simple religion and human frailty.

Nevertheless, I saw fit to condemn views, saying that himself he could not of a bishop - and my father should the same time. establishment into Retirement. Mr designed to oust father on doctrine did not succeed.

Unlike Fisher Archbishop of Canterbury remarks to the Commission February 13, has and commendable. The Church of England if not comprehend ask either of the

COVERING SECRET

Copy No ① of 4



BF / Moscow folder
52

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 7214

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

21 February 1985

Dear Andrew,

POWER STATION ENDURANCE

I attach the latest weekly report.

Copies also go to Margaret O'Mara and
Richard Hatfield.

*Yours ever
John*

J S NEILSON
Private Secretary

COVERING SECRET



POWER STATION ENDURANCE

1 Coal deliveries to CEGB power stations last week amounted to some 0.62mt (including non-NCB sources). Coal burn was 1.15mt and stocks fell by 0.53mt. The Board's stocks on Sunday night (17 February) were 11.37mt with a further 0.52mt at Scottish power stations.

2 Total NCB deliveries last week were estimated to amount to some 0.85mt of which about 0.27mt went to customers other than power stations.

3 The average rate of deliveries to CEGB power stations over the whole period of the strike has been 0.54mt. The average over the past eight weeks has been 0.54mt, but this period includes the Christmas and New Year holidays when deliveries are traditionally low.

4 The CEGB's estimate of the range of endurance outcomes is as follows:-

<u>Future usable coal deliveries</u>	<u>System Endurance</u>	
	<u>80% Oil burn</u>	<u>100% Oil burn</u>
0.30mt/week	early June	late October
0.40	mid July	mid December
0.43	-	January 1986

Department of Energy

20 February 1985

SECRET AND PERSONAL

Daily Coal Report - Thursday 21 February 1985

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	75
(iv) On strike/picketed out	19

Oakdale (South Wales) has been downgraded from category (iii) to (iv). But this does not imply any major movement: 2 men were present today compared to 4 last week.

By 6.00 pm 129 new faces had reported bringing the total for the week to 1,744.

Area attendances were as follows:-

			<u>Change on</u> <u>last Thursday</u>
Scotland	(24 hr attendance)	5,133	+ 211
North East	(24 hr attendance)	8,718	+ 702
Yorkshire	(24 hr attendance)	7,545	+ 567
North Derbyshire	(24 hr attendance)	6,931	+ 56
Western	(24 hr attendance)	12,051	+ 195
South Wales	(morning shift)	491	+ 84
Kent	(morning shift)	171	- 1

Coal Movements

201,000 tonnes were moved yesterday.

56 coal trains ran.

SECRET AND PERSONAL

SECRET AND PERSONAL

Today the main news was that handlers at Blyth and Jarrow ports started loading coal ships, including two ships destined for power stations in the Thames valley: further significant evidence of a weakening of the strike in the North East.

Law and Order

Quiet again, with reports that many pickets are in a despondent mood.

NUM

A copy of the Coal Board's final proposal to the TUC is attached.

Following last night's rejection of the proposals by the NUM national executive the outcome of today's delegate conference was a foregone conclusion. It sinks the TUC initiative, and virtually eliminates any other prospect for negotiation. Given the union's intransigence the Coal Board will do everything possible to encourage a major return to work by ordinary miners.

Frances/Seafield Pit

NUM pickets prevented NACODS members from entering the pit today to make vital inspections despite warnings by the Board that their action could lead to further job losses.

High Court

The Court today ordered that the NUM's challenge to an injunction against use of its "Star Chamber" disciplinary machinery should be heard in the week beginning 4 March. The injunction was granted to nine working miners at the Woodside drift mine near Consett without the union being present or represented.

SECRET AND PERSONAL

SECRET AND PERSONAL

Line to Take

Please draw on today's Parliamentary Statement by SOS for Energy
- attached.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

NATIONAL COAL BOARD
HOBART HOUSE
GROSVENOR PLACE
LONDON SW1X 7AE

01-235 2020

CHAIRMAN
Ian MacGregor

20th February, 1985.

Mr. Norman Willis,
General Secretary,
Trades Union Congress,
Congress House,
Great Russell Street,
London, W.C.1.

The Secretary of State for Energy reported to me the points that you made in the talks at No. 10 Downing Street with the Prime Minister.

The Secretary of State confirmed that it was the view of the TUC that the document that we had prepared subsequent to discussions with you was a document that, if agreed to, would for all of the matters dealt with in this document be the final agreement, and was in no way a document which would be an agenda or form the basis of any further negotiations.

We note also that the TUC confirm that the Executive of the NUM had accepted the Board's duty to manage the industry efficiently; had confirmed its acceptance of a modified Colliery Review Procedure; and had accepted that the Board would take the final decision on closures after completion of all the review procedures.

The Secretary of State reported to us that you felt that our requirement in paragraph 5 that existing procedures should apply until a modified procedure was agreed was in some way a rejection of the agreement we had reached with NACODS. We in no way intend to reject the NACODS agreement, and indeed we confirm that it is our objective to put swiftly into operation the NACODS procedure. However, as I gather the Prime Minister and the Secretary of State explained the Board could not accept a situation where if, for example, the NUM refused to agree to the detail of the independent body, no review procedures would exist. This might in effect, result in the NUM frustrating any reasonable plans for closures. In order to clarify our objective, we have revised the wording of this provision so that it expresses our aim of seeing that the modified procedures are in place by the time they are needed and that existing procedures would continue to apply in the event of failure to reach agreement.

He also reported that you were concerned that Clause 6 of our proposals might be taken to imply that we had in mind closing collieries without the Unions having had the opportunity to refer a case to the independent review body to be set up under the modified procedures. We have therefore re-ordered this part of the document in order to make clear that this has never been our intention.

We hope therefore that this clarification of our original document will meet fully the doubts which you expressed at the meeting with the Prime Minister. Having given careful consideration to your views, I wish to make it clear that this must now constitute our final wording. We hope that the NUM Executive will accept this as a means of ending the present damaging dispute and allowing all sides of the industry to concentrate their attention on the future success of the industry.

Sincerely,

1. It is of crucial importance for the parties concerned in the current dispute to concentrate attention on the future success of the industry and in so doing to commit themselves to reconciliation and restoration of relationships.
2. The NUM recognise that it is the duty of the NCB to manage the industry efficiently and to secure sound developments in accordance with their responsibilities and the NCB recognise that the NUM represents and advances the interests of its members and their employment opportunities. In this regard the NCB is firmly of the view that the interests of all of its employees are best served by the development of an economically sound industry.
3. The parties undertake that immediately upon a return to normal working, discussions will commence upon the revision of the Plan for Coal, such revision to be completed within 6 months. In order that this programme, which is of vital importance to the industry, the mining communities and the country, is carried through with the utmost effectiveness the parties specifically and mutually commit themselves to giving maximum priority to this period of conciliation and reconstruction and providing the necessary resources. The TUC undertake to provide assistance if called on by either the NUM or the NCB. The issues that could be included in discussions are attached as an annex. Nothing in this paragraph will prevent any party from referring collieries to the Review Procedure.
4. The parties accept that it is of value to outline, at this stage, the procedures that flow from a commitment to modify the Colliery Review Procedure.

5. The existing Colliery Review Procedure that has been operated by both parties for many years has the objective of periodically reviewing at colliery and Area level performance and future investment opportunities of pits with representatives of unions. The parties accept the need to modify the procedure. After a return to normal working there will be urgent talks about the early establishment of a modified procedure and about the constitution, membership and role of the independent review body which is to be incorporated into the Procedure. Until then, existing procedures will continue to apply to closure proposals which are not disputed. In the case of a disputed closure proposal, as under the procedures that will be operating in connection with any such proposed closure, it will take more than three months before the point was reached where there was a need for either party to make a reference to the independent review body, all parties will endeavour to reach an agreement upon the details of its establishment before the first of June 1985. In the event of a failure to reach agreement on the independent review body by that date the existing procedures will continue to apply until agreement is reached.
6. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the national appeal stage to consider reference from any of the parties to the Procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the view of the proposed independent review body.

7. Proposals about the future of pits will then be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement. In the case of a colliery where there are no further reserves which can be developed to provide the Board, in line with their responsibilities, with a satisfactory basis for continuing operations such a colliery will if requested by either party be reviewed under the Modified Colliery Review Procedure before the Board takes its decision as to whether or not to close the colliery.
8. At the end of this procedure the Board will make its final decision. The parties accept this is not intended to constitute a non-strike agreement.

1. Parties to the dispute have already been prepared to agree that, with a view to establishing a developing and expanding coal industry equipped to meet future energy requirements, they will jointly discuss Plan for Coal and any proposed revision.
2. The parties undertake to commence talks urgently after a return to normal work on Plan for Coal and any proposed revision. The parties will agree before the return to work on a target date of six months by which time this plan will be completed. The parties will be ready to hear the views of other interested parties on Plan for Coal.
3. Discussion about Plan for Coal will include the following but is not thereto limited.

Market and output prospects, national energy needs and increased sales of coal.

- (1) To existing markets
- (2) New markets.
 - (a) industrial markets
 - (b) conversions from other fuels
 - (c) Support for industrial conversion plans
 - (d) domestic uses and equipment development
- (3) New uses for coal
 - (a) liquefaction
 - (b) gasification
- (4) Marketing programmes
 - (a) Plans for marketing
 - (b) Programmes to support marketing by NUM.
- (5) Reserve Position
 - (a) Exploration programmes
 - (b) Development and expansion of existing pits where market and production opportunities are identified.
- (6) Productivity
 - (a) Improvement in performance at pits
 - (b) Investment in equipment for improved safety and performance.
- (7) Closure and Community Responsibility
 - (a) Mobilisation of local authorities and industry as well as MSC NCB Enterprise Company to develop retraining and new job creation
 - (b) UK and EEC restructuring resources and how obtained
 - (c) Programmes for voluntary redundancy and early retirement and the terms available
 - (d) Transfer and relocation allowances
 - (e) Retraining programmes.

STATEMENT BY SECRETARY OF STATE FOR ENERGY - 21 FEBRUARY 1985

Mr Norman Willis, on behalf of the TUC, held a series of discussions with the Chairman of the National Coal Board. As a result of these discussions proposals were prepared by the Board which expressed the basis upon which an agreement could be reached on the main issues of the dispute. These proposals took account of the views Mr Willis had expressed to the Board.

Over the weekend the TUC showed this paper to the NUM executive, who asked for amendments to be made.

The Coal Board confirmed to the TUC that this was their final paper. The TUC then requested a meeting with the Prime Minister.

The TUC confirmed to the Prime Minister that the proposals under discussion would, if agreed to, constitute the final agreement on all of the matters which they dealt with, and that they were not a document which would be an agenda or form the basis of any further negotiations on these issues.

The TUC explained to the Prime Minister that they had a number of difficulties with the document, and my rt hon Friend undertook that I would convey their views to the National Coal Board.

This was done and subsequently the seven TUC leaders asked to have further talks with me before they met the National Coal Board. During these talks I clarified the Government's desire to see that the new NACODS procedures were brought into operation as speedily as possible, and that it was the Coal Board's intention that they would be in place by the time they were needed. I explained that neither the Board nor the Government could accept a position where if the NUM refused to agree to the detail of the independent body, no review procedure would exist. For this might have the effect of the NUM being able to frustrate any reasonable plans for closure. The

document was therefore amended to express the desire of all parties to see that the new procedures were in operation by 1st June, which would be well in time for any disputed closure to be referred to the independent body.

The document was further re-ordered to meet the NUM's anxiety that its sequence as originally drafted could have implied that disputed closures would take place prior to going through the proper procedures. A re-ordering of the document made it perfectly clear that a disputed closure will only take place at the end of the agreed procedures.

I share the TUC's disappointment that the NUM executive has rejected the proposals which had been made. The NUM executive have now rejected proposals in seven rounds of talks, the compromise proposal put forward by ACAS and the proposals prepared following discussions between the TUC and the National Coal Board.

I deplore that the generous and reasonable offers now available to miners continue to be rejected by the NUM executive. Those coalfields which originally balloted voted overwhelmingly against strike action. I can only urge those miners still on strike, though deprived of a ballot, to return swiftly to normal working, so that the damage being done to their industry, their families and their communities can come to an end.

SS/Energy Statement.
21.2.85

AND ANSWER: TO BE CHECKED AGAINST
DELIVERY

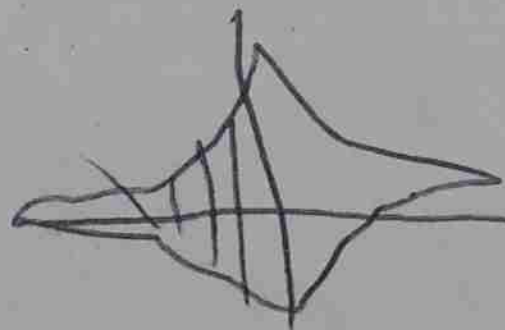
Mr Norman Willis, on behalf of the TUC, held a series of discussions with the Chairman of the National Coal Board. As a result of these discussions proposals were prepared by the Board which expressed the basis upon which an agreement could be reached on the main issues of the dispute. These proposals took account of the views Mr Willis had expressed to the Board.

Over the weekend the TUC showed this paper to the NUM executive, who asked for amendments to be made.

The Coal Board confirmed to the TUC that this was their final paper. The TUC then requested a meeting with the Prime Minister.

The TUC confirmed to the Prime Minister that the proposals under discussion would, if agreed to, constitute the final agreement on all of the matters which they dealt with, and that they were not a document which would be an agenda or form the basis of any further negotiations on these issues.

The TUC explained to the Prime Minister that they had a number of difficulties with the document, and my rt hon Friend undertook that I would convey their views to the National Coal Board.



This was done and subsequently the seven TUC leaders asked to have further talks with me before they met the National Coal Board. During these talks I clarified the Government's desire to see that the new NACODS procedures were brought into operation as speedily as possible, and that it was the Coal Board's intention that they would be in place by the time they were needed. I explained that neither the Board nor the Government could accept a position where if the NUM refused to agree to the detail of the independent body, no review procedure would exist. For this might have the effect of the NUM being able to frustrate any reasonable plans for closure. The document was therefore amended to express the desire of all parties to see that the new procedures were in operation by 1st June, which would be well in time for any disputed closure to be referred to the independent body.

The document was further re-ordered to meet the NUM's anxiety that its sequence as originally drafted could have implied that disputed closures would take place prior to going through the proper procedures. A re-ordering of the document made it perfectly clear that a disputed closure will only take place at the end of the agreed procedures.

I share the TUC's disappointment that the NUM executive has rejected the proposals which had been made. The NUM executive have now rejected proposals in seven rounds of talks, the compromise proposal put forward by ACAS and the proposals prepared following discussions between the TUC and the National Coal Board.

I deplore that the generous and reasonable offers now available to miners continue to be rejected by the NUM executive. Those coalfields which originally balloted voted overwhelmingly against strike action. I can only urge those miners still on strike, though deprived of a ballot, to return swiftly to normal working, so that the damage being done to their industry, their families and their communities can come to an end.

PS/SECRETARY OF STATE.

cc: AF
JL
IM
SD

CC PS/PUSS (Mr Hunt).

Mr Priddle.

Ms Beaton.

Mr Brown.

Mr Seenev.

AREA ATTENDANCES : WEDNESDAY 20 FEBRUARY 1985.

			Change on Last Wednesday	New faces morn. shift
SCOTLAND.	(24 hr attendance)	5,110.	+ 228.	21.
NORTH EAST.	(24 hr attendance)	8,589	+ 447	44.
YORKSHIRE.	(24 hr attendance)	7,372.	+ 421.	49.
NORTH DERBYSHIRE.	(24 hr attendance)	6,917.	+ 108.	14.
WESTERN	(24 hr attendance)	11,951.	+ 83.	9.
SOUTH WALES	(morning shift)	485.	+ 83.	6.
KENT.	(morning shift)	173	+ 7	0.

T. Notts 1.

Products 2.

146

26

New Faces: Afternoon shift

(15 N.E., 9 Yorks, 2 N. Derbys.)

figure below: 258

Today's total so far

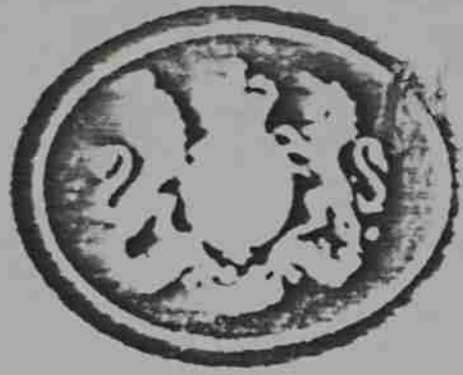
172

The week's total so far

1,615

(The total in 1985: 18,474, since 1 Nov 35,342, since start 41,192)

S. J. Whiting
COAL



Z-201500² 1

WTOW W. Walker Director

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILEEND LONDON SW1E 4JL
01 211 6402

File

BY HAND

Ian MacGregor Esq
Chairman
National Coal Board
Hobart House
Grosvenor Place
LONDON SW1

20 February 1985

I enclose the draft letter and revised statement as we agreed together this morning. I have communicated these drafts to the Prime Minister who agrees that this is the correct response to the TUC following the meeting that took place at Downing Street yesterday, and further confirms that it is correct that the Government and the Coal Board make it clear that this clarification of your original document constitutes the final wording that will be offered.

I presume you will have this delivered to Norman Willis between 2.00 and 2.30 pm in order that he can present it to the national executive of the NUM whose meeting is due to start at 2.30 pm.

PETER WALKER

DRAFT LETTER

The Secretary of State for Energy reported to me the points that you made in the talks at No 10 Downing Street with the Prime Minister.

The Secretary of State confirmed that it was the view of the TUC that the document that we had prepared subsequent to discussions with you was a document that, if agreed to, would for all of the matters dealt with in this document be the final agreement, and was in no way a document which would be an agenda or form the basis of any further negotiations.

We heard also that the TUC confirmed that the Executive of the NUM had accepted the Board's duty to manage the industry efficiently; had confirmed its acceptance of a modified colliery review procedure; and had accepted that the Board would take the final decision on closures after completion of all the review procedures.

The Secretary of State reported to us that you felt that our requirement in paragraph 5 that existing procedures should apply until a modified procedure was agreed was in some way a rejection of the agreement we had reached with NACODS. We in no way intend to reject the NACODS agreement, and indeed we confirm that it is our objective to put swiftly into operation the NACODS procedure. However, as I gather the Prime Minister and the Secretary of State explained, the Board could not accept a situation where if, for example, the NUM refused to agree to the detail of the independent body, no review procedures would exist. This might, in effect, result in the NUM frustrating any reasonable plans for closure. In order to clarify our objective, we have revised the wording of this provision so that it expresses our aim of seeing that the modified procedures are in place by the time they are needed and that existing procedures would continue to apply in the event of failure to reach agreement.

He also reported that you were concerned that Clause 6 of our proposals might be taken to imply that we had in mind closing collieries without the unions having had the opportunity to refer a case to the independent review body to be set up under the modified procedures. We have therefore re-ordered this part of the document in order to make clear that this has never been our intention.

We hope therefore that this clarification of our original document will meet fully the doubts which you expressed at the meeting with the Prime Minister. Having given careful consideration to your views, I wish to make it clear that this must now constitute our final wording. We hope that the NUM executive will accept this as a means of ending the present damaging dispute and allowing all sides of the industry to concentrate their attention on the future success of the industry.

1. It is of crucial importance for the parties concerned in the current dispute to concentrate attention on the future success of the industry and in so doing to commit themselves to reconciliation and restoration of relationships.
2. The NUM recognise that it is the duty of the NCB to manage the industry efficiently and to secure sound developments in accordance with their responsibilities and the NCB recognise that the NUM represents and advances the interests of its members and their employment opportunities. In this regard the NCB is firmly of the view that the interests of all of its employees are best served by the development of an economically sound industry.
3. The parties undertake that immediately upon a return to normal working, discussions will commence upon the revision of the Plan for Coal, such revision to be completed within 6 months. In order that this programme, which is of vital importance to the industry, the mining communities and the country, is carried through with the utmost effectiveness the parties specifically and mutually commit themselves to giving maximum priority to this period of conciliation and reconstruction and providing the necessary resources. The TUC undertake to provide assistance if called on by either the NUM or the NCB. The issues that could be included in discussions are attached as an annex. Nothing in this paragraph will prevent any party from referring collieries to the Review Procedure.
4. The parties accept that it is of value to outline, at this stage, the procedures that flow from a commitment to modify the Colliery Review Procedure.

5. The existing Colliery Review Procedure that has been operated by both parties for many years has the objective of periodically reviewing at colliery and Area level performance and future investment opportunities of pits with representatives of unions. The parties accept the need to modify the procedure. After a return to normal working there will be urgent talks about the early establishment of a modified procedure and about the constitution, membership and role of the independent review body which is to be incorporated into the Procedure. Until then, existing procedures will continue to apply to closure proposals which are not disputed. In the case of a disputed closure proposal, as under the procedures that will be operating in connection with any such proposed closure, it will take more than three months before the point was reached where there was a need for either party to make a reference to the independent review body, all parties will endeavour to reach an agreement upon the details of its establishment before the first of June 1985. In the event of a failure to reach agreement on the independent review body by that date the existing procedures will continue to apply until agreement is reached.

6. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the national appeal stage to consider reference from any of the parties to the Procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the view of the proposed independent review body.

7. Proposals about the future of pits will then be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement. In the case of a colliery where there are no further reserves which can be developed to provide the Board, in line with their responsibilities, with a satisfactory basis for continuing operations such a colliery will if requested by either party be reviewed under the Modified Colliery Review Procedure before the Board takes its decision as to whether or not to close the colliery.
8. At the end of this procedure the Board will make its final decision. The parties accept this is not intended to constitute a non-strike agreement.

SECRET AND PERSONAL

file

Daily Coal Report - Wednesday 20 February 1985

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	76
(iv) On strike/picketed out	18

The continuing negotiations at the TUC had a predictable affect on today's return to work. By 7.00 pm 172 new faces had reported, bringing the total so far this week to 1,615 and the total for 1985 to 18,474.

Area attendances were as follows:-

		<u>Change on</u> <u>last Wednesday</u>
Scotland	(24 hr attendance) 5,110	+ 228
North East	(24 hr attendance) 8,589	+ 447
Yorkshire	(24 hr attendance) 7,372	+ 421
North Derbyshire	(24 hr attendance) 6,917	+ 108
Western	(24 hr attendance) 11,951	+ 83
South Wales	(morning shift) 485	+ 83
Kent	(morning shift) 173	+ 7

Coal Movements

200,000 tonnes were moved yesterday - the best figure for a Tuesday since the dispute began.

52 coal trains ran.

Law and Order

Very quiet.

SECRET AND PERSONAL

SECRET AND PERSONAL

TUC

In the light of the TUC's comments at yesterday's meeting with the Prime Minister, and the subsequent meeting with the Secretary of State for Energy, the Coal Board today met the TUC Liaison Committee to offer further clarification of the document tabled last week. The Board emphasised to the TUC that the document, as clarified, represented their final position: thus the fate of the TUC initiative stands or falls by the reaction which the TUC get from their dialogue tonight with the NUM National Executive and any subsequent reaction from tomorrow's delegate conference.

North East Working Miners

The solicitor acting for the National Working Miners' Committee said today that working miners in the North East may become the latest group to take the NUM to court over its disciplinary procedures.

Fife Pit

Striking NUM members today lifted a ban on NACODS members entering the Frances colliery in Fife. The NCB management had warned that any chance of redeveloping the pit following the recent fire would be lost unless management was allowed in to carry out vital inspections.

Line to Take

For the moment, continue to draw on Mr Walker's statement of yesterday.
Distribution: Members of MISC 101, Paymaster General, Sir Robert Armstrong
Mr Gregson, Cabinet Office.

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 7214

SECRET AND PERSONAL

ZZ WASHINGTON
GRS 1700

CONFIDENTIAL
FM CABINET OFFICE 201500Z FEB 85
TO FLASH WASHINGTON
TELEGRAM NUMBER MISC 079 OF 20 FEBRUARY

TO MR BUTLER
FROM MR TURNBULL

ATTACHED IS REVISED NCB DOCUMENT AND THE TEXT OF CHAIRMAN'S
COVERING LETTER TO THE GENERAL SECRETARY OF THE T.U.C.

BY HAND
IAN MACGREGOR ESQ
CHAIRMAN
NATIONAL COAL BOARD
HOBART HOUSE
GROSVENOR PLACE
LONDON SW1

20 FEBRUARY 1985

DEAR SIR

I ENCLOSE THE DRAFT LETTER AND REVISED STATEMENT AS WE AGREED
TOGETHER THIS MORNING. I HAVE COMMUNICATED THESE DRAFTS TO THE
PRIME MINISTER WHO AGREES THAT THIS IS THE CORRECT RESPONSE TO
THE TUC FOLLOWING THE MEETING THAT TOOK PLACE AT DOWNING STREET
YESTERDAY, AND FURTHER CONFIRMS THAT IT IS CORRECT THAT THE
GOVERNMENT AND THE COAL BOARD MAKE IT CLEAR THAT THIS
CLARIFICATION OF YOUR ORIGINAL DOCUMENT CONSTITUTES THE FINAL
WORDING THAT WILL BE OFFERED.

I PRESUME YOU WILL HAVE THIS DELIVERED TO NORMAN WILLIS BETWEEN
2.00 AND 2.30 PM IN ORDER THAT HE CAN PRESENT IT TO THE NATIONAL
EXECUTIVE OF THE NUM WHOSE MEETING IS DUE TO START AT 2.30 PM.
PETER WALKER

DRAFT LETTER

THE SECRETARY OF STATE FOR ENERGY REPORTED TO ME THE POINTS THAT
YOU MADE IN THE TALKS AT NO 10 DOWNING STREET WITH THE PRIME
MINISTER.

THE SECRETARY OF STATE CONFIRMED THAT IT WAS THE VIEW OF THE
TUC THAT THE DOCUMENT THAT WE HAD PREPARED SUBSEQUENT TO
DISCUSSIONS WITH YOU WAS A DOCUMENT THAT, IF AGREED TO, WOULD FOR
ALL OF THE MATTERS DEALT WITH IN THIS DOCUMENT BE THE FINAL
AGREEMENT, AND WAS IN NO WAY A DOCUMENT WHICH WOULD BE AN AGENDA
OR FORM THE BASIS OF ANY FURTHER NEGOTIATIONS.

WE HEARD ALSO THAT THE TUC CONFIRMED THAT THE EXECUTIVE OF THE
NUM HAD ACCEPTED THE BOARD'S DUTY TO MANAGE THE INDUSTRY
EFFICIENTLY; HAD CONFIRMED ITS ACCEPTANCE OF A MODIFIED COLLIERY
REVIEW PROCEDURE; AND HAD ACCEPTED THAT THE BOARD WOULD TAKE THE
FINAL DECISION ON CLOSURES AFTER COMPLETION OF ALL THE REVIEW
PROCEDURES.

THE SECRETARY OF STATE REPORTED TO US THAT YOU FELT THAT OUR
REQUIREMENT IN PARAGRAPH 5 THAT EXISTING PROCEDURES SHOULD APPLY
UNTIL A MODIFIED PROCEDURE WAS AGREED WAS IN SOME WAY A REJECTION
OF THE AGREEMENT WE HAD REACHED WITH NACODS. WE IN NO WAY INTEND
TO REJECT THE NACODS AGREEMENT, AND INDEED WE CONFIRM THAT IT
IS OUR OBJECTIVE TO PUT SWIFTLY INTO OPERATION THE NACODS PROCEDURE.
HOWEVER, AS I GATHER THE PRIME MINISTER AND THE SECRETARY OF
STATE EXPLAINED, THE BOARD COULD NOT ACCEPT A SITUATION WHERE
IF, FOR EXAMPLE, THE NUM REFUSED TO AGREE TO THE DETAIL OF THE
INDEPENDENT BODY, NO REVIEW PROCEDURES WOULD EXIST. THIS MIGHT,
IN EFFECT, RESULT IN THE NUM FRUSTRATING ANY REASONABLE PLANS
FOR CLOSURE. IN ORDER TO CLARIFY OUR OBJECTIVE, WE HAVE REVISED
THE WORDING OF THIS PROVISION SO THAT IT EXPRESSES OUR AIM OF
SEEING THAT THE MODIFIED PROCEDURES ARE IN PLACE BY THE TIME
THEY ARE NEEDED AND THAT EXISTING PROCEDURES WOULD CONTINUE TO
APPLY IN THE EVENT OF FAILURE TO REACH AGREEMENT.

HE ALSO REPORTED THAT YOU WERE CONCERNED THAT CLAUSE 6 OF OUR
PROPOSALS MIGHT BE TAKEN TO IMPLY THAT WE HAD IN MIND CLOSING
COLLIERIES WITHOUT THE UNIONS HAVING HAD THE OPPORTUNITY TO
REFER A CASE TO THE INDEPENDENT REVIEW BODY TO BE SET UP UNDER
THE MODIFIED PROCEDURES. WE HAVE THEREFORE RE-ORDERED THIS PART OF
THE DOCUMENT IN ORDER TO MAKE CLEAR THAT THIS HAS NEVER BEEN
OUR INTENTION.

WE HOPE THEREFORE THAT THIS CLARIFICATION OF OUR ORIGINAL DOCUMENT WILL MEET FULLY THE DOUBTS WHICH YOU EXPRESSED AT THE MEETING WITH THE PRIME MINISTER. HAVING GIVEN CAREFUL CONSIDERATION TO YOUR VIEWS, I WISH TO MAKE IT CLEAR THAT THIS MUST NOW CONSTITUTE OUR FINAL WORDING. WE HOPE THAT THE NUM EXECUTIVE WILL ACCEPT THIS AS A MEANS OF ENDING THE PRESENT DAMAGING DISPUTE AND ALLOWING ALL SIDES OF THE INDUSTRY TO CONCENTRATE THEIR ATTENTION ON THE FUTURE SUCCESS OF THE INDUSTRY.

1. IT IS OF CRUCIAL IMPORTANCE FOR THE PARTIES CONCERNED IN THE CURRENT DISPUTE TO CONCENTRATE ATTENTION ON THE FUTURE SUCCESS OF THE INDUSTRY AND IN SO DOING TO COMMIT THEMSELVES TO RECONCILIATION AND RESTORATION OF RELATIONSHIPS.
2. THE NUM RECOGNISE THAT IT IS THE DUTY OF THE NCB TO MANAGE THE INDUSTRY EFFICIENTLY AND TO SECURE SOUND DEVELOPMENTS IN ACCORDANCE WITH THEIR RESPONSIBILITIES AND THE NCB RECOGNISE THAT THE NUM REPRESENTS AND ADVANCES THE INTERESTS OF ITS MEMBERS AND THEIR EMPLOYMENT OPPORTUNITIES. IN THIS REGARD THE NCB IS FIRMLY OF THE VIEW THAT THE INTERESTS OF ALL OF ITS EMPLOYEES ARE BEST SERVED BY THE DEVELOPMENT OF AN ECONOMICALLY SOUND INDUSTRY.
3. THE PARTIES UNDERTAKE THAT IMMEDIATELY UPON A RETURN TO NORMAL WORKING, DISCUSSIONS WILL COMMENCE UPON THE REVISION OF THE PLAN FOR COAL, SUCH REVISION TO BE COMPLETED WITHIN 6 MONTHS. IN ORDER THAT THIS PROGRAMME, WHICH IS OF VITAL IMPORTANCE TO THE INDUSTRY, THE MINING COMMUNITIES AND THE COUNTRY, IS CARRIED THROUGH WITH THE UTMOST EFFECTIVENESS THE PARTIES SPECIFICALLY AND MUTUALLY COMMIT THEMSELVES TO GIVING MAXIMUM PRIORITY TO THIS PERIOD OF CONCILIATION AND RECONSTRUCTION AND PROVIDING THE NECESSARY RESOURCES. THE TUC UNDERTAKE TO PROVIDE ASSISTANCE IF CALLED ON BY EITHER THE NUM OR THE NCB. THE ISSUES THAT COULD BE INCLUDED IN DISCUSSIONS ARE ATTACHED AS AN ANNEX. NOTHING IN THIS PARAGRAPH WILL PREVENT ANY PARTY FROM REFERRING COLLIERIES TO THE REVIEW PROCEDURE.
4. THE PARTIES ACCEPT THAT IT IS OF VALUE TO OUTLINE, AT THIS STAGE, THE PROCEDURES THAT FLOW FROM A COMMITMENT TO MODIFY THE COLLIERY REVIEW PROCEDURE.
5. THE EXISTING COLLIERY REVIEW PROCEDURE THAT HAS BEEN OPERATED BY BOTH PARTIES FOR MANY YEARS HAS THE OBJECTIVE OF PERIODICALLY REVIEWING AT COLLIERY AND AREA LEVEL PERFORMANCE AND FUTURE INVESTMENT OPPORTUNITIES OF PITS WITH REPRESENTATIVES OF UNIONS. THE PARTIES ACCEPT THE NEED TO MODIFY THE PROCEDURE. AFTER A RETURN TO NORMAL WORKING THERE WILL BE URGENT TALKS ABOUT THE EARLY ESTABLISHMENT OF A MODIFIED PROCEDURE AND ABOUT THE CONSTITUTION, MEMBERSHIP AND ROLE OF THE INDEPENDENT REVIEW BODY WHICH IS TO BE INCORPORATED INTO THE PROCEDURE. UNTIL THEN, EXISTING PROCEDURES WILL CONTINUE TO APPLY TO CLOSURE PROPOSALS WHICH ARE NOT DISPUTED. IN THE CASE OF A DISPUTED CLOSURE PROPOSAL, AS UNDER THE PROCEDURES THAT WILL BE OPERATING IN CONNECTION WITH ANY SUCH PROPOSED CLOSURE, IT WILL TAKE MORE THAN THREE MONTHS BEFORE THE POINT IS REACHED WHERE THERE IS A NEED FOR EITHER PARTY TO MAKE A REFERENCE TO THE INDEPENDENT REVIEW BODY, ALL PARTIES WILL ENDEAVOUR TO REACH AN AGREEMENT UPON THE DETAILS OF ITS ESTABLISHMENT BEFORE THE FIRST OF JUNE 1985. IN THE EVENT OF A FAILURE TO REACH AGREEMENT ON THE INDEPENDENT REVIEW BODY BY THAT DATE THE EXISTING PROCEDURES WILL CONTINUE TO APPLY UNTIL AGREEMENT IS REACHED.
6. UNDER THE MODIFIED COLLIERY REVIEW PROCEDURE THE INDEPENDENT BODY WILL CONSTITUTE A FURTHER CONSULTATIVE STAGE AFTER THE NATIONAL APPEAL STAGE TO CONSIDER REFERENCE FROM ANY OF THE PARTIES TO THE PROCEDURE WHERE AGREEMENT IS NOT REACHED IN THE USUAL STEPS AT COLLIERY AND AREA LEVEL. ALL PARTIES ARE COMMITTED TO GIVE FULL WEIGHT TO THE VIEW OF THE PROPOSED INDEPENDENT REVIEW BODY.
7. PROPOSALS ABOUT THE FUTURE OF PITS WILL THEN BE DEALT WITH THROUGH THE MODIFIED COLLIERY REVIEW PROCEDURE. IN ACCORDANCE WITH PAST PRACTICES, THOSE PITS WHICH ARE EXHAUSTED OR FACING SEVERE GEOLOGICAL DIFFICULTIES WILL BE CLOSED BY JOINT AGREEMENT. IN THE CASE OF A COLLIERY WHERE THERE ARE NO FURTHER RESERVES WHICH CAN BE DEVELOPED TO PROVIDE THE BOARD, IN LINE WITH THEIR RESPONSIBILITIES, WITH A SATISFACTORY BASIS FOR CONTINUING OPERATIONS SUCH A COLLIERY WILL IF REQUESTED BY EITHER PARTY BE REVIEWED UNDER THE MODIFIED COLLIERY REVIEW PROCEDURE BEFORE THE BOARD TAKES ITS DECISION AS TO WHETHER OR NOT TO CLOSE THE COLLIERY.
8. AT THE END OF THIS PROCEDURE THE BOARD WILL MAKE ITS FINAL DECISION. THE PARTIES ACCEPT THIS IS NOT INTENDED TO CONSTITUTE A NON-STRIKE AGREEMENT.

CONFIDENTIAL



JME

207

10 DOWNING STREET

From the Private Secretary

20 February, 1985

COAL DISPUTE: MEETING WITH TUC

I attach a record of the meeting held at 10 Downing Street yesterday.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), David Normington (Department of Employment) and to Peter Gregson (Cabinet Office).

(Andrew Turnbull)

M. Reidy, Esq.,
Department of Energy

CONFIDENTIAL

1. It is of crucial importance for the parties concerned in the current dispute to concentrate attention on the future success of the industry and in so doing to commit themselves to reconciliation and restoration of relationships.
2. The NUM recognise that it is the duty of the NCB to manage the industry efficiently and to secure sound developments in accordance with their responsibilities and the NCB recognise that the NUM represents and advances the interests of its members and their employment opportunities. In this regard the NCB is firmly of the view that the interests of all of its employees are best served by the development of an economically sound industry.
3. The parties undertake that immediately upon a return to normal working, discussions will commence upon the revision of the Plan for Coal, such revision to be completed within 6 months. In order that this programme, which is of vital importance to the industry, the mining communities and the country, is carried through with the utmost effectiveness the parties specifically and mutually commit themselves to giving maximum priority to this period of conciliation and reconstruction and providing the necessary resources. The TUC undertake to provide assistance if called on by either the NUM or the NCB. The issues that could be included in discussions are attached as an annex. Nothing in this paragraph will prevent any party from referring collieries to the Review Procedure.
4. The parties accept that it is of value to outline, at this stage, the procedures that flow from a commitment to modify the Colliery Review Procedure.

5. The existing Colliery Review Procedure that has been operated by both parties for many years has the objective of periodically reviewing at colliery and Area level performance and future investment opportunities of pits with representatives of unions. The parties accept the need to modify the procedure. After a return to normal working there will be urgent talks about the early establishment of a modified procedure and about the constitution, membership and role of the independent review body which is to be incorporated into the Procedure. Until then, existing procedures will continue to apply to closure proposals which are not disputed. In the case of a disputed closure proposal, as under the procedures that will be operating in connection with any such proposed closure, it will take more than three months before the point was reached where there was a need for either party to make a reference to the independent review body. All parties will endeavour to reach an agreement upon the details of its establishment before the first of June 1985. In the event of a failure to reach agreement on the independent review body by that date the existing procedures will continue to apply until agreement is reached.
6. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the national appeal stage to consider reference from any of the parties to the Procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the view of the proposed independent review body.

7. Proposals about the future of pits will then be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement. In the case of a colliery where there are no further reserves which can be developed to provide the Board, in line with their responsibilities, with a satisfactory basis for continuing operations such a colliery will if requested by either party be reviewed under the Modified Colliery Review Procedure before the Board takes its decision as to whether or not to close the colliery.
8. At the end of this procedure the Board will make its final decision. The parties accept this is not intended to constitute a non-strike agreement.

AS AGREED WITH CHAIRMAN AT
1100 ON 20 FEBRUARY 1985

DRAFT LETTER FROM THE CHAIRMAN TO THE TUC GENERAL SECRETARY

The Secretary of State for Energy reported to me the points that you made in the talks at No. 10 Downing Street with the Prime Minister.

The Secretary of State confirmed that it was the view of the TUC that the document that we had prepared subsequent to discussions with you was a document that, if agreed to, would for all of the matters dealt with in this document be the final agreement, and it was in no way a document which would be an agenda or form the basis of any further negotiations.

We heard also that the TUC confirmed that the Executive of the NUM had accepted the Board's duty to manage the industry efficiently; had confirmed its acceptance of a modified colliery review procedure; and had accepted that the Board would take the final decision on closures after completion of all the review procedures.

The Secretary of State reported to us that you felt that our requirement in paragraph 5 - that existing procedures should apply until a modified procedure was agreed - was in some way a rejection of the agreement we had reached with NACODS. We in no way intend to reject the NACODS agreement; indeed we confirm that it is our objective to put swiftly into operation the NACODS procedure. However, as I gather the Prime Minister and the Secretary of State explained, the Board could not accept a situation where if, for example, the NUM refused to agree to the detail of the independent body, no

/review

review procedures would exist. This might, in effect, result in the NUM frustrating any reasonable plans for closure. In order to clarify our objective, we have revised the wording of this provision so that it expresses our aim of seeing that the modified procedures are in place by the time they are needed and that existing procedures would continue to apply in the event of failure to reach agreement.

He also reported that you were concerned that Clause 6 of our proposals might be taken to imply that we had in mind closing collieries without the unions having had the opportunity to refer a case to the independent review body to be set up under the modified procedures. We have therefore re-ordered this part of the document in order to make clear that this has never been our intention.

We hope therefore that this clarification of our original document will meet fully the doubts which you expressed at the meeting with the Prime Minister. Having given careful consideration to your views, I wish to make it clear that this must now constitute our final wording. We hope that the NUM Executive will accept this as a means of ending the present damaging dispute and allowing all sides of the industry to concentrate their attention on the future success of the industry.

DRAFT LETTER

The Secretary of State for Energy reported to me the points that you made in the talks at No 10 Downing Street with the Prime Minister.

The Secretary of State confirmed that it was the view of the TUC that the document that we had prepared subsequent to discussions with you was a document that, if agreed to, would for all of the matters dealt with in this document be the final agreement, and ~~it~~ was in no way a document which would be an agenda or form the basis of any further negotiations.

We ^{heard} ~~note~~ also that the TUC confirmed that the ~~NUM~~ Executive of the NUM had accepted the Board's duty to manage the industry efficiently; had confirmed its acceptance of a modified colliery review procedure; and had accepted that the Board would take the final decision after completion of all the review procedures.

The Secretary of State reported to us that you felt that our requirement in paragraph 5-that existing procedures should apply until a modified procedure was agreed-was in some way a rejection of the agreement we had reached with NACODS. We in no way intend to reject the NACODS agreement; ~~and~~ indeed we confirm that it is our objective to put swiftly into operation the NACODS procedure. However, as I gather the Prime Minister and the Secretary of State explained, the Board could not accept a situation where if, for example, the NUM refused to agree to the detail of the independent body, no review procedures would exist, ^{the result} ~~which would~~, in effect, enable ^{ing} the NUM to prevent any closures. In order to express our objective more clearly, we have revised the wording of this provision so that it expresses our aim of seeing that the modified procedures are in place by the time they are needed after the return to work and that existing procedures would continue to apply in the event of

failure to reach agreement.

He also reported that you were concerned that Clause 6 of our proposals might be taken to imply that we had in mind closing collieries without the unions having had the opportunity to refer a case to the independent review body to be set up under the modified procedures. We have therefore re-ordered this part of the document in order to make clear that this has never been our intention.

We hope therefore that this redrafting will clarify our original document and will meet fully the doubts which you expressed at the meeting with the Prime Minister. Having given careful consideration to your views, I wish to make it clear that this must now constitute our final wording. We hope that the NUM executive will accept this as a means of ending the present damaging dispute and allowing all sides of the industry to concentrate their attention on the future success of the industry.

1. It is of crucial importance for the parties concerned in the current dispute to concentrate attention on the future success of the industry and in so doing to commit themselves to reconciliation and restoration of relationships.
2. The NUM recognise that it is the duty of the NCB to manage the industry efficiently and to secure sound developments in accordance with their responsibilities and the NCB recognise that the NUM represents and advances the interests of its members and their employment opportunities. In this regard the NCB is firmly of the view that the interests of its employees are best served by the development of an economically sound industry.
3. The parties undertake that immediately upon a return to normal working, discussions will commence upon the revision of the Plan for Coal, such revision to be completed within 6 months. In order that this programme, which is of vital importance to the industry, the mining communities and the country, is carried through with the utmost effectiveness the parties specifically and mutually commit themselves to giving maximum priority to this period of conciliation and reconstruction and providing the necessary resources. The TUC undertake to provide assistance if called on by either the NUM or the NCB. The issues that could be included in discussions are attached as an annex. Nothing in this paragraph will prevent any party from referring collieries to the Review Procedure.
4. The parties accept that it is of value to outline, at this stage, the procedures that flow from a commitment to modify the Colliery Review Procedure.

[5.]

The existing Colliery Review Procedure has the objective of periodically reviewing at colliery and Area level the performance and future investment opportunities of pits with representatives of unions. The parties accept the need to modify the Procedure. After a return to normal working there will be urgent talks so that there can be established a modified Procedure with an agreed constitution, membership and role for an independent reference body. It is recognised that where closure proposals are initiated under ^{the} existing procedures, it will be some time before the independent reference body will be required. It is therefore agreed that all parties will do everything in their power to reach an agreement on the establishment of this body within ~~two~~ ^{three} months so that it will be in ~~being~~ ^{place} in time for any proposals to be referred to it. It is recognised that if there was a failure to reach agreement within ~~two~~ ^{three} months the existing procedures will continue to apply until agreement on modified procedures is reached.]

TUC to
offer
wording

6. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the national appeal stage to consider reference from any of the parties to the Procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the view of the proposed independent review body.
7. Proposals about the future of pits will then be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement. In the case of a colliery.

where there are no further reserves which can be developed to provide the Board, in line with their responsibilities, with a satisfactory basis for continuing operations such a colliery will, ^[before the Board's decision - words in brackets word it should close] if requested by either party, be reviewed under the Modified Colliery Review Procedure.

8. At the end of this procedure the Board will make its final decision, [as to whether or not to close the colliery.]
9. The parties accept this is not intended to constitute a non-strike agreement.

Note. The 7 argue that addition of words in [] to para 8 will jeopardize wording in 8 that is already agreed. They also also argue that words are superfluous. PW is considering moving phrase to para 7.

IMMEDIATE

CONFIDENTIAL

ACTION COPY

CONFIDENTIAL

DESKBY 200630Z

FM WASHINGTON 200440Z

TO IMMEDIATE FCO

TELEGRAM NUMBER 584 OF 19 FEBRUARY 1985

FOLLOWING FOR TURNBULL, 10 DOWNING STREET FROM BUTLER, PRIME
MINISTER'S PARTY

THE PRIME MINISTER IS CONTENT WITH THE LETTER AND DRAFT CLAUSES
SUBJECT TO TWO SUGGESTIONS.

IN THE FIRST SENTENCE OF THE THIRD PARAGRAPH OF THE DRAFT LETTER SHE
SUGGESTS DELETING QUOTE FULL. UNQUOTE THIS WORD IS NOT NECESSARY AND
MIGHT BE CHALLENGED BY A MINORITY.

ON THE DRAFT CLAUSES, THE PRIME MINISTER WOULD NOT DISSENT FROM
PUTTING THE WORDS IN SQUARE BRACKETS IN PARAGRAPH 7 INSTEAD OF
PARAGRAPH 3 BUT SUGGESTS THAT THE OPENING WORDS OF THE SQUARE
BRACKET SHOULD READ QUOTE BEFORE THE BOARD'S DECISION. UNQUOTE
THE PURPOSE IS TO MAKE CLEAR THAT THE BOARD DECIDES.

WRIGHT

(PM/FERB)

DISTRIBUTION:
PM'S PARTY

RK

File No.

OUTWARD

Security Classification
Precedence IMMEDIATE
DESKBY 200630 Z

Department

Drafted by
(Block Capitals)

TELEGRAM

Tel. Extn.

FOR
COMMS. DEPT.
USE

Despatched

(Date) 20/2

(Time) 0532 Z

POSTBY Z

PREAMBLE

(Time of Origin) 200440 Z(G.M.T.)

(Restrictive Prefix)

(Security Class.) CONFIDENTIAL

(Caveat/
Privacy marking)

(Codeword)

(Deskby) 200630 Z

TO IMMEDIATE LONDON ~~FEK~~
(precedence) (post)

Tel. No. 584 of 19/2

AND TO (precedence/post)

AND TO SAVING

INFO

INFO SAVING

Distribution:-

P.M.'s Party

[TEXT]

FOLLOWING FOR TURNBULL, 10 DOWNING STREET FROM
BUTLER, PRIME MINISTER'S PARTY

The Prime Minister is content with the letter
and draft clauses subject to two suggestions.

In the first sentence of the third paragraph
of the draft letter she suggests deleting
"full". This word is not necessary and might
be challenged by a minority.

On the draft clauses,

REPS.

the Prime Minister would not dissent from putting
the words in square brackets in paragraph 7
instead of paragraph 8 but suggests that the

opening words of the square bracket should read "before the Board's decision".

The purpose is to make clear that the Board decides.

FERB

NOTHING TO BE WRITTEN IN THIS MARGIN

CONFIDENTIAL

SUBJECT

CC. MASTER.

RECORD OF MEETING HELD WITH TUC MONITORING GROUP TO DISCUSS
THE COAL DISPUTE AT 11.30 AM ON 19 FEBRUARY 1985 AT NO.10
DOWNING STREET

Present:

Prime Minister	Mr. Willis
Lord President	Mr. Eccles
Secretary of State for Energy	Mr. Basnett
Secretary of State for Employment	Mr. Buckton
Mr. Hunt	Mr. Evans
Mr. D. Smith	Mr. Keys
Mr. Gregson	Mr. Russell
Mr. Butler	
Mr. Ingham	Mr. Graham
Mr. Turnbull	Mr. Jackson
	Mr. Monks
	Mr. Barber

The Prime Minister welcomed Mr. Willis and his colleagues to the meeting and expressed her appreciation of the TUC's efforts to promote a settlement of the coal dispute. She then invited Mr. Willis to set out the position as he saw it.

Mr. Willis said the TUC was anxious to see a speedy conclusion to the dispute. They had been busy over many months seeking to build bridges between the parties. He had been particularly active in the past two weeks. His discussions with the NCB had resulted in the document of 13 February. He had seen difficulties in this document for the two mining unions but had thought it right for them to know the position of the Board.

CONFIDENTIAL

Both unions had rejected the document. NACODS considered that it cut across their own agreement reached in October 1984. The NUM had raised a number of points which he had relayed to the Chairman and Deputy Chairman of the NCB on Friday. NACODS had met the Board on Saturday morning while the NUM reported their position to ACAS. The TUC then heard reports from the two unions.

During a meeting later on Saturday the NUM Executive had reconsidered its position and had proposed only three amendments to the Board. Mr. Willis had taken these to the Deputy Chairman on Sunday morning but the latter had said that the NCB document was a fixed position.

Mr. Willis said that his judgement was that the last meeting of the NUM Executive had seen a significant shift and he doubted whether this had been fully appreciated by the NCB. After considerable discussion the full Executive of the NUM had:

- i) accepted that it was the Board's duty to manage the industry efficiently and secure its development in accordance with its responsibilities;
- ii) confirmed acceptance of the modified colliery review procedure;
- iii) accepted the NCB's right to take final decisions;
- iv) committed themselves to a restoration of good relations with the industry.

Mr. Willis said that certain elements in the union feared that to accept in advance the NCB's right to close pits on uneconomic grounds would prejudice their right to oppose such closures. The union could not sign away such a right. This position was shared by NACODS and it had been

noted that the agreement with NACODS had not incorporated such a prior requirement. NACODS felt that to require the NUM to accept this would undermine their own agreement.

Mr. Willis said the NUM response required careful consideration and that was what he was seeking to ensure through this meeting. At the same time the NCB should reconsider NACODS' objection to the final sentence of paragraph 5. As drafted it implied that there would be closures under the existing procedure when that union had agreed a modified procedure. There could not be one agreement with one union and a different agreement with another; there had to be a common procedure for all pits. Mr. Willis suggested that a target date could be set for agreement on the constitution of the independent review body. He hoped that the Board would reconsider this.

Mr. Willis said that it would not be possible to rebuild relationships without an agreed return to work. He hoped the Government would act decisively to help achieve this. The TUC stood ready to help. In all his contacts with people in the industry he had come across a substantial commitment to a successful industry. People were anxious to put the past behind them. The revision of the Plan for Coal would provide a positive focus for all the parties to work on.

The Prime Minister stressed again that she appreciated the TUC's efforts and said she and her colleagues had listened carefully to the points Mr. Willis had made. There could be no question of Ministers negotiating, a point which was readily agreed by Mr Willis. The Prime Minister said she wanted to see the strike settled as soon as possible on a basis which allowed the damage done to the industry to be repaired and which allowed the industry to operate successfully. This required a clear resolution of the central issues of the dispute. It was in no-one's interest

CONFIDENTIAL

-4-

to end the dispute with an unclear document; this would only be the basis for the next dispute with arguments about interpretation and accusations of bad faith. The meaning of the agreement should be clear from the face of the document.

The Prime Minister said she had noted carefully what Mr. Willis had said about a significant shift in the NUM Executive and about the points which the NUM now appeared to be ready to accept. It was more difficult for the Government, however, to identify whether there had been such a shift.

The Prime Minister pointed to a difference of approach between NACODs and the NUM. Originally the NUM had accepted that loss-making pits had to close; this was clear from the Daly circular which was presented in evidence to the Select Committee. Subsequently, the NUM attitude had changed and they were now opposing outright the closure of uneconomic pits. NACODs' evidence to the Select Committee indicated that the Union would fight the closure of uneconomic pits through the various procedures but would accept that, at the end of the day, the Board had the right to close them.

The Prime Minister gave an assurance that the NACODs agreement would be fully honoured and she did not think it would be difficult to agree with that Union the constitution and functions of the independent review body. The NUM, by contrast, might refuse to reach an agreement on the independent review body and, without the provision that existing procedures would then apply, the NUM would in effect have a veto on closures.

An effective settlement to the dispute would require understandings about procedures; acknowledgement of the NCB's right to manage and to make the final decisions; and

CONFIDENTIAL

CONFIDENTIAL

- 5 -

an acknowledgement that the Board would take take the economic performance of pits into account when making its decisions.

The Secretary of State for Energy said that if pits proposed for closure were put into the review procedure at the conclusion of the strike, it would be some time before the independent review body would come into play. The aim should be to get agreement on the independent body by that time but with the proviso that if this were not achieved existing procedures would apply. Mr. Willis said that assurances that the NACODs agreement would be honoured would not be sufficient; the document itself should make clear how this would be done.

The Secretary of State for Energy asked Mr. Willis what was his understanding about the NCB document. Was it meant to represent a final settlement of the issues it covered which would form part of a wider agreement, or was it a basis or agenda for negotiation on those issues? Mr. Willis said he was clear that the document was meant to form part of the final agreement. The NUM accepted that and he had relayed that view to Mr. Cowan. The other members of the TUC monitoring group also confirmed that this was their understanding.

Mr. Willis drew attention to the fact that the document was not meant to represent a no-strike agreement. This was acknowledged by the Prime Minister.

Summing up the discussion, the Prime Minister said the Government had listened carefully to the points made by the TUC; the Secretary of State for Energy would convey those points to the NCB who would consider them carefully. The Prime Minister said that a settlement was long overdue but that any agreement must deal clearly and unambiguously with essential issues of the dispute. Mr. Willis said the TUC

CONFIDENTIAL

CONFIDENTIAL

- 6 -

remained ready to help and might wish to make further contacts with the Government and the NCB.

There was a brief discussion of the statements which each side would make to the press. Copies are attached.

AT

19 February 1985

STATEMENT TO MEDIA AFTER TUC MEETING

1. The Prime Minister, accompanied by the Lord President and the Secretaries of State for Energy and Employment, met representatives of the TUC, led by their General Secretary, Mr. Norman Willis, for an hour today.

2. The TUC reported on their efforts to promote a settlement of the coal dispute.

3. The Prime Minister expressed appreciation for the TUC's efforts. She said a settlement was long overdue.

4. The Prime Minister said the views of the TUC would be conveyed to the NCB by the Secretary of State for Energy. The Government wanted an early resolution of the strike but any agreement must deal clearly and unambiguously with the central point of the dispute.

PRIME MINISTER'S MEETING WITH TUC MONITORING TEAM, 19 FEBRUARY 1985

NORMAN WILLIS'S STATEMENT TO THE PRESS IN DOWNING STREET

NW: We had a very serious and very considered discussion with the Prime Minister about the urgent need for a settlement of the dispute. The Prime Minister welcomed the TUC's genuine endeavours to assist in promoting a settlement. She listened very carefully indeed to the points we put to her and has undertaken that the Energy Secretary will be conveying these views to the National Coal Board. In that situation the TUC is standing ready to continue its efforts to facilitate a settlement and will be remaining in touch with the Government as well as the National Union of Mineworkers and NACODS and on that basis we are looking ahead.

WONFO 044/20

AD

044 7/20

00 FCO (DESKBY 200630Z)

GR 100

CONFIDENTIAL

DESKBY 200630Z

FM WASHINGTON 200440Z

TO IMMEDIATE FCO

TELEGRAM NUMBER 584 OF 19 FEBRUARY 1985

FOLLOWING FOR TURNBULL, 10 DOWNING STREET FROM BUTLER, PRIME MINISTER'S PARTY

THE PRIME MINISTER IS CONTENT WITH THE LETTER AND DRAFT CLAUSES SUBJECT TO TWO SUGGESTIONS.

IN THE FIRST SENTENCE OF THE THIRD PARAGRAPH OF THE DRAFT LETTER SHE SUGGESTS DELETING QUOTE FULL. UNQUOTE THIS WORD IS NOT NECESSARY AND MIGHT BE CHALLENGED BY A MINORITY.

ON THE DRAFT CLAUSES, THE PRIME MINISTER WOULD NOT DISSENT FROM PUTTING THE WORDS IN SQUARE BRACKETS IN PARAGRAPH 7 INSTEAD OF PARAGRAPH 8 BUT SUGGESTS THAT THE OPENING WORDS OF THE SQUARE BRACKET SHOULD READ QUOTE BEFORE THE BOARD'S DECISION. UNQUOTE THE PURPOSE IS TO MAKE CLEAR THAT THE BOARD DECIDES.

WRIGHT

NNNN

SECRET AND PERSONAL

P.L.O.

Daily Coal Report - Tuesday 19 February 1985

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	76
(iv) On strike/picketed out	18

By this afternoon, 376 new faces had reported today, one more than last Tuesday. This was a creditable figure, given this morning's highly publicised meeting in Downing Street. 15% of NUM members in Yorkshire are now not on strike. Only 8 pits now have no one present.

Today's area attendances were as follows:-

			<u>Change on</u> <u>last Tuesday</u>
Scotland	(24 hr attendance)	5,091	+ 270
North East	(24 hr attendance)	8,308	+ 366
Yorkshire	(24 hr attendance)	7,420	+ 507
North Derbyshire	(24 hr attendance)	6,538	- 93
Western	(24 hr attendance)	11,693	+ 613
South Wales	(morning shift)	478	+ 77
Kent	(morning shift)	179	+ 4

Coal Movements

165,000 tonnes were moved yesterday.

37 coal trains ran.

Law and Order

Generally quiet.

SECRET AND PERSONAL

The Prime Minister's Meeting with the TUC

Direct talks between TUC leaders and senior ministers lasted for an hour at No 10 this morning. Both sides afterwards made it clear that they welcomed the talks as a genuine attempt to assist in promoting a negotiated settlement. The statements by Mr Walker and Mr Willis given to the press after the meeting are attached.

Informal contacts were continuing at the time of writing.

Threat to Seafield Colliery in Scotland

The NUM has withdrawn its agreement to NACODS providing safety cover at Seafield Colliery in Fife, because it claims that carbon monoxide levels had reduced. The four deputies crossing picket lines are having to work double shifts to ensure safety at the pit where 203 working miners are repairing a leaking fire seal. The NCB have said that a minimum of 14 deputies are required to carry out inspections, and that by picketing out deputies the NUM is further jeopardising the future of the colliery.

Line to Take

See Mr Walker's statement, attached.

Distribution: Members of MISC 101, Paymaster General, Sir Robert Armstrong
Mr Gregson, Cabinet Office.

Enquiries: John Neilson, SOS for Energy's Office, Tel: 211 7214

SECRET AND PERSONAL

PRIME MINISTER'S MEETING WITH TUC MONITORING GROUP: 19
FEBRUARY 1985

Peter Walker's statement to the media:

"The Prime Minister, accompanied by the Lord President and the Secretaries of State for Energy and Employment, met representatives of the TUC, led by their General Secretary, Mr Norman Willis, for one hour today.

"The TUC reported on their efforts to promote a settlement of the coal dispute.

"The Prime Minister expressed appreciation for the TUC's efforts, and she said a settlement was long overdue.

"The Prime Minister said the views of the TUC would be conveyed to the NCB by the Secretary of State for Energy. The Government wanted an early resolution of the strike but any agreement must deal clearly and unambiguously with the central point of the dispute."

Q: So was any progress made at all?

A: I think it was important talks and certainly we listened as we said we would to the views the TUC were expressing, but both sides of course were in a position that they weren't involved in negotiations. The TUC were not negotiating for the NUM and the Government were not negotiating for the NCB. There was an exchange of views and as I say I will be conveying the various points that the TUC put to the Government to the NCB.

Q: Do you think an agreement is any closer Mr Walker?

A: Well as you know I have personally always hoped that there would never be a strike and I certainly thought there would be a settlement in May, June, July and so forth, because what is on offer to the NUM is the most generous

offer since nationalisation, probably a more generous offer than any offer that has been made to any other union in the country, and I think its a great tragedy that the damage to the industry goes on. And so one always hopes that very quickly this will come to an end but one can never be certain.

Q: Mr Walker are you impressed by the concessions made by the NUM?

A: All I can is that when you are talking about concessions all that the Government is offering is a very good future for that industry.

Q: But you've consistently criticised them for not making any concessions and now they've made some.

A: All I can is that the tragedy of this dispute right from the beginning alas has been that there was never a ballot and as we know the members of the NUM that balloted voted more than two to one against having any form of strike action, there was an ACAS compromise, obviously I regret all of that. But all I can say is if one reaches a quick settlement on sensible and clear terms, nobody will be more pleased than the Government.

Q: Do you accept Mr Willis's argument that the gap is actually very narrow now Mr Walker?

A: I think one has to consider exactly that there are some major issues still at stake and its not an easy problem, but I think in fact the reality is that here is a situation in which what is being offered to the miners of this country is a good future and certainly not a bad one and I hope very quickly they will take advantage of that.

Q: Mr Walker we've heard all this before, is there anything new as a result of today's meeting? [Indistinct]

A: Well of course its been said before because its remained the truth of the dispute and the realities are those which

everyone can examine and I do hope that very quickly the needless damage to the industry will come to an end.

Q: Has today's meeting brought that any closer?

A: Well we'll have to see what happens as a result following today's meeting. As I say I will be reporting the views of the TUC to the Coal Board and I know that they will carefully consider them.

Q: In a nutshell Mr Walker, the word uneconomic has to be in any settlement document?

A: Well throughout history pits that have been uneconomic have been closed by agreement with all parties and that's always been the situation and never before have we had a demand from any union leader of the NUM that every pit no matter how uneconomic should be kept in being. And so of course in the interests of the industry using the enormous investments that have been put into that industry in a sensible way one must have a clear cut situation that after going through all the appropriate procedures the Board has the right to manage.

Q: Is the meeting over?

A: Yes.

PRIME MINISTER'S MEETING WITH TUC MONITORING TEAM, 19 FEBRUARY 1985NORMAN WILLIS'S STATEMENT TO THE PRESS IN DOWNING STREET

NW: We had a very serious and very considered discussion with the Prime Minister about the urgent need for a settlement of the dispute. The Prime Minister welcomed the TUC's genuine endeavours to assist in promoting a settlement. She listened very carefully indeed to the points we put to her and has undertaken that the Energy Secretary will be conveying these views to the National Coal Board. In that situation the TUC is standing ready to continue its efforts to facilitate a settlement and will be remaining in touch with the Government as well as the National Union of Mineworkers and NACODS and on that basis we are looking ahead.

**DEPARTMENT OF HEALTH & SOCIAL SECURITY**

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon Peter Walker MBE MP



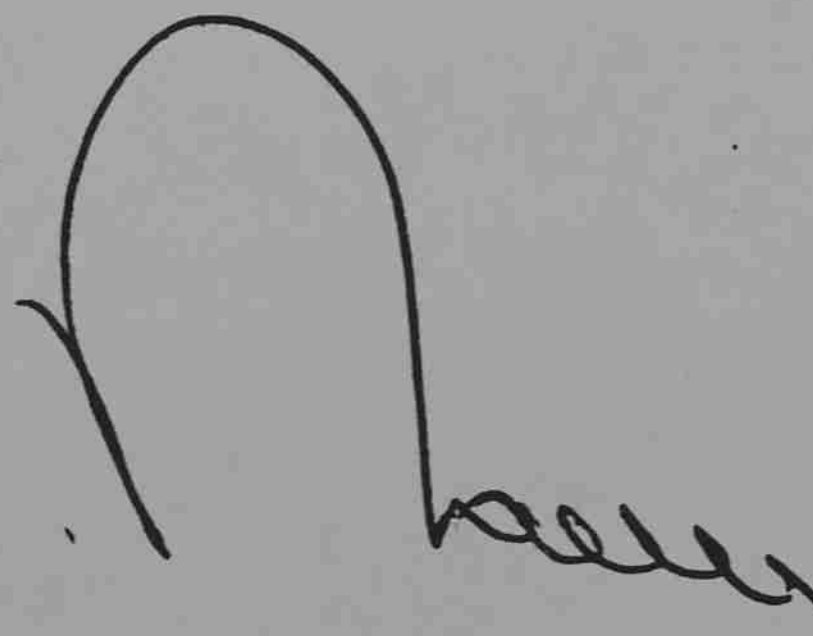

UNEMPLOYMENT BENEFIT FOR REDUNDANT MINERS

I am writing in reply to your letter of 10 January in which you expressed your concern about the effect that the operation of Section 19(1) of the Social Security Act 1975 is having on the National Coal Board's policy of manpower reduction through voluntary redundancy.

We are aware of the types of case you mention where it does seem, on the interpretation which has been placed of Section 19 by Social Security Commissioners in the past, that the law is having an effect not envisaged when the legislation was first drafted. In the adjournment debate on 14 January on this question, Ray Whitney referred to a number of such cases now awaiting hearing by the Social Security Commissioners and indicated that we shall be looking carefully into the need for amending legislation in the light of decisions in those cases.

As you appreciate, this would mean amending primary legislation which has been in virtually the same terms since 1948 (and even then carried forward earlier provisions). We would therefore not wish to rush into a hasty amendment without full consideration of all the ramifications. Having said that, I am happy to agree to your suggestion that there should be a review of this and other issues which have arisen regarding entitlement to benefit as a result of this lengthy and unprecedented strike. I think this should be a private, in-house exercise, at least for the time being. My officials are already in touch with their opposite numbers in your Department and in the Department of Employment on these matters though, as you indicated in your letter, the outcome cannot ease the current problems faced by the National Coal Board.

I am copying this letter to Tom King.



NORMAN FOWLER

CONFIDENTIAL



H. STEEL, CMG OBE
LEGAL SECRETARY

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

Our Reference: 400/84/117

18 February, 1985

LAT

CDP
19/2.

RL

C D Powell Esq
Private Secretary
The Prime Minister's Office
10 Downing Street
London SW1

Dear Charles,

File on slip

NUM ASSETS

As a follow-up to my letter to you of 11 February, you will be interested to see the enclosed copy of a letter, dated 15 February, which I have just received from Gerald Hosker. This would seem to show pretty conclusively that the account which we were originally given of the Luxembourg Government's attitude was correct and that it was the strong representations that the FCO made to them that caused them to back down.

Judgment in the Dublin proceedings is still awaited. On a different front, you will have seen reports that the Receiver applied to Nicholls, J. on Friday for the sequestrators to be discharged. However, we have heard today that the application has been rejected by the Judge. He has apparently ordered the sequestrators to be reimbursed, out of funds now in the hands of the Receiver, for all their costs so far incurred. It is not yet clear to what extent this includes costs incurred in the Dublin proceedings. We understand that the Receiver has in fact recently laid his hands on a further £600,000 of NUM funds - we think that these are the funds that were in Switzerland.

I am copying this letter and its enclosure to Len Appleyard, Michael Reidy and Richard Hatfield and (without enclosure) to Gerald Hosker.

Jan ev,
H Steel

H STEEL

CONFIDENTIAL

CONFIDENTIAL

400/84/117



Queen Anne's Chambers
28 Broadway London SW1H 9JS

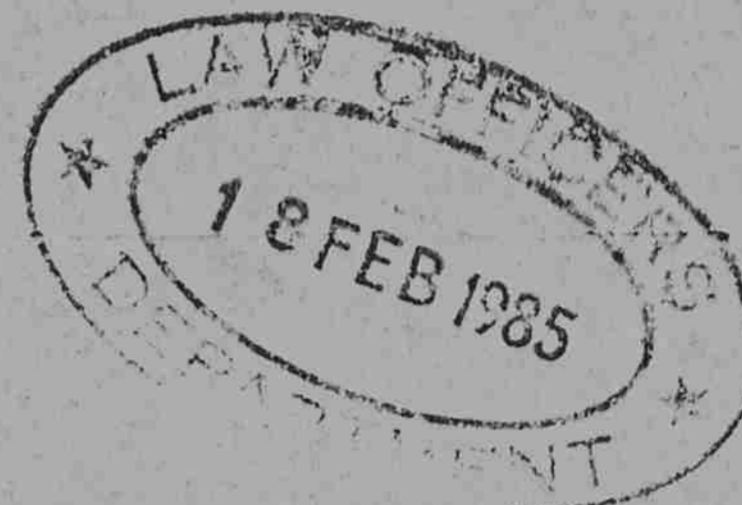
Telephones DIRECT LINE 01-273 4188
SWITCHBOARD 01-273 3000
Telex 917564 GTN 273

15th February 1985

Our reference A84/289/PT XII/GAH

Your reference

H Steel Esq CMG OBE
Legal Secretary
Attorney General's Chambers
Law Officers Department
Royal Courts of Justice
Strand
London WC2



Dear Henry,

National Union of Mineworkers

Further to my letter of 8th February, I am now able to report that there have recently been discussions between the Solicitors who act for the Receiver and Messrs Clifford-Turner who, as you know, are instructed by the Sequestrators. Although their clients are not well disposed towards each other at present, there is no animosity between the Solicitors and Mr Staple was able to obtain confirmation that the Ministry of Foreign Affairs in Luxemburg was indeed hostile to the negotiations between the Receiver and Nobis Finance and there was an implied threat to withdraw the banking licence. It seems very clear, therefore, that the successful conclusion of the deal must be attributed to the intervention by the Foreign and Commonwealth Office. However, since the information was conveyed to Mr Staple in confidence, will you please ensure that if it is passed to others they will also treat it as confidential.

Yours ever
Gerard Hosker

G A Hosker

WAT (W)
Coar PK 16

Prime Minister ① ~~48~~AT
18/2

Daily Coal Report - Monday 18 February 1985

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	76
(iv) On strike/picketed out	18

MB

Oakdale (South Wales) has moved from category (iv) to (iii).

By 6.00 pm 1,044 new faces had reported, bringing the total for this year to 17,903. In all the circumstances this was a good figure. The Board were especially pleased that 50 more miners returned in South Wales - tangible evidence of a change of mood in an area of fierce traditional loyalty to the union.

Area attendances were as follows:-

			<u>Change on</u> <u>last Monday</u>
Scotland	(24 hr attendance)	5,015	+ 375
North East	(24 hr attendance)	7,845	+ 541
Yorkshire	(24 hr attendance)	7,009	+ 481
North Derbyshire	(24 hr attendance)	6,275	+ 43
Western	(morning shift)	6,758	+ 419
South Wales	(morning shift)	468	+ 83
Kent	(morning shift)	169	+ 2

Coal Movements

868,000 tonnes were moved last week - lower than the Board hoped but the weather was to blame. However 200,000 tonnes were moved on Friday - an encouraging sign for the week ahead.

51 coal trains ran on Friday.

Law and Order

Generally quiet.

NUM

Little indication of any change of heart by Scargill: the question is whether he and his fellow extremists can be isolated by the moderates. The media are giving some prominence to his comment on the lunchtime ITN news that "the decision to go and see the Prime Minister was taken by the TUC and not the NUM".

In a South Derbyshire area pit head ballot, in which 80 per cent of the area's miners voted, 78.4 per cent supported the case for a rule change to give the area greater independence from the national NUM. The area's general secretary today stressed there would be no immediate action - the final decision on whether the rule change should go ahead would depend on whether the national union decided to discipline the area's working miners, and on how the strike developed nationally.

High Court

The High Court this morning refused to end the sequestration of NUM assets. The Judge said the union's contempts were "flagrant" and its attitude was "still one of open defiance of the courts".

There are reports that the shipowners whose coal ships have been blacked in the North East have been successful in obtaining injunctions against the NUS. No further details are available at the time of writing.

SECRET AND PERSONAL

Line to Take

Please draw on text of today's Parliamentary answer by Secretary of State for Energy - attached.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

With permission, Mr Speaker, I will answer this question and numbers 3, 6, 9, 10, 11, 12, 13 and 19 together.

Since I last made a Statement to the House more pits have returned to normal working, more pits have started to produce coal, and so far during the first few weeks of 1985 more than 17,000 miners have returned to work. Movements of coal and coal stocks at the power stations have remained at a very high level. 61 coal faces have unfortunately been lost since the start of the dispute, including 38 working faces.

During the past week Mr Norman Willis, on behalf of the TUC, has held a series of talks with the Chairman of the National Coal Board. As a result of these talks a document was prepared which dealt with a number of crucial matters in connection with the dispute. The National Coal Board stated that they were willing to accept this. The document outlined the duty of the NCB to manage the industry efficiently, it recognised the responsibilities and rights of the unions in representing their members' interests, it outlined a plan to prepare a revised "Plan for Coal" within six months, it set out the need for urgent talks to create the early establishment of the modified procedures agreed with NACODS, and it stipulated that any future closures for any reason would thereafter take place under the modified colliery review procedures, and that all parties would be committed to give full weight to the view of the independent review body.

Unfortunately this statement was not acceptable to the National Union of Mineworkers, and Mr Willis outlined to the Coal Board changes that they would seek in such a statement. In the view of the Board those changes would have meant the document failed to meet the main issue of the dispute, and I regret that only yesterday Mr Scargill, as president of the NUM, made it clear that he would never agree to any closures.

The Government naturally regrets that these latest efforts have failed to bring an end to this dispute, particularly in view of the fact there is on offer a substantial investment programme, good pay for miners, a closure procedure better than has ever been previously available, generous early retirement provisions and substantial resources to bring new enterprises and businesses to mining communities. The Government continue to hope that the damaging industrial action which has taken place without a ballot will swiftly be ended.



10 DOWNING STREET

From the Private Secretary

Prime Minister

TUC Delegation

Mr Norman Willis	General Secretary TUC
Mr Jack Eccles	GMBATU & currently Chairman of the TUC
Mr David Barrett	GMBATU
Mr Moss Evans	TGWU
Mr Bill Keys	SOGAT
Mr Ray Buckton	ASLEF
Mr Gerry Russell	AUEW

plus TUC officials

- Mr Cratam
- Mr Manks
- Mr Barber
- Mr Jackson

in last meeting,

SIGNIFICANT Shift:

Have we
? reduced? that

- after considerable
deserve

- 1) To manage activities effectively.
- 2) Control execution - reduced

collaboration - procedure

- 3) N.C.B. responsibility to handle

future.

Deeply committed on me

N.A.C.O.S.

I

Until modified in base
- current with 2/1/62

All current pilot under
modified review procedure.

=

Joint procedure.

All 3 unions. =

Target date for
modified

PRIME MINISTER'S MEETING WITH THE T.U.C.

1979

31 May

General Secretary of TUC (published in
AQ 12.6.79)

25 June

Economic Committee TUC

29 October

Wales TUC

1980

9 January

NEDC

6 August

Northon Ireland TUC

14 October

General Council

1981

4 February

NEDC

1 September

Inner City Policy

25 November

TUC General Secretary with
representatives of European Trades
Union Confederation.

1981

3 February

NEDC

27 July

'Atlantic Conveyor' - Replacement

1 September

Scottish TUC, Glasgow

14 December

Ravenscraig
Scottish TUC + others.

1983

28 January

Scottish TUC + others
'Timex' at Dundee.

1984

31 January

Scottish TUC .
Scott Lithgow

31 May

International TUC
London Economic Summit.

18 February 1985

PRIME MINISTER

COAL TALKS - PRESENTATION

These notes might be helpful on how we play the media after your meeting with the TUC.

First, there are three important points:

i. the TUC will seize on the slightest sign of softening or weakening to suggest you are moving (and will blame you afterwards if there is a breakdown);

ii. you cannot trust any one of those coming to see you;

iii. you will not be able to control presentation for over two days after your Questions at 3.15.

Second, your main contribution is at Questions and it is important to leave the correct impression - you want a settlement; a settlement is long overdue; but any agreement must deal clearly and unambiguously with the central point of the dispute.

Third, we cannot leave presentation to Questions; it is vital that the Secretary of State for Energy gets on to the mid-day news bulletins with an authorised version, and that Mr Walker and Mr Hunt play the media strongly and firmly subsequently.

Fourth, Michael Eaton must be given a confident line to deploy. (He telephoned me this morning to say that Cowans was preventing him from going on radio and television when, in his judgement, the need was to promote a return to work. I told him I agreed absolutely and that he could operate confidently inside the NCB on that basis.)

Fifth, as you so rightly said at this evening's meeting, the media will be at Downing Street in force tomorrow. We shall pen them behind barriers. But we cannot avoid them, and we should not do so. We must carry our message to them, confidently and firmly. I propose to brief the Lobby afterwards on the lines attached.

Agree?



BERNARD INGHAM

DRAFT STATEMENT TO MEDIA AFTER TUC MEETING

1. The Prime Minister, accompanied by the Lord President and the Secretaries of State for Energy and Employment, met representatives of the TUC, led by their General Secretary, Mr Norman Willis, for ~~an~~ hours today.
2. The TUC reported on their efforts ~~over the previous week~~ to promote a settlement of the coal dispute.
3. The Prime Minister expressed appreciation for the TUC's efforts. She said a settlement was long overdue.
4. The Prime Minister said the views of the TUC would be conveyed to the NCB by the Secretary of State for Energy. The Government wanted an early resolution of the strike but any agreement must deal clearly and unambiguously with the central point of the dispute.

cc Mr Butler
Mr Ingham

PRIME MINISTER

Coal Dispute: Meeting with TUC

I attach:

- (i) a draft speaking note along the lines discussed at this evening's meeting;
- (ii) a note by Bernard on presentation;
- (iii) a chronology of previous meetings with the TUC.

AT

P.S. Mr Macgregor is on his way back and will arrive tomorrow morning not Wednesday morning - so further discussions with Mr Willis could be Wednesday, not Thursday.

Andrew Turnbull
18 February 1985

COAL DISPUTE: MEETING WITH TUC

Speaking Note

- (i) Welcome Mr Willis and fellow members of TUC monitoring group. Express appreciation to Mr Willis for his substantial efforts, particularly over the past week, to secure a resolution of the dispute. Invite Mr Willis to report on the position as he sees it.
- (ii) Mr Willis is likely to give a lengthy account, along the lines indicated by Douglas Smith. Likely to stress following points:
- Does Government recognise the need for a negotiated settlement if relationships in the industry are to be restored?
 - Does Government realise that TUC efforts have helped bring the first shift of opinion in the NUM executive?
 - Does Government realise just how far the NUM has moved in acknowledging:
 - (a) NCB's right to manage;
 - (b) that pits of any description should go through the colliery review procedure;
 - (c) that the Board has the right of final decision?
 - Does Government agree that the gap is small and bridgable and that if only NCB were prepared to negotiate reasonably, particularly on points of text which seemed designed to humiliate the NUM, a settlement can be achieved.
- REPLY* ①
- (iii) In reply, take opportunity to praise TUC's role again and confirm that you have taken note of all the points made.

Disavow any intention of negotiating. ⁽²⁾

- (iv) Set out the Government's objective - to see the strike settled as soon as possible in a manner which allows the damage of the strike to be repaired and the industry to operate successfully. Government as committed as TUC to a prosperous coal industry. ⁽³⁾ ^{(c) management's duty to manage}

- (v) For these objectives to be achieved, there must be a clear resolution of the central issues which have been raised by the dispute. In no-one's interests for strike to be settled in a way which dodges these issues. ⁽⁴⁾

(vi) This requires understandings in the following areas:

⁽⁵⁾ (a) proper procedures for dealing with the issues of the dispute - but here a substantial advance has been made by NUM acceptance of the independent review element first agreed with NACODs;

(b) an acknowledgment of the Board's duty to manage the industry, ^{and make the final decision} subject to adherence to the agreed procedures;

(c) an acknowledgment that in making its decisions on the future of pits the Board must take the economic performance of those pits into account.

⁽⁶⁾ - language - such as is clear to the Ordinary Person - meaning clear or unambiguous
(vii) Invite the TUC to enlarge on why they believe it is possible to bridge the remaining gap, how it could be done and what role the TUC see for themselves in this.

^{Energy Secretary} (viii) After TUC response, give S/S Energy his cue to ask how, if TUC were to come to an understanding with the NCB on a document, the NUM could be prevented from treating it as the basis for further negotiation rather than as resolving the closure issue, with other issues still to be negotiated.

- (ix) Tell TUC that have found their views interesting and helpful. Recognise that still formidable difficulties to be resolved but undertake to convey the points the TUC have made to the NCB, who will consider them carefully.

- (x) Discussion of handling of media - see Bernard's proposed statement. Suggest details be finalised by Mr Walker, Mr Ingham, Mr Willis and his Press Officer.

SECRET

P.01499

MR TURNBULL

COAL: MEETING WITH TUC

In preparation for this evening's briefing meeting I attach:

- a suggested game plan for the Prime Minister's meeting with the TUC at 11.30 am tomorrow;
- a draft press statement for issue immediately afterwards.

Pq
P L GREGSON

18 February 1985

SECRET

SECRET

SUGGESTED GAME PLAN FOR MEETING WITH TUC ON COAL DISPUTE:
TUESDAY 19 FEBRUARY 1985

1. OBJECTIVES

i. To demonstrate the Government's willingness to assist in finding a settlement to the dispute which will provide a clear basis for the successful operation of the coal industry in the future.

ii. To do this without:

a. suggesting any fundamental weakening in the Government's position;

b. undermining the NCB;

c. getting into direct negotiation.

AT d. giving the TUC an excuse to move closer to the NUM

2. STRUCTURE OF THE MEETING

i. Express appreciation of the efforts TUC has been making.

ii. Ask them to report on progress and to identify the remaining points of difficulty. [This should take up the bulk of the meeting.]

iii. Make clear that the Government, like the TUC, wants to see an end to the dispute but that, after everything that has happened, any settlement has to provide a clear basis for the successful future operation of the industry including in particular:

- proper procedures for dealing with the issues which have been at the heart of the dispute;

- an acknowledgement of management's right to manage.

AT - an acknowledgement that in making its decisions on pits, the Board must take the economic performance of those pits into account. 1

iv. Undertake to convey to the NCB the views expressed by the TUC.

v. ~~(Depnding on what the TUC actually say) indicate that, if the only points of remaining difficulty about the NCB's text are the reported three points, you would hope that the negotiators would be able to find ways of resolving them.~~

vi. Agree on a brief statement to be given to the media (draft attached).

I am very doubtful whether you should go this far. It risks undermining the NCB, by enabling the TUC to go behind Govan's back.

FERB.

3. TACTICS

i. The main tactic must be to draw out the TUC on what they think they can deliver, and to manoeuvre them, if possible, into a position where, if the Government and NCB respond positively, they are prepared to put effective pressure on the NUM Executive.

ii. The tone of the meeting, both at the time and as perceived afterwards should be:

- firm and consistent with what has been said before;
- constructive;
(dispelling the impression that it is the Government which, for political reasons, is putting obstacles in the way of a negotiated settlement)
- realistic.
(offering a faint glimmer of light - for which the responsibility should be pinned firmly on the TUC, thus increasing the pressure on them - but avoiding arousing excessive expectations)

iii. There must be a clearly identified next step for following up the meeting. (Should the tabling of the amendment on the three points be done by the NCB at a meeting between Mr Willis and Mr MacGregor after the latter returns on Wednesday, or should it be done more quickly and, if so, how?)

DRAFT PRESS STATEMENT

The Prime Minister, accompanied by the Lord President of the Council and the Secretaries of State for Energy and Employment had a meeting this morning with the General Secretary of the Trades Union Congress, and members of the TUC General Council. The TUC representatives reported on the efforts which they had been making over the previous week in discussions with the National Coal Board, the National Union of Mineworkers and the National Association of Colliery Overmen, Deputies and Shotfirers to find a basis for resumption of negotiations to end the coal dispute. [They said that in their view the differences between the NCB and the NUM had been narrowed to only a few points which ought to be capable of early resolution.] [The Prime Minister said that the Government shared the TUC's wish to find a settlement to the dispute which would provide a clear basis for the successful operation of the coal industry in the future. She expressed the Government's appreciation of the TUC's efforts to bring about an early resumption of negotiations, took note of the points made by them, and undertook to convey them to the National Coal Board.

COAL

[See also Peter Walker's Parliamentary Answer today]

Present situation

Nearly 87,000 members of the NUM - over 46% of the total - not on strike. About 40,000 members of the NUM have returned to work since the beginning of the strike, including nearly 18,000 this year. [The number of NUM members on strike fell below 100,000 today for the first time.]

Talks with the TUC (subject to change dependent on the outcome)

I welcomed the efforts of the TUC to find a satisfactory settlement to this dispute. We agreed that such a settlement must provide a basis for the industry to recover from the effects of this dispute and for its future management in line with the statutory duties of the National Coal Board.

Agree with TUC view that gap is bridgeable?

The Government remains of the view that a satisfactory settlement must provide for:

- proper procedures for the examination of the future of individual collieries
- a recognition that economic factors must play a part in decisions on the future of collieries

and

- a recognition of the NCB's right to take the final decision after the review procedures are concluded.

But my meeting with Mr Willis and the TUC was not for the purposes of negotiations. The TUC undertook to consider the

points the Government had made and of course we agreed to convey the points they had made to the NCB.

Is the NCB document negotiable?

Any settlement must include a clear understanding on the central issues of this dispute including the requirement that economic factors must be taken into account in deciding the future of pits and the NCB's right to take the final decision. The latest NCB document sets out those principles.

NACODs say their agreement breached by NCB document

The NCB has made it clear agreement with NACODs remains intact. There is nothing in the document produced following discussions with the TUC which breaches their agreement. NACODs have always made it clear that while they oppose closures on economic grounds, they recognise the right of the management to take the final decision.

Cost of the dispute

The cost of the dispute will need to be assessed once it is over. But I find it extraordinary that the leadership of the NUM should actually boast about the damage they are doing to the economy and about their intention of cutting off heating to people's homes.

Cost of the dispute to miners

The leadership of the NUM have cost each miner on average £8,500 in wages as well as losing the industry 61 coal faces.

Coal stocks (movement of coal from strikebound collieries)

Coal stocks remain very high. The House will recall that the President of the NUM predicted as long ago as 6 February that there would be power cuts within 8 weeks.

PERSONAL & CONFIDENTIAL

Keep?

MS

NOTE FOR THE RECORD

By arrangement, I met David Basnett (GMBTU) with Geoffrey Goodman, Daily Mirror, for an hour (7-8pm) on the evening of Thursday, February 14, 1985.

After I had inquired about his son's health - "all I can say is he is alive" - Mr Basnett came to the point rather abruptly by asking if the Government were going to make another mess of the coal strike. I retorted that the outcome would surely depend on Mr Scargill.

Mr Basnett went on to ask if I knew what was going on and what the prospects were. I replied that my understanding was that after extensive talks Norman Willis and Ian MacGregor had produced a paper which set out a means for resolving the dispute, while retaining the NCB's right to manage and to close uneconomic pits, and a programme for future action.

Throughout the day, however, I had been taking a very cautious line with the press on the prospects for success. I had no reason to suppose that Mr Scargill had changed his approach or that he would feel obliged to bend to pressures within the NUM.

I could however confirm that I had detected no weakening in the resolve of the NCB and Government on the central, crucial issue: the right of the Board to manage and to close uneconomic capacity. This was not to say that the Government did not want a settlement. It most certainly did, but only on the right terms.

Mr Basnett, who seemed very subdued, said this report only made him feel more gloomy. He had received a report that day by telephone on the NCB/TUC discussions from Ken Graham, TUC. He was not however in a position to gauge how far Norman Willis had secured the backing of TUC General Council

PERSONAL AND CONFIDENTIAL

2.

member (as distinct from the General Council itself), partly because his attentions had been elsewhere (on his son in Sheffield). Willis may have taken Ray Buckton more into his confidence. But he (Basnett) had reached the conclusion that Willis was operating on his own and gambling on a big personal triumph to try to bolster his authority and this inevitably meant that Willis would not be able to bring the full weight of the TUC to bear on the NUM.

Mr Basnett then asked what might happen if the latest round of talks broke down. I said that the return to work would presumably continue, and perhaps even accelerate, though my personal view was that the erosion would remain steady rather than spectacular. There was serious doubt whether Scargill wanted a settlement; consequently only the men themselves could get themselves off the hook on which he had impaled himself and the NUM.

Mr Basnett then canvassed the idea of a private meeting between himself and Ray Buckton and the Prime Minister if the talks broke down again. When I raised my eyebrows at the idea of Buckton joining him, he said it was essential to have a representative of the Left with him. He believed he could secure Buckton's discretion; in any case Buckton would not wish to be seen to be consulting with the Prime Minister.

Mr Basnett seemed to have very little idea as to the purpose of such a meeting with the Prime Minister. His main concern seemed to be to have an opportunity to talk over the problem with her.

I said I would faithfully report this suggestion, but I must say that I was very cautious about the idea of a meeting let alone his being accompanied by Ray Buckton. I assumed that he had no intention of including Norman Willis in any talks,

and he confirmed that this was so. [His relations with and opinion of Willis do not seem to have improved].

In more general conversation Mr Basnett raised two points:

- how did the Prime Minister intend to improve relations with the trade union movement, and encourage moderate trade unionism, once the strike was over? and
- public sector pay.

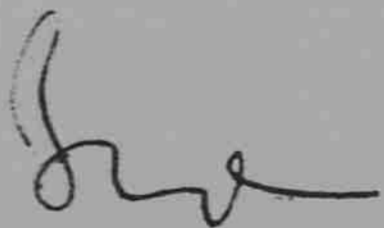
On the former, I said that I had not yet seen any evidence on paper of any plans for improving relations with trade union moderates, but I was sure that the Prime Minister would proceed with caution; she would do nothing to embarrass moderates by dramatic public initiatives. She recognised only too well how carefully she would have to tread. Mr Basnett seemed relieved, and then made a separate bid to see the Prime Minister on this issue when the opportunity arose. I asked him who he would want to bring along. He assured me he would not wish to involve Buckton or Willis. When I inquired whether he might then wish to be accompanied by a fellow moderate or centrist, such as Tony Christopher (IRSF) (with whom he is supposed to be close) he brushed that name aside, too. I reached the conclusion he had not thought very deeply about the idea, but was really angling for a private meeting with the Prime Minister. Again I promised to report his interest.

Mr Basnett's somewhat ominous remark about public sector pay - which I took to cover local authority, Civil Service and NHS workers - came as a throwaway line in a discussion of his continuing distress about GCHQ (on which I told him bluntly I had taken a very hard line) and how this had damaged moderation in the trade union movement. He said the unions were not going to push pay this time round, but I

unions were not going to push pay this time round, but I should be in no doubt that trouble was storing up for next winter. I did not react.

In the car after the meeting, Geoffrey Goodman said Mr Basnett had given an absolutely typical performance. Leaving aside his own family problems, he was in low spirits about the trade union movement, and was continually casting around for ideas. He himself had no clear ideas and this intensified his frustration. While he was intending to retire, he would be around for much of this year and, however lacking in ideas, his concern about the consequences of the trade union movement's isolation from Government was genuine - and would continue to beyond retirement.

Subsequently, Geoffrey Goodman telephoned me at home on the afternoon of Sunday, February 17, 1985 inquiring whether I had anything to report. I said that I had not yet had an opportunity of reporting on my talk with Mr Basnett to the Prime Minister because of her commitments and preparations for the USA visit. I had, however, reported orally on my talks with Mr Basnett to the Prime Minister's private Secretaries. I had no further insights.



BERNARD INGHAM

18 February 1985

CONFIDENTIAL

~~CCNO~~

NDPn

AT

18/2

01 211 6402

Miss Margaret O'Mara
Private Secretary to
The Chancellor of the Exchequer
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

18 February 1985

Dear Margaret,

COAL INVESTMENT

You wrote on 8 February about what might now be said about the level of NCB investment.

The NCB will obviously have to develop a new corporate plan after the strike. Part of that must be a target date for break-even. It remains to be seen how far the consequences of the strike will impose a delay beyond 1987/88, which we have, rather schematically, continued to treat as break-even year for IFR purposes. Another part of the new plan will be a programme of investment reflecting the need to develop low cost output. It is bound to take some months for the NCB to develop such a plan after the strike and to discuss it with us. There will also have to be some relationship between that process and the discussions with the unions about a revised plan for the industry which could still form part of a return to work. So investment requirements will have to be looked at very much in the context of the new plan. But my Secretary of State has not so far seen evidence that such a new break-even plan would require investment at a lower annual rate than we have provided hitherto.

My Secretary of State's reference to investment in the debate on 4 February was a reference back to what the NUM knew was on offer when the strike began. In relation to the handling of the strike and achieving the large savings from bringing it to an early conclusion, this is hardly the time to damage our public credibility by putting a question mark over levels of investment already established in the public mind.

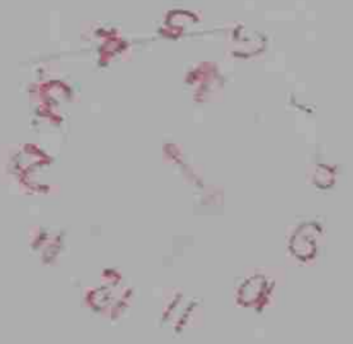
I am sending a copy of this letter to Andrew Turnbull.

*Yours ever
John*

J S NEILSON
Private Secretary

CONFIDENTIAL

Nat Ind: Coal Pt 16



19 FEB 1985

COVERING SECRET

Copy No 4 of 4



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 7214

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

18 February 1985

Dear Andrew

I attach the latest weekly report on coal
and power station statistics.

Copies also go to Margaret O'Mara and
Richard Hatfield.

*Yours ever
John*

J S NEILSON
Private Secretary

COVERING SECRET

15 February 1985

4/14

WEEKLY COAL AND POWER STATION STATISTICS (1)

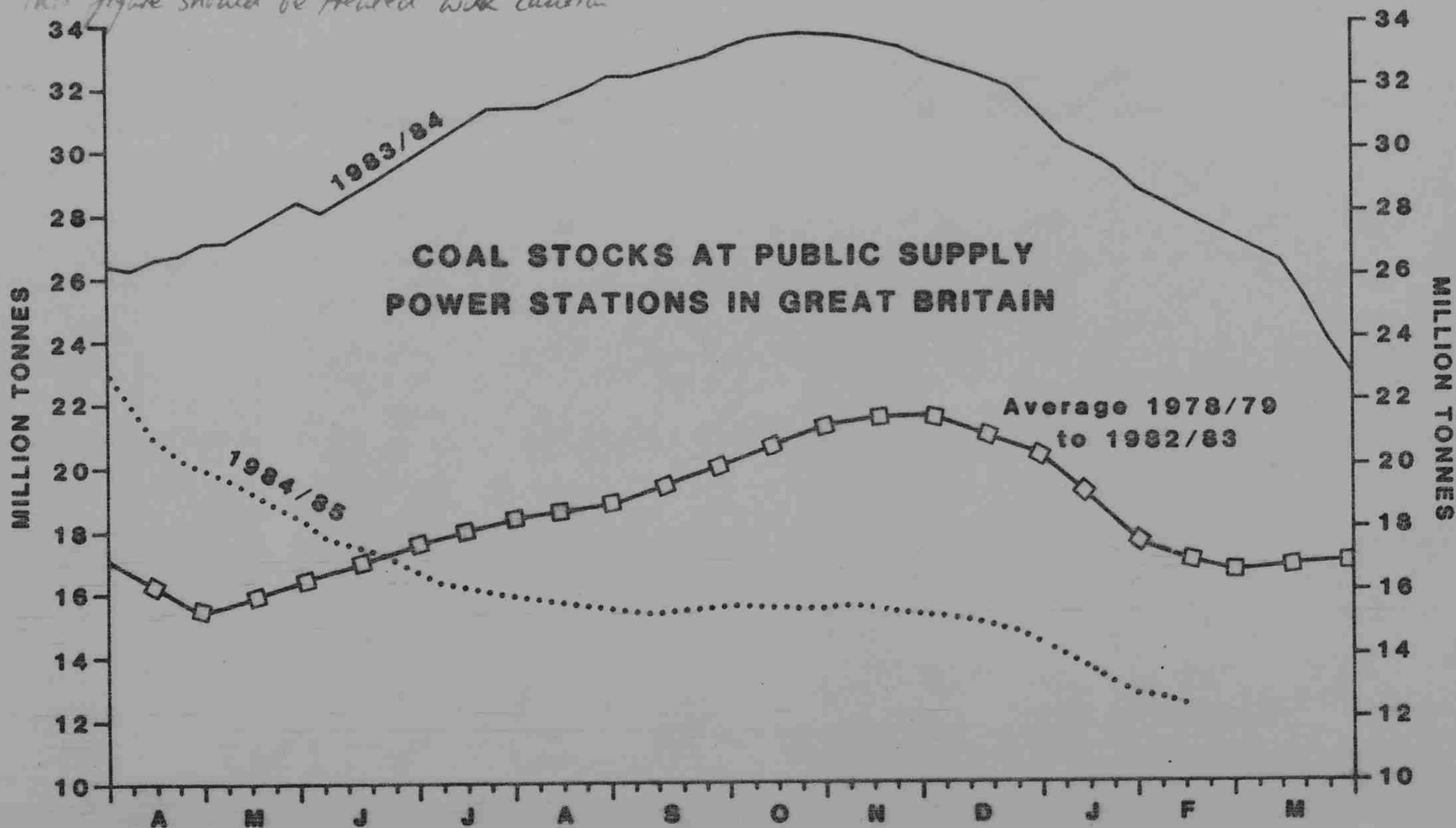
EcS Division, Dept. of Energy, Thames House South, Millbank SW1P 4QJ. Phone: 01-211-6928

Week ending 11.2.84 : 19.1.85 26.1.85 2.2.85 9.2.85

COAL	PRODUCTION (m. tonnes)	deep mines+	1.68 :	0.64	0.68	0.73	0.76
		opencast+	0.24 :	0.28	0.27	0.27	0.29
		TOTAL	1.92 :	0.93	0.95	1.00	1.04
COAL	PRODUCTIVITY(2) (tonnes/manshift)	'overall' o.m.s	2.29 :	o o	o o	o o	o o
		'production' o.m.s	9.88 :	o o	o o	o o	o o
UNDISTRIBUTED STOCK (m. tonnes)		TOTAL	23.19 :	20.51	20.57	20.53	20.81
STATIONS	COAL STOCKS (m. tonnes)		27.99 :	13.18	12.80	12.68	12.45
	COAL CONSUMPTION	"	1.87 :	1.13	1.05	0.78	0.89
	COAL RECEIPTS	"	1.49 :	0.61	0.66	0.65	0.66
STATIONS	OIL STOCKS(3)	"	1.31 :	1.15	1.11	1.07	1.08
	OIL CONSUMPTION(3)	"	0.06 :	0.66	0.61	0.65	0.60
	OIL RECEIPTS(3)	"	0.06 :	0.55	0.50	0.55	0.57
POWER	ELECTRICITY SUPPLIED (4) (GWh)		:				
	Nuclear	"	926 :	1,146	1,170	1,213	1,140
	Other Steam	"	4,466 :	4,930	4,742	4,348	4,477
	TOTAL	"	5,392 :	6,076	5,912	5,561	5,617
POWER	TOTAL - temperature corrected	"	5,504 :	5,291*	5,667	5,778	o o

(1) Great Britain unless otherwise stated. All latest figures are subject to revision. (2) NCB mines only. (3) Oil-fired boilers only. (4) Steam stations only.

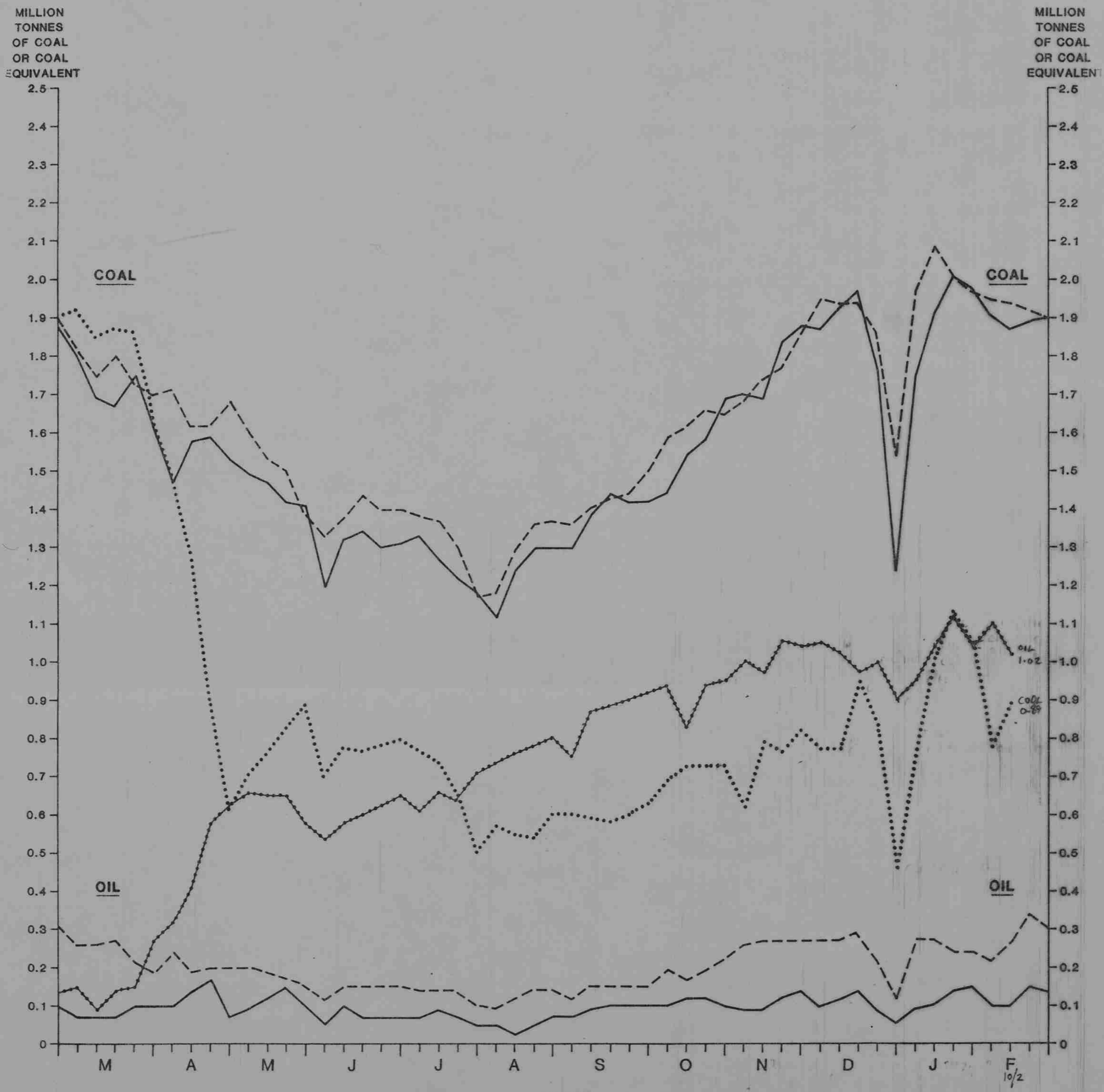
data not yet available. + includes licensed production.* N.B. Abnormally large correction. This figure should be treated with caution



COAL CONSUMPTION AND OIL CONSUMPTION (OIL FIRED) AT PUBLIC SUPPLY POWER STATIONS IN GREAT BRITAIN

Key

- COAL } March 84 to February 85
- OIL } March 84 to February 85
- March 83 to February 84
- Average 1977/78 to 1981/82



1. It is of crucial importance for the parties concerned in the current dispute to concentrate attention on the future success of the Industry and in so doing to commit themselves to reconciliation and restoration of relationships.
2. The NUM recognise that it is the duty of the NCB to manage the Industry efficiently and to secure sound developments in accordance with their responsibilities and the NCB recognise that the NUM represents and advances the interests of its members and their employment opportunities.
3. The parties undertake that immediately upon a return to normal working, discussions will commence upon the revision of the Plan for Coal, such revision to be completed within six months. In order that this programme, which is of vital importance to the Industry, the mining communities and the country, is carried through with the utmost effectiveness the parties specifically and mutually commit themselves to giving maximum priority to this period of conciliation and reconstruction and providing the necessary resources. The TUC undertake to provide assistance if called on by either the NUM or the NCB. The issues that could be included in discussions are attached as an annex.
Nothing in this paragraph will prevent any party from referring collieries to the Review Procedure.
4. The parties accept that it is of value to outline, at this stage, the procedures that flow from a commitment to modify the Colliery Review Procedure.
5. The existing Colliery Review Procedure has the objective of periodically reviewing at colliery and Area level the performance and future investment opportunities of pits with representatives of Unions. ^{knownly} ~~The~~ ^{(as requested} ~~parties accept the need to modify the Procedure.~~ ^{with NCB)} After a return to normal working, there will be urgent talks about the early establishment of a modified Procedure and about the constitution, membership and role of the independent reference body which is to be incorporated into the Procedure.
6. Proposals about the future of pits will be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement. [Any other colliery shall be considered within the modified Colliery Review Procedure]
7. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the National Appeal stage to consider reference from any of the parties to the procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the view of the proposed Independent Review Body.
8. At the end of this procedure the Board will make its final decision. The parties accept this is not intended to constitute a no strike agreement.

1. Parties to the dispute have already been prepared to agree that, with a view to establishing a developing and expanding coal industry equipped to meet future energy requirements, they will jointly discuss Plan for Coal and any proposed revision.
2. The parties undertake to commence talks urgently after a return to normal work on Plan for Coal and any proposed revision. The parties will agree before the return to work on a target date of six months by which time this plan will be completed. The parties will be ready to hear the views of other interested parties on Plan for Coal.
3. Discussion about Plan for Coal will include the following but is not thereto limited.

Market and output prospects, national energy needs and increased sales of coal.

- (1) To existing markets
- (2) New markets.
 - (a) industrial markets
 - (b) conversions from other fuels
 - (c) support for industrial conversion plans
 - (d) domestic uses and equipment development
- (3) New uses for coal
 - (a) liquefaction
 - (b) gasification
- (4) Marketing programmes
 - (a) Plans for marketing
 - (b) Programmes to support marketing by NUM.
- (5) Reserve Position
 - (a) Exploration programmes
 - (b) Development and expansion of existing pits where market and production opportunities are identified.
- (6) Productivity
 - (a) Improvement in performance at pits
 - (b) Investment in equipment for improved safety and performance.
- (7) Closure and Community Responsibility
 - (a) Mobilisation of local authorities and industry as well as MSC NCB Enterprise Company to develop retraining and new job creation
 - (b) UK and EEC restructuring resources and how obtained
 - (c) Programmes for voluntary redundancy and early retirement and the terms available
 - (d) Transfer and relocation allowances
 - (e) Retraining programmes.

PRIME MINISTER

Tom King's Office rang No.10 late last night to say that following the breakdown of the talks about talks, the NUM sought a meeting with ACAS, the purpose of which was to discuss the immediate setting up of a Committee of Inquiry. A meeting has been fixed to take place at 1000 hours this morning (Saturday) in London.

ACAS will simply take delivery of any message that the NUM have and relay it to the NCB. ACAS will have nothing to do with the setting up of a Committee of Inquiry, despite what news reports might say this morning.

Debbie

16 February 1985

E. II

✓

EXTRACT FROM THE REPORT IN THE TIMES OF SATURDAY 16 FEBRUARY

Mr. Willis took back to the Board a four point response which said:

"It is of crucial importance that the parties concerned in the current dispute to concentrate attention on the future success of the industry and in so doing to commit themselves to reconciliation and restoration of relationships.

The NUM recognise it is the Board's duty to secure the efficient development of the coal industry, and the NCB recognise it is the NUM's duty to protect and advance the interests of its members and their employment opportunities.

The Board and the unions will jointly discuss the Plan for Coal and proposed revision. It is agreed that these discussions will seek to identify the basis for jointly establishing a developing and expanding coal industry equipped to meet future energy requirements.

The Coal Board and the Union agree that the future of any colliery/unit will be discussed within the established recently modified Colliery Review Procedure.

It is accepted that both the Board and the Union shall submit such arguments as they deem appropriate in accordance with established procedures. The parties agree that there will be urgent talks about the constitution, membership and the role of the 'independent reference body' which is to be incorporated into the Procedure."

Mr Powell

DAVID HART

1. I have told DH to phone only me over the wire; and only if he is really concerned about developments in the coal talks.

2. If I need to report anything on to Chequer - and only if - I will phone you first.

3. However, despite his assurances, DH is quite likely to phone Chequer direct. You ought therefore to tell the Sublib that if you are clear, any call from DH should be put through to you first.

4. Quite separately, I would like to put it past the NHM to seize upon the PM's absence from the UK and on Wed / Th. next week, make some real movement - when the PM can handle extensive left control or, if there is a settlement, Crow on TV.

SECRET AND PERSONAL

44

Daily Coal Report - Friday 15 February 1985

	<u>Number</u>
(i) Working normally	54
(ii) Turning some coal	26
(iii) Some men present	75
(iv) On strike/picketed out	19

93 new faces reported today bringing the total for the week to 2,174. Once again the North East has had the highest return with over 900 going back during the week. Over 500 have returned in Yorkshire.

Today's area attendances were as follows:-

		<u>Change on</u> <u>last Friday</u>
Scotland	(24 hr attendance) 4,936	+ 317
North East	(24 hr attendance) 7,650	+ 668
Yorkshire	(24 hr attendance) 7,031	+ 436
North Derbyshire	(24 hr attendance) 6,538	- 12
Western	(24 hr attendance) 11,995	+ 42
South Wales	(morning shift) 413	+ 34
Kent	(morning shift) 164	+ 9

Coal Movements

187,000 tonnes were moved yesterday.

50 coal trains ran.

Law and Order

Generally quiet.

SECRET AND PERSONAL

TUC Negotiations

Early this evening the NUM emerged with the following statement "the National Executive Committee, having taken note of the report by TUC General Secretary Norman Willis following his discussion with the Board, believe that the union's response should now provide a basis for an immediate resumption of negotiations without pre-conditions, and hopefully a resolution of this long and damaging dispute".

However the real message underlying this, as at 7.00 pm, was that the NUM had not accepted the MacGregor/TUC document and appeared to be seeking fundamental changes. NACODS - whom the Board have agreed to meet again early next week - were being used by the NUM as a tool in their negotiations. At the time of writing it is not clear how events will progress.

Line to Take

Please keep in touch with the No 10 Press Office for advice and guidance.

Distribution: Members of MISC 101, Paymaster General, Sir Robert Armstrong
Mr Gregson, Cabinet Office.

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 7214

SECRET AND PERSONAL

43

SECRET

P.01498

*Went PR
870,000 dm*

*253
164
53
N.E
N.Y
Wales*

PRIME MINISTER

MISC 101(85)7th Meeting: Coal

868

You will wish to invite reports from:

1100

i. the Secretary of State for Energy on:

- the number of pits and miners working;
- coal movements;
- the prospects for negotiations, in the light of developments since the NUM and NACODS NECs met the General Secretary of the TUC on 15 February;
- progress in the preparation of comments on the NCB's ideas about the new independent advisory body.
(Misc 101(85)6th Meeting Conclusion 2);

ii. the Secretary of State for Employment on:

NUM Executive amendments

- known and likely attitudes of other unions, in the light of developments since the 15 February TUC/NUM/NACODS meeting;

iii. the Secretary of State for Transport on:

Coast-Ship

- the significance of last week's TGWU and NUS blacking of three coal ships in North East ports;

iv. the Home Secretary on:

- law and order, particularly the levels of picketing following recent High Court injunctions concerning certain pits in the Yorkshire and South Wales coalfields;

SECRET

v. the Attorney General on:

- any significant developments in civil actions;
(the receiver applied to the High Court on
15 February for the sequestration order to be lifted)

2. You may wish to get agreement on the line to be taken by Ministers in any unavoidable public comment if:

- substantive negotiations have begun or seem likely to begin
(the future of NUM members dismissed during the strike, for disciplinary or criminal offences, may prove particularly sensitive - a South Wales NUM spokesman said on 13 February that his area would never return to work until an amnesty had been agreed for all NUM members so dismissed.)
- negotiations do not seem likely to start or have broken down
(the position of NACODS will need to be considered when deciding how best to pin the responsibility on Mr Scargill.)

3. As there is no Cabinet on 21 February, the next opportunity for discussion will be the next Misc 101 meeting, arranged for Tuesday 26 February at 11 am.

PLG

P L GREGSON

15 February 1985

010

COVERING SECRET

Copy No ① of 4

AT
42



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 7214

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

14 February 1985

Dear Andrew,

POWER STATION ENDURANCE

I attach the latest weekly report.

MB

Copies also go to Margaret O'Mara and
Richard Hatfield.

*Yours ever
John*

J S NEILSON
Private Secretary

COVERING SECRET



POWER STATION ENDURANCE

1 Coal deliveries to CEGB power stations last week amounted to some 0.66mt (including non-NCB sources). Coal burn was 0.89mt and stocks fell by 0.22mt. The Board's stocks on Sunday night (10 February) were 11.89mt with a further 0.54mt at Scottish power stations.

2 Total NCB deliveries last week were estimated to amount to some 0.93mt of which about 0.32mt went to customers other than power stations.

3 The average rate of deliveries to CEGB power stations over the whole period of the strike has been 0.54mt. The average of the past eight weeks has been 0.55mt, but this period includes the Christmas and New Year holidays when deliveries are traditionally low.

4 The CEGB's estimate of the range of endurance outcomes is as follows:-

Future usable coal deliveries

System Endurance

	<u>80% Oil burn</u>	<u>100% Oil burn</u>
0.30mt/week	early June	late October
0.40	mid July	mid December
0.43	-	<u>January 1986</u>

Department of Energy

13 February 1985

SECRET



JE VC
41
a Welsh Office

10 DOWNING STREET

From the Private Secretary

13 February 1985

COAL INDUSTRY BILL

The Prime Minister has seen your Secretary of State's minute of 21 December and the Chancellor's reply of 7 February. She has noted that the Chancellor's proposal not to extend the time limit for the current financial regime beyond March 1986 appears to imply that new legislation would not only be introduced in the 1985-1986 session but would also receive Royal Assent by March 1986. She feels that the decision on when to introduce major legislation to restructure the industry should be taken on its merits and not be constrained by decisions on whether to extend the existing regime.

She believes, therefore, that the bill which will be required in the current session should contain provision to permit the extension of the current financial regime to March 1987 should that prove necessary. In the meantime, preparatory work should be undertaken to keep open the option of introducing major legislation in the 1985-86 session should it be thought advantageous to act quickly after the end of the strike.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), Rachel Lomax (HM Treasury) and Richard Hatfield (Cabinet Office).

Shutt

ANDREW TURNBULL

Michael Reidy, Esq.,
Department of Energy.

SECRET

Daily Coal Report - Wednesday 13 February 1985

AT

13/2

	<u>Number</u>
(i) Working normally	53
(ii) Turning some coal	27
(iii) Some men present	75
(iv) On strike/picketed out	19

We know
this -

Bolsover, Shirebrook and Coventry pits are now working normally.

By 4.30 pm 258 new faces had reported.

Area attendances were as follows:-

			<u>Change on</u> <u>last Wednesday</u>
Scotland	(24 hr attendance)	4,882	+ 374
North East	(24 hr attendance)	8,142	+ 868
Yorkshire	(24 hr attendance)	6,951	+ 551
North Derbyshire	(24 hr attendance)	6,809	+ 95
Western	(24 hr attendance)	11,868	+ 34
South Wales	(morning shift)	402	+ 22
Kent	(morning shift)	167	+ 7

Coal Movements

Weather again affected movements. 150,000 tonnes were moved yesterday.

44 coal trains ran.

Law and Order

Generally quiet. However, following disturbances outside the

Scottish NCB headquarters, fifteen arrests were made. The disturbances occurred when a petition was handed in alleging mismanagement of the Scottish coal industry.

NUM

600 delegates representing nearly 20,000 South Wales miners today called for a national delegate conference to discuss all aspects of the strike - though they also declared they were standing firmly behind their national leaders in seeking "an honourable negotiated settlement".

NACODS

The Secretary of State for Energy will report to Cabinet tomorrow on the outcome of his meeting with NACODS later today.

High Court

Yorkshire NUM area president Jack Taylor said today that the area had decided to call off mass picketing in compliance with yesterday's court order.

However the South Wales NUM today announced that it intended to appeal against the Court's ban on mass picketing at five Welsh pits.

Welsh Pit at Risk

A major coal face at Oakdale pit in South Wales is at serious risk because of flooding. The NUM have refused to provide the necessary safety cover for remedial steps to be taken. The Coal Board has warned that up to 2,000 jobs could be at risk if the pit - which is linked to two neighbouring pits - is lost.

SECRET AND PERSONAL

Line to Take

No change.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

TO:
NICK TOMPKINS

~~SECRETARY OF STATE:-~~

cc AF
B1
DL
MR
CW
IM

~~CG 15/PDS (PHONT)~~
Mr Priddle.
Mr Beaton.
Mr Brown.
Mr Seoney.
Mr Gannatt.

AREA ATTENDANCES WEDNESDAY 13 FEBRUARY 1985

			Change on Last Wednesday.	New faces morn. shift
SCOTLAND.	(24 hr attendance)	4,882.	+ 374.	61.
NORTH EAST.	(24 hr attendance)	8,142	+ 868.	95.
YORKSHIRE.	(24 hr attendance)	6,951.	+ 551.	54.
NORTH DERBYSHIRE.	(24 hr attendance)	6,809	+ 95.	21.
WESTERN	(24 hr attendance)	11,868	+ 34	7.
SOUTH WALES	(morning shift)	402	+ 22.	2.
KENT.	(morning shift)	167	+ 7.	0

+ Notts 1
SMids 1
Products 1

243

New Faces : afternoon shift
(7. North East, 4. Yorks, 4 N. Derbys)

15

New faces today so far

258.

New faces this week so far

1,840.

this time last week :
new faces : 339
total so far : 3339

S.J Whiting
COAL
R.1289A X4680.

Ref. A085/494

PRIME MINISTER

Cabinet: Industrial Affairs: Coal

You will wish to invite reports from:

i. the Secretary of State for Energy on:

the number of pits and miners working;

coal production and movements;

his meeting with NACODS;

TUC contacts with the NCB and NUM;

any developments following the South Wales NUM Area delegate meetings.

ii. the Secretary of State for Employment on his assessment of the prospects for a resumption of worthwhile talks between the NCB and NUM;

iii. the Home Secretary on current levels of picketing, particularly following the recent court injunctions restricting the numbers of pickets at five pits in South Wales and eleven pits in Yorkshire;

*4 extra pits →
normal work*

*930,000 tons.
800,000 tons*

230,000 tons

*North
West
Yorkshire
SW. Area
Area*

*With NUM
Executive*

SECRET

iv. the Attorney General on the progress of the case relating to the NUM's deposit of £27 million in Dublin, where judgment has now been reserved. ?

2. A meeting of MISC 101 has been arranged for 11.00 am on Monday 18 February.

RA

ROBERT ARMSTRONG

13 February 1985

SECRET

38A CC Fungy
(12/2/85)

POSSIBLE AMENDMENTS TO NCB DOCUMENT DATED 13.2.85

Paragraph 2 - delete last sentence.

Paragraph 5 - delete last sentence. Substitute: "These talks will be completed within one month. In the event of failure to reach agreement, the existing procedures will apply."

Existing paragraphs 6 - 8

Put existing paragraph 7 before existing paragraph 6 and amend existing paragraph 6 and 8 as follows*-

Existing paragraph 6 delete the words "will be closed" in the last sentence and substitute "will if requested by either party be reviewed under the Modified Colliery Review Procedure".

In Paragraph 8 add to the end of the first sentence the words "as to whether or not to close the colliery".

The final paragraph of the document is re-arranged and amended as set out in the sheet attached.

SECRET

SECRET

CONSOLIDATED TEXT OF PARAGRAPHS 5-8, RE-ORDERED AND AMENDED

5. The existing Colliery Review Procedure has the objective of periodically reviewing at colliery and Area level the performance and future investment opportunities of pits with representatives of unions. The parties accept the need to modify the procedure. After a return to normal working, there will be urgent talks about the early establishment of modified procedure and about the constitution, membership and role of the independent reference body which is to be incorporated into the procedure. These talks will be completed within one month. In the event of failure to reach agreement, the existing procedures will apply.

6. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the national appeal stage to consider reference from any of the parties to the Procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the view of the proposed independent review body.

7. Proposals about the future of pits will then be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement. In the case of a colliery where there are no further reserves which can be developed to provide the Board, in line with their responsibilities, with a satisfactory basis for continuing operations such a colliery will if requested by either party be reviewed under the Modified Colliery Review Procedure.

8. At the end of this procedure the Board will make its final decision as to whether or not to close the colliery. The parties accept this is not intended to constitute a non-strike agreement.

SECRET

with some tax and public expenditure changes, economic growth averaging 3 per cent a year, with low inflation, was possible up to 1990.

The document said that to reverse Britain's declining share of world markets needed reduced government-imposed costs, realistic pay settlements and higher productivity plus improvements in non-price competitiveness through better marketing, quality, design, training, and management. "We require more enterprise and freer markets, including the labour market."

Will to Win laid down policies which the CBI said were essential to return the economy to prosperity by the middle of the decade. On unchanged policies unemployment, it said, could reach 3.5 million by the middle of 1985.

A total of 70 recommendations were made, including increased government spending on capital projects and unemployment, introduction of non-military youth national service, cuts in government revenue spending and new industrial policy.

● Private sector pay settlements are running at just over 6 per cent, according to latest confederation figures (Our Labour Correspondent writes). Its pay data bank shows average settlements of 6.2 per cent in each of the past three months, little change from last summer.

Birkenhead dies

Lord Birkenhead died suddenly at his Oxfordshire country home on Saturday. He was 88. He had a number of books published under the name of Robin Furneaux.

the matter. Later in the meeting, Mr Ponting says, he was allowed to talk to the department's head of personnel, Mr Richard Hastie Smith who said: "We're all sure that this is nothing to do with the Official Secrets Act. There are only two courses open.

Subsequently, according to Mr Ponting, Mr Hughes told him: "I've just been to see Sir Ewen Broadbent and he has just repeated again what I told you earlier. If you sign, that will be the end of the matter." Finally, after Mr Ponting said he

he told the Civil Servant "in blunt and straightforward terms, it might be a prosecution or they might deal with it by disciplinary". Mr Broome equally denied telling Mr Ponting that the matter could be dealt with by resignation or discipline.

questions to ask ministers.

If the police find discrepancies in Mr Ponting's evidence, papers may be referred to the Director of Public Prosecutions for a decision on new charges.

control over the NCB's erratic manoeuvres. She felt that she was not being kept fully informed. She was not seeing Mr MacGregor herself, and Mr Walker was not able to make up for that because he was not always kept totally in the picture either.

The difficulties between Mr Walker and the Prime Minister appear to have been resolved now that he has exerted his authority over the board. That is designed to prevent the kind of confusion that was earlier so evident over the board's conditions for reopening negotiations.

Government and board unclear

That particular problem developed after last month's meeting between Mr Ned Smith, for the NCB, and Mr Peter Heathfield of the NUM. When ministers heard of the proposals that were to be put to the NUM executives they were upset.

It was to placate ministerial anger that Mr MacGregor suddenly introduced the new demand that the NUM should accept in writing the principle that pits could be closed for economic reasons. Mrs Thatcher might not have insisted upon such a condition herself, but she concluded that it was better to support the board publicly.

It was not a necessary condition. The NCB's position would have been equally strong in substance if it had simply insisted that a satisfactory procedure for the closure of uneconomic pits would have to be part of any agreement, and that it would therefore have to be top of the agenda in any negotiations.

But it would still have been all right if the Government

The coal peace plan the union rejected

The following is the text of Coal Board proposal conveyed to the NUM by Mr Norman Willis and rejected by the union.

1. It is of crucial importance for the parties concerned in the current dispute to concentrate attention on the future success of the industry and in so doing to commit themselves to reconciliation and restoration of relationships.

2. The NUM recognize that it is the duty of the NCB to manage the industry efficiently and to secure sound developments in accordance with their responsibilities and the NCB recognize that the NUM represents and advances the interests of its members and their employment opportunities. In this regard the NCB is firmly of the view that the interests of the membership of the NUM are best served by the development of an economically sound industry.

3. The parties undertake that immediately upon a return to normal working, discussions will commence upon the revision of the Plan for Coal, such revision to be completed within six months. In order that this programme, which is of vital importance to the industry, the mining communities and the country, is carried through with the utmost effectiveness the parties specifically and mutually commit themselves to giving maximum priority to this period of conciliation and reconstruction and providing the necessary resources. The TUC undertake to provide assistance if called on by either the NUM or the NCB. The issues that could be included in discussions are attached as an annex. Nothing in this paragraph will prevent any

party from referring collieries to the Review Procedure.

4. The parties accept that it is of value to outline, at this stage, the procedures that flow from a commitment to modify the Colliery Review Procedure.

5. The existing Colliery Review Procedure has the objective of periodically reviewing at colliery and Area level the performance and future investment opportunities of pits with representatives of unions. The parties accept the need to modify the procedure. After a return to normal working, there will be urgent talks about the early establishment of modified procedure and about the constitution, membership and role of the independent reference body which is to be incorporated into the procedure. Until such time existing procedures will apply.

6. Proposals about the future of pits will be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement and in the case of a colliery where there are no further reserves which can be developed to provide the board, in line with their responsibilities, with a satisfactory basis for continuing operations such a colliery will be closed.

7. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the national appeal stage to consider reference from any of the parties to the Procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the

view of the proposed independent review body.

8. At the end of this procedure the Board will make its final decision. The parties accept this is not intended to constitute a non-strike agreement.

Annex

1. Parties to the dispute have already been prepared to agree that, with a view to establishing a developing and expanding coal industry equipped to meet future energy requirements, they will jointly discuss Plan for Coal and any proposed revision.

2. The parties undertake to commence talks urgently after a return to normal work on Plan for Coal and any proposed revision. The parties will agree before the return to work on a target date of six months by which time this plan will be completed. The parties will be ready to hear the views of other interested parties on Plan for Coal.

3. Discussions about Plan for Coal will include the following but is not thereto limited.

Market and output prospects, national energy needs and increased sales of coal.

(1) To existing markets.

(2) New markets. (a) industrial markets; (b) conversions from other fuels; (c) Support for industrial conversion plans; (d) domestic uses and equipment development.

(3) New uses for coal: (a) liquefaction; (b) gasification.

(4) Marketing programmes: (a) Plans for marketing; (b) Programmes to support marketing by NUM.

(5) Reserve Position: (a) Exploration programmes; (b) Development and expansion of existing pits where market and production opportunities are identified.

Fight to save Manchester Ship Canal

1. It is of crucial importance for the parties concerned in the current dispute to concentrate attention on the future success of the industry and in so doing to commit themselves to reconciliation and restoration of relationships.
2. The NUM recognise that it is the duty of the NCB to manage the industry efficiently and to secure sound developments in accordance with their responsibilities and the NCB recognise that the NUM represents and advances the interests of its members and their employment opportunities. In this regard the NCB is firmly of the view that the interests of the membership of the NUM are best served by the development of an economically sound industry.
3. The parties undertake that immediately upon a return to normal working, discussions will commence upon the revision of the Plan for Coal, such revision to be completed within 6 months. In order that this programme, which is of vital importance to the industry, the mining communities and the country, is carried through with the utmost effectiveness the parties specifically and mutually commit themselves to giving maximum priority to this period of conciliation and reconstruction and providing the necessary resources. The TUC undertake to provide assistance if called on by either the NUM or the NCB. The issues that could be included in discussions are attached as an annex. Nothing in this paragraph will prevent any party from referring collieries to the Review Procedure.
4. The parties accept that it is of value to outline, at this stage, the procedures that flow from a commitment to modify the Colliery Review Procedure.
5. The existing Colliery Review Procedure has the objective of periodically reviewing at colliery and Area level the performance and future investment opportunities of pits with representatives of Unions. The parties accept the need to modify the Procedure. After a return to normal working, there will be urgent talks about the early establishment of modified Procedure, and about the constitution, membership and role of the independent reference body which is to be incorporated into the Procedure. Until such time existing procedures will apply.
6. Proposals about the future of pits will then be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement and in the case of a colliery where there are no further reserves which can be developed to provide the Board, in line with their responsibilities, with a satisfactory basis for continuing operations such a colliery will be closed.
7. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the national appeal stage to consider reference from any of the parties to the Procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the views of the proposed independent review body.
8. At the end of this procedure the Board will make its final decision. The parties accept this is not intended to constitute a no strike agreement.

13.2.85.

1. Parties to the dispute have already been prepared to agree that, with a view to establishing a developing and expanding coal industry equipped to meet future energy requirements, they will jointly discuss Plan for Coal and any proposed revision.
2. The parties undertake to commence talks urgently after a return to normal work on Plan for Coal and any proposed revision. The parties will agree before the return to work on a target date of six months by which time this plan will be completed. The parties will be ready to hear the views of other interested parties on Plan for Coal.
3. Discussion about Plan for Coal will include the following but is not thereto limited.

Market and output prospects, national energy needs and increased sales of coal.

- (1) To existing markets
- (2) New markets.
 - (a) industrial markets
 - (b) conversions from other fuels
 - (c) Support for industrial conversion plans
 - (d) domestic uses and equipment development
- (3) New uses for coal
 - (a) liquefaction
 - (b) gasification
- (4) Marketing programmes
 - (a) Plans for marketing
 - (b) Programmes to support marketing by NUM.
- (5) Reserve Position
 - (a) Exploration programmes
 - (b) Development and expansion of existing pits where market and production opportunities are identified.
- (6) Productivity
 - (a) Improvement in performance at pits
 - (b) Investment in equipment for improved safety and performance.
- (7) Closure and Community Responsibility
 - (a) Mobilisation of local authorities and industry as well as MSC NCB Enterprise Company to develop retraining and new job creation
 - (b) UK and EEC restructuring resources and how obtained
 - (c) Programmes for voluntary redundancy and early retirement and the terms available
 - (d) Transfer and relocation allowances
 - (e) Retraining programmes.

①

ms

PRIME MINISTER

COAL INDUSTRY BILL

A Bill is needed in 1984-85 to raise the financial limits for deficit grant payments to the NCB. There is no disagreement about this.

Mr. Walker proposes that as well as raising the limits the interim bill should extend a regime of deficit grants, to closure grants and RMPs from March 1986 to March 1987. He argues for this on the grounds that this will give more time for developing radical proposals for restructuring the coal industry which should then be negotiated in the 1986-87 session.

The Chancellor argues against extending the limits to March 1987 on the grounds that legislation to restructure the coal industry should be in the 1985-86 session.

I think the Chancellor is right to question the timetable for major legislation but wrong to try to link this with the extension of the existing regime. If the regime were not extended beyond March 1986 it would be necessary not only to introduce major legislation in the next session but to have secured Royal Assent by March 1986. The tail would be wagging the dog with administration of the current regime dictating the timetable of major legislation.

At present there is no provision in the 1985-86 programme for a coal bill though QL recognises that if it is thought right to go for a bill in the next session, it should have precedence over other bids.

I suggest the proper course is:

- (i) The 1984-85 bill should contain provision to extend the current regime to March 1987 if that proves necessary.

(ii) The timing of a major bill to restructure the coal industry should be dictated by genuine policy considerations eg whether, when the strike is over, it is advantageous to act fast or whether it looks better to take rather longer to develop major proposals. Meanwhile, Mr. Walker should be keeping open the option of legislation in 1985-86?

Yes Agree?
AT

12 February 1985

VC4AAO

SECRET AND PERSONAL

Daily Coal Report - Tuesday 12 February 1985

Time Allowed
12/2

	<u>Number</u>
(i) Working normally	53
(ii) Turning some coal	27
(iii) Some men present	75
(iv) On strike/picketed out	19

[Handwritten mark]

By 6.00 pm 375 new faces had reported bringing the total for the week to 1,580.

Area attendances were as follows:-

			<u>Change on</u> <u>last Tuesday</u>
Scotland	(24 hr attendance)	4,821	+ 362
North East	(24 hr attendance)	7,942	+ 808
Yorkshire	(24 hr attendance)	6,913	+ 641
North Derbyshire	(24 hr attendance)	6,631	+ 5
Western	(24 hr attendance)	11,080	- 400
South Wales	(morning shift)	401	+ 22
Kent	(morning shift)	175	+ 17

Coal Movements

These were badly affected by weather conditions. 145,000 tonnes were moved yesterday.

30 coal trains ran.

Picketing

No major disorder.

SECRET AND PERSONAL

The number of pickets present at least three of the five pits named in yesterday's injunction against the Welsh NUM exceeded the permitted maximum of six.

NACODS

Following their meeting today members of the NACODS national executive requested a meeting with the Secretary of State for Energy. This meeting is to take place tomorrow. NACODS objectives are unclear.

High Court

The Court today granted an injunction against the Yorkshire area NUM banning mass picketing at eleven Yorkshire pits. The Court also banned all spending on mass picketing by the area NUM both inside and outside the county and ruled unlawful the area's open offer to pay pickets' fines.

Judgement was today reserved in the Irish High Court action to determine ownership of the £2.7 million lodged in a Dublin bank.

Line to Take

As Friday.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

MR TURNBULL

11 February 1985

COAL INDUSTRY BILL

Having gone to great pains to avoid fudging the settlement, we must not fudge the restructuring required to give us a commercially-sound coal industry for the 1990s and beyond. The best time to take the difficult, and inevitably painful, measures needed to achieve this end is in the immediate aftermath of the dispute. Peter Walker would rather have a protracted period of reflection followed by legislative changes in the 1986-87 Session, ie prior to the next Election. That would be a recipe for doing nothing radical.

Two courses of action should be progressing in parallel. Peter Walker needs his Coal Bill in the 1984-85 Session for short-term financial administration. Meanwhile we should be giving priority to formulating plans for a radical restructuring of the coal industry, and to drafting the enabling legislation. As soon as the dispute is over we should be ready to move into high gear, creating whatever room is needed for the supporting legislation - no later than the 1985-86 Session. We must not miss the window of opportunity after the strike.

JOHN WYBREW

COVERING SECRET

Copy No ① of 4



HT
35A

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

11 February 1985

Dear Andrew

I attach the latest weekly report on coal
and power station statistics.

Copies also go to Margaret O'Mara and
Richard Hatfield.

Yours ever

John

J S NEILSON
Private Secretary

COVERING SECRET

8 February 1985

1/14

WEEKLY COAL AND POWER STATION STATISTICS (1)

EcS Division, Dept. of Energy, Thames House South, Millbank SW1P 4QJ. Phone: 01-211-6928

Week ending 4-2-84 : 12-1-85 19-1-85 26-1-85 2-2-85

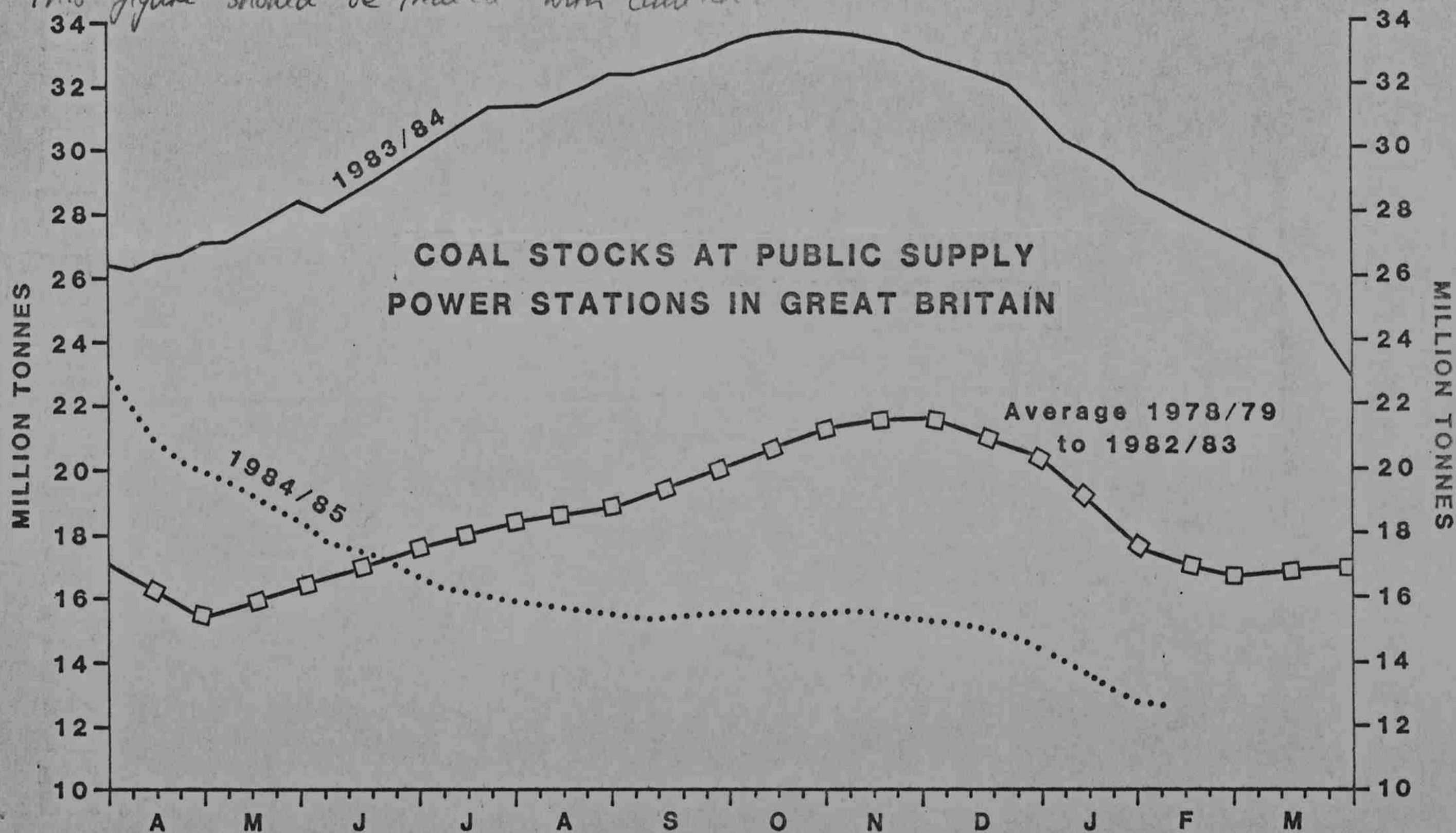
COAL	PRODUCTION	deep mines+	1.68 :	0.66	0.64	0.68	3.73
	(m. tonnes)	opencast+	0.25 :	0.28	0.28	0.27	0.27
		TOTAL	1.92 :	0.94	0.93	0.95	1.00
	PRODUCTIVITY(2)	'overall' o.m.s	2.28 :	0.0	0.0	0.0	0.0
	(tonnes/manshift)	'production' o.m.s	9.69 :	0.0	0.0	0.0	0.0
UNDISTRIBUTED STOCK							
	(m. tonnes)	TOTAL	28.37 :	20.50	20.51	20.57	0.0
COAL STOCKS	(m. tonnes)		28.37 :	13.70	13.18	12.80	12.68
	COAL CONSUMPTION	"	1.91 :	1.01	1.13	1.05	0.78
	COAL RECEIPTS	"	1.51 :	0.69	0.61	0.66	0.65
OIL STOCKS(3)	"		1.31 :	1.21	1.15	1.11	1.07
	OIL CONSUMPTION(3)	"	0.06 :	0.61	0.66	0.61	0.65
	OIL RECEIPTS(3)	"	0.08 :	0.34	0.55	0.50	0.55
ELECTRICITY SUPPLIED (4) (GWh)			:				
	Nuclear	"	980 :	1,220	1,146	1,170	1,213
	Other Steam	"	4,504 :	4,740	4,930	4,742	4,348
	TOTAL	"	5,484 :	5,959	6,076	5,912	5,561
	TOTAL - temperature corrected	"	5,585 :	5,521	5,274*	5,667	0.0

(1) Great Britain unless otherwise stated. All latest figures are subject to revision.

(2) NCB mines only. (3) Oil-fired boilers only. (4) Steam stations only.

... data not yet available. + includes licensed production. * Abnormally large correction.

This figure should be treated with caution.

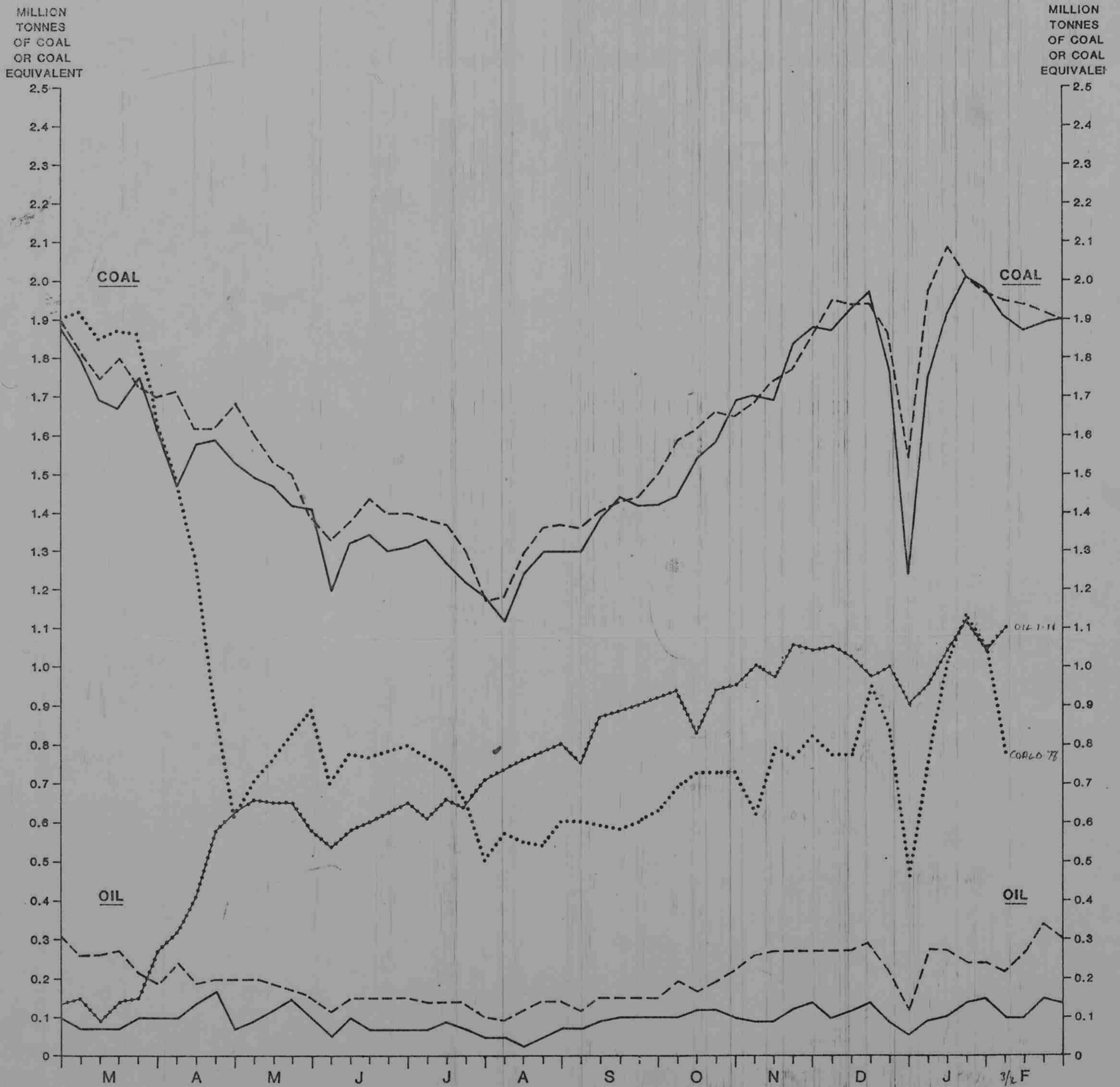


SECRET

COAL CONSUMPTION AND OIL CONSUMPTION (OIL FIRED) AT PUBLIC SUPPLY POWER STATIONS IN GREAT BRITAIN

Key

- COAL } March 84 to February 85
- OIL } March 84 to February 85
- March 83 to February 84
- Average 1977/78 to 1981/82



SECRET

CONFIDENTIAL

2



H. STEEL, CMG OBE
LEGAL SECRETARY

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

Prime Minister
to note
EJP
11/2

11 February, 1985

Dear Charles,

NUM ASSETS: PROCEEDINGS IN LUXEMBOURG

In his letter to Len Appleyard of 28 January, Andrew Turnbull recorded that the Prime Minister wanted to see further reports of exactly what happened in Luxembourg in view of the differing accounts which we had received. The FCO have already given the information at their disposal and I agreed with Michael Llewellyn-Smith that I would send direct to you the results of the enquiries which Gerald Hosker, in Treasury Solicitor's Department, made of his contact with the sequestrators' solicitors. Unfortunately, our preoccupation with what was happening in Dublin has prevented us from giving this first priority but I now send you the enclosed copy of Gerald Hosker's letter to me of 8 February which gives the information which he has been able to glean from the sequestrators. Subject to your views, I would not think it necessary to ask him to press Mr. Staple to pursue the matter any further with the Receiver's solicitors.

I add that the Attorney-General's reading of the matter is that the Luxembourg Government undoubtedly put more pressure on Nobis Finance than they admitted to us and that it was the prompt and vigorous intervention by the FCO which largely did the trick.

I take this opportunity to report that I have had a message from Gerald Hosker this morning to the effect that the Dublin proceedings have been adjourned until tomorrow and will then be taken up with final speeches. Keeping my fingers crossed, therefore, I think that we may after all get through them without running into the problem that we feared at the beginning of last week.

/I

CONFIDENTIAL



I am copying this letter and its enclosure to Len Appleyard (FCO), Michael Reidy (Energy) and Richard Hatfield (Cabinet Office). A copy without the enclosure goes to Gerald Hosker.

Jason
Henry Steel

H STEEL

C D Powell Esq
No.10 Downing St
London SW1

400/85/17.

CONFIDENTIAL



Queen Anne's Chambers
28 Broadway London SW1H 9JS

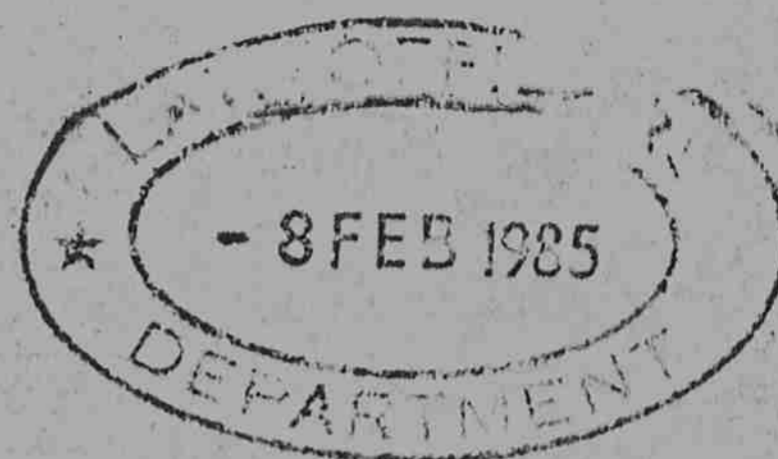
Telephones DIRECT LINE 01-273 4188
SWITCHBOARD 01-273 3000
Telex 917564 GTN 273

Our reference A84/289/PT XII/GAH

8th February 1985

Your reference

H Steel Esq
Legal Secretary
Law Officers' Department
Royal Courts of Justice
Strand
London WC2



Dear Henry,

NUM : Sequestrators' Actions

I am writing to you in response to your earlier request for further information about the circumstances which led to the removal of the difficulties which had impeded the conclusion of a deal in Luxemburg between Nobis Finance and the NUM Receiver.

As you know, Mr Staple of Messrs Clifford-Turner acts for the Sequestrators and he tells me that, because of the differing views on the future role of the Sequestrators, relations between his clients and the Receiver are somewhat strained at the present time even though they have a common interest to ensure the success of the Dublin proceedings. It is, therefore, not convenient for further enquiries to be made about the course of the Luxemburg events but if pressed, Mr Staple would be willing, albeit reluctantly, to raise the matter with Mr G J B Hutchings of Messrs Lovell White & King, the Receiver's Solicitors.

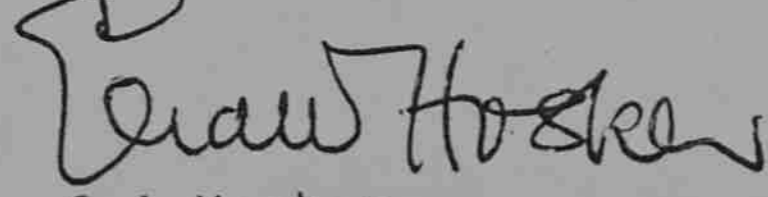
Certain facts about what happened in Luxemburg at the material time have emerged from earlier conversations between Mr Staple and Mr Hutchings. First, the intimation from the Ministry of Foreign Affairs that they did not favour the Receiver's proposed deal was conveyed to his fellow partner in Arthur Young McClelland Moores. He is a Luxemburg citizen and a member of the Legislature there. As the recipient of the message, only he will have known whether the threat to withdraw the banking licence from Nobis Finance was explicit or implicit.

Thereafter, Nobis Finance decided to transfer the NUM funds to Industrie Bank, Dusseldorf which is one of the three German proprietors of Nobis.

This step may have been precipitated by the attitude of the Luxemburg Ministry of Foreign Affairs but, whatever the reason may have been, it was apparently in breach of trust. Nobis Finance was, I understand, thus exposed to a risk of proceedings instituted by the NUM and, being aware of this, the Receiver went to Dusseldorf to argue that the solution to the problem lay in a transfer of the funds by Industrie Bank to the Receiver. His visit was successful and the result is that Nobis Finance is now protected by an indemnity, supported partly by an insurance policy and partly by a deposit of £4,500,000 which is to remain in the Receiver's hands in London for use in respect of any successful claims against Nobis Finance by third parties.

It is clear that the Ministry of Foreign Affairs in Luxemburg modified its policy towards Nobis Finance and its proposed deal with the Receiver and it is likely that this was in response to representations received from HMG through diplomatic channels. Equally, the Ministry may have taken account of the fact that the Receiver's negotiations were by then being conducted with a German bank in Dusseldorf and, in consequence, the reputation of Luxemburg's banking community was no longer involved quite so directly. This consideration may also have been in the minds of Industrie Bank: it could be the explanation why they did not remedy the breach of trust and simply return the NUM money to Nobis Finance.

It may be that although it is not authoritative in every respect, my description of the events in Luxemburg and Dusseldorf will be sufficient. If not, please let me know and I will ask Mr Staple to initiate further enquiries when he has a suitable opportunity.

Yours ever

G A Hosker

Prime Minister ①

Daily Coal Report - Monday 11 February 1985

35 → AT 11/2

	<u>Number</u>
(i) Working normally	50
(ii) Turning some coal	30
(iii) Some men present	75
(iv) On strike/picketed out	19

By 6.00 pm 1,190 new faces had reported, compared to 2,323 last week. Considering the weather conditions this was a reasonably good total.

Area attendances were as follows:-

			<u>Change on</u> <u>last Monday</u>
Scotland	(24 hr attendance)	4,740	+ 385
North East	(24 hr attendance)	7,304	+ 544
Yorkshire	(24 hr attendance)	6,528	+ 577
North Derbyshire	(24 hr attendance)	6,232	+ 152
Western	(morning shift)	6,339	- 333
South Wales	(morning shift)	385	+ 21
Kent	(morning shift)	167	+ 11

Coal Movements

920,000 tonnes were moved last week, of which 607,000 went to the CEGB.

? 245 coal trains ran.

Law and Order

No major disorder though heavy picketing in Yorkshire coinciding with the "day of action" in that area.

NACODS

The NACODS national executive will meet tomorrow to consider the Coal Board's response to last Thursday's joint call by NACODS and the NUM for a resumption of negotiations.

South Wales NUM

The South Wales NUM is to hold a coalfield conference on Wednesday to discuss the strike situation.

High Court

The High Court today granted an injunction to South Wales working miners limiting the number of pickets at each of five named pits in the area. The order was made against the South Wales area NUM. The Judge also granted three individual working miners injunctions preventing the union organising pickets near their homes. He also ruled that a South Wales area resolution to pay all fines of members convicted picket line offences was "void", but said the union had the power to consider individual cases and to pay fines if this was thought to be in the interests of the union or members.

The Judge refused to grant injunctions against the NUM nationally or against members of the national strike co-ordinating committee. He also refused to grant injunctions banning secondary picketing or the spending of union funds on picketing.

The outcome in this case may be relevant to the similar application against mass picketing being pursued by Yorkshire miners, hearing of which is due to start in the High Court tomorrow.

SECRET AND PERSONAL

Line to Take

As Friday.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

From DAVID HART

(11 Feb 85)

THE FINAL PUSH.

Like the snow, the last few weeks of the dispute must be endured bravely. We are on the brink of a great victory. If we don't throw it away at the last moment. Much greater than the Falkands because the enemy within is so much harder to conquer.

The NUM is collapsing around Scargill. COSA are going to call for an emergency NEC meeting early this week. (They may not get it). The South Wales Area delegates meet on Tuesday and will hear calls for an orderly, union led return to work. They will probably be mandated by that conference to call for such at the next NEC meeting. Scargill tries to postpone last week's NEC meeting and is forced by his NEC members to hold it. Roy Ottey publishes his memoirs in the Telegraph highly critical of Scargill. This and much more demonstrates that we are in the closing stages.

The anger and disappointment of the Scargillites and those who have a sneaking sympathy for the predicament he has created for himself (some in the government) must be allowed to wash against the rock of our determination until it is dissipated.

I wrote in an earlier note that there was a danger that public opinion, loyal to your aims in the miners' dispute, might suddenly turn. I proposed that we adopt tough measures to force men back to work and so end the dispute before that happened. I agree that there are considerable political dangers. But the greater danger is in prolonging the dispute beyond the tolerance of the public. We have not arrived at that point but I sense an unease in the street. People are bored of the strike. Bored of miners. People know that Scargill is utterly unreasonable. They cannot understand why he hasn't been defeated already. This doesn't mean that the street wants us to give in.

The NCB has held an admirably firm and unusually consistent position for the last two weeks (excepting MacGregor's not so private exchanges with Willis) requiring some kind of plain, written confirmation from the NUM that it will discuss and eventually accept the NCB's right to manage the industry and its right, after going through the Colliery Review Procedure as amended in the NACODS agreement, to close uneconomic pits.

Any backing-down from this position could be fatal to the outcome of the dispute and would be seen as a defeat for you personally since you have so clearly underlined the need for written assurances from the union. (It would also have a detrimental effect on the pound. Any weakening of resolve would be seen by the international financial community as a sign that you had lost your grip on affairs or else that the country was ungovernable).

The NCB position is tough. And is seen by the street to be. But the street knows that it is the right position.

Despite mighty efforts by Scargill and his sympathisers in the media to demonstrate that the Government and the NCB are intransigent, the position is utterly reasonable.

This doesn't mean that will-to-lose salon opinion will see it like that. And they might persuade public opinion if we do not explain ourselves properly. A substantial propaganda effort should be undertaken by Mike Eaton and Ministers this week to explain the reasonableness of the NCB position. (I have got MacGregor to agree to the NCB effort) They must be consistent with each other. There really is no point in Walker and Hunt seeming to be more conciliatory than the NCB as they did in Monday's debate. Indeed such obvious differences prolong the agony. Had we been more united Scargill might not have been able to pull the NACODS wool over the NEC's eyes at last week's meeting. NEC members would probably have forced Scargill to discuss what they wanted to discuss - an ordered return to work.

MacGregor's flirtation with the TUC also prolongs the agony. Everything is reported to Kinnock and Scargill. MacGregor offers too much. By his behaviour he entitles Scargill to think that if he just holds on a little longer the NCB may lose its nerve and make concessions. Scargill has always been a desperate man. Cornered, he is even more desperate. As his embrace of NACODS and the NACODS agreement shows. At various times recently he has publicly dismissed them both with contempt.

The street should be reminded that Scargill started this strike and by publicly refusing to contemplate the closure of uneconomic pits, despite the unprecedented redundancy arrangements, challenged the NCB's right to manage the industry. No management worthy of the name can bow down beneath such a challenge. Certainly not a management that is financed by the taxpayer. As representatives of the taxpayer the Government cannot allow the NCB to surrender. The nation does not owe miners a living. Yes, the NCB has taken a tough position. It has had to because Scargill has been so utterly unreasonable. To match toughness with toughness. Scargill has always been tough. Until now the NCB has, in fact, been conciliatory. (Another reason why public opinion is bored. It likes tough leadership).

The street could also be reminded that the present dispute is the result of countless previous fudges in the industry and had there been a clear and plain agreement it might not have happened at all. Hence the need for a clear settlement.

It is true that Scargill manages again and again to put off the evil hour. But he will run out of excuses, of feints, of a sufficiency of energy. And all the time his ears ring with the tramp of his members feet going back to work.

There are three possible ways for the strike to end.

1. Scargill will remain at the head of a dwindling, but militant band who remain on strike for much longer than most of his members.

His preferred solution. If he cannot negotiate a victory.

There would come a time when the strike was over, de facto, but it would mean no formal ending. The TUC would be against this as would the Labour party. It is a possible but unlikely scenario.

2. The NUM Executive will negotiate a settlement unequivocally conceding the right to the NCB to close uneconomic pits.

Not whilst Scargill is in charge. In any case, it is not just Scargill who is against accepting the principal of uneconomic pit closures. Most of the NEC are also publicly against, though an uncreasing number (but not by any means a majority) would accept the concept and make an agreement if it remained private. This, of course, is out of the question.

Unless the NCB cave in, a negotiated settlement is increasingly unlikely.

And undesirable. We are already seeing the weakness of the NACODS settlement in the conflicting public statements of the NCB and the NACODS leadership. Because it is a fudge both sides are entitled to claim, as they are, that it means what they want it to mean. As time passed and the weakness of a similar settlement with the NUM or the weaknesses of the concessions already made to the NUM inevitably became more apparent, people would be entitled to wonder why so much effort had been put into resisting Scargill during the strike if he was to be appeased by fudge in the subsequent peace.

3. The NUM will lead its men back to work with no settlement.

The principal motive of the NUM proponents of the ordered return concept is to avoid a break up of the union consequent upon its humiliation. They will echo Scargill's line on last Monday's Panorama that even if the miners are starved back to work they have already won because they have managed to stay out for so long. And they believe that they can defy pit closures on a pit by pit basis. (They cannot) Scargill is against such a return.

Provided the Government and the NCB remain firm this is the most likely outcome of the strike. It is the best option for us. First, it will be an unequivocally clear victory. Second, by effectively returning the industry to the status quo ante, it will bring into stark relief the utter pointlessness of the strike. For the membership of the NUM. For the country. Scargill will be blamed. Scargillism will be discredited. And MacGregor will be able to manage the business and close uneconomic pits.

David Hart. 11th Feb 1985.

SECRET

L. FSRB
~~E. TP~~
B. CF

34

PRIME MINISTER (2)

MS

COLLIERY REVIEW PROCEDURE

I attach the note on the Colliery Review Procedure which Mr. Walker said he had sent to No. 10. In fact he had brought it with him last Friday but had forgotten to hand it over.

Mr. Walker believes the consideration of the Independent Review Body is inadequate, though he thinks the idea of an inspector assisted by assessors is worth building on. He has asked officials in the Department of Energy to prepare a paper which considers how best to establish the Review Body. He will discuss it with you and a limited group of Ministers before putting back suggestions to Mr. MacGregor

AT

ANDREW TURNBULL

11 February 1985

SECRET

020
AT

COLLIERY REVIEW PROCEDURE

I said I would give thought to ways in which the existing Colliery Review Procedure could be amended:

- (i) in order to speed up the various stages; and
- (ii) to take into account the proposed independent Advisory Body.

Timetable for the Review Pcedure

I would propose that the stages in a new Review Procedure, and the time intervals between them, should be as follows:

	<u>Time From Start</u>
(i) the Area Director holds a Colliery Review Meeting with Area Unions.	--
(ii) The Area Director advises the National Coal Board that, in his view, there is no case for the continued operation of the colliery. The National Coal Board consider the Area Director's views, and advise him that, prima facie, he has made out the case for closure.	2 weeks
(iii) Area Director holds reconvened Colliery Review Meeting and announces that he proposes that the colliery should be closed and that the Board have agreed in principle.	3 weeks
(iv) The Unions decide whether they wish the case to be referred to an independent advisory body. It is for the unions to determine whether this is a matter for the Area Union alone to decide, or whether they must refer to their own National Unions before doing so.	4 weeks.
(v) Independent Advisory Body considers the case put forward by the Area Director and by the Unions, and submits written advice to the National Board.	6 weeks.
(vi) National Coal Board hold "Room 16" meeting to consider the advice of the Independent Advisory Body, together, if they wish, with submissions from National Unions.	8 weeks
(vii) National Coal Board advise Unions of their decision.	10 weeks

(viii) Colliery closes; individual notices terminate.

26 weeks

Independent Advisory Body

There seem to be three options for the geographical basis on which such a body would operate:

- (i) purely local;
- (ii) national;
- (iii) regional.

After carefully considering the implications of (i) and (ii) I come down in favour of (iii) which would give, say, five regional bodies covering, respectively, Scotland and the North East; Yorkshire; East and South Midlands; West Midlands; and Wales. Bodies constituted on this basis would have enough cases to deal with to build up reasonable expertise and a library of case histories without becoming obsessed with purely local considerations. They would not, however, be seen to be capable of taking a totally national view, which would be reserved for the National Coal Board.

I consider that it would be essential that the constitution of the Advisory Bodies should be such as to avoid the traditional built-in compromise solution. Instead, therefore, of the traditional basis of one "owner's man" and one "union man" with an independent academic - a formula which will always tend to lead to attempts to split the difference - I strongly urge that the body should consist entirely of independent people of stature. There remains the problem of finding enough such people to meet the demand and, after considerable thought, I conclude that the most practical solution may be to appoint on each region a single person - most probably an eminent lawyer - who would be advised by assessors appointed from either side. Such a solution would ensure that clear advice was given to the Board without being fudged, and would minimise delay.

It has to be clear that the function of the Advisory Body (or person) is to advise the National Coal Board, rather than to advise the combined group of the National Coal Board and Trade Unions. This is of special significance, I think, in relation to the Terms of Reference of the Body or person.

Terms of Reference

It is my view essential that the Terms of Reference of the Independent Advisory Body should be no wider than the Board's own Terms of Reference. It is no use the Board being given advice which requires them to take into account matters which they are statutorily barred from considering. It is, therefore, essential first to define the parameters which the Board themselves consider it proper to use for taking closure decisions. It might be helpful to take the advice of an eminent lawyer on this at some stage. It would clearly, in particular, be essential to define the circumstances and extent to which social considerations arising from closures were to be taken into account.

As I envisage it, therefore, the role of the Independent Advisory Body is to form an objective judgement on whether the decision to propose closure gives proper weight to all those factors which the Board should take into account in reaching a final decision, and to advise the Board accordingly.



D.G. Brandrick

W/M85/HS/34/MAR

Daily Coal Report - Friday 8 February 1985

33

	<u>Number</u>
(i) Working normally	50
(ii) Turning some coal	30
(iii) Some men present	75
(iv) On strike/picketed out	19

Brenkley pit in Northumberland has moved from category (iii) to (ii). Four out of five pits in Northumberland are now producing coal.

By 6.00 pm 199 new faces had reported bringing the total for the week to 3,754 and that for 1985 to 14,683. The total number who have now returned since the strike began is 37,431.

Today's area attendances were as follows:-

			<u>Change on</u> <u>last Friday</u>
Scotland	(24 hr attendance)	4,619	+ 439
North East	(24 hr attendance)	6,982	+ 1074
Yorkshire	(24 hr attendance)	6,595	+ 1007
North Derbyshire	(24 hr attendance)	6,550	+ 202
Western	(24 hr attendance)	11,953	+ 211
South Wales	(morning shift)	379	+ 41
Kent	(morning shift)	155	+ 18

Coal Movements

194,000 tonnes were moved yesterday.

56 coal trains ran.

Law and Order

No change.

NUM/NCB

The Coal Board reiterated today that the NACODS agreement would be fully honoured. This morning's attendance figures do not, however, suggest that NACODS members have been rattled by Scargill's claims yesterday.

A good letter for once.

This evening the Board sent the attached letter to the NUM. NB This is in the post and may not arrive until Monday. It should obviously not be mentioned in public until the NUM have received it.

Line to Take

The Coal Board have made the best offer since nationalisation and are anxious to achieve a negotiated settlement as quickly as possible. They have already concluded an agreement with NACODS that will benefit both sides and the industry at large.

The obstacle to a settlement with the NUM is Mr Scargill's repeated insistence that all uneconomic pits should remain open until the last tonne of coal is exhausted. Mr Scargill's intransigence, his repeated use of diversionary tactics, and his obvious desire for confrontation, are doing great damage to his members interests.

Miners wishing to end the strike should return to work on Monday.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

TELEPHONE
01-235 2020

TELEX 882161 HOB

NATIONAL COAL BOARD
HOBART HOUSE
GROSVENOR PLACE
LONDON SW1X 7AE

8th February 1985

P.E. Heathfield Esq.,
Secretary,
National Union of Mineworkers,
St. James' House,
Vicar Lane,
Sheffield,
South Yorkshire S1 2EX

Dear Mr. Heathfield,

In my letter of the 1st February I said that I would be in touch with you again this week. I also expressed the Board's concern at the many public statements made by leaders of the NUM in categorically refusing to agree to closures on uneconomic grounds. Again since you received my letter Mr. Scargill has confirmed in public that there is no change in his position on this issue.

Against this background we do not find a basis for entering into useful negotiations.

Yours sincerely,

H.M. Spanton.

PRIME MINISTER

pa.
DWB
11/2

National Bus Company: Industrial Action

The National Bus Company have taken legal action against secondary picketing.

Drivers employed by their "National Welsh" subsidiary are in dispute with the management about changes to Express Coach rosters. Pickets from other NBC companies have been disrupting coach movement in London, Bristol, and certain other centres. The NBC today sought, and obtained, high court injunction against this picketing, and they will if necessary seek its enforcement next week.

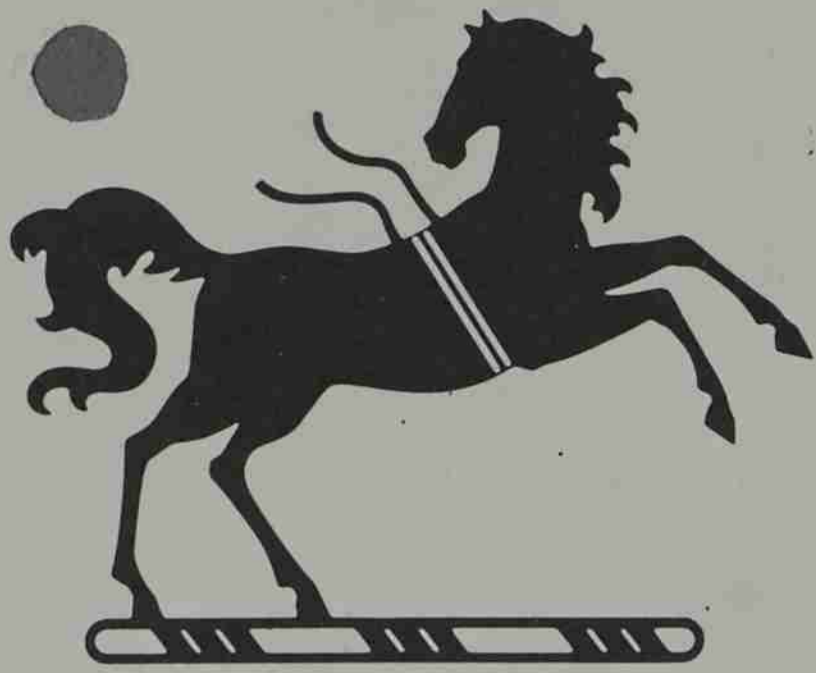
This is, I think, the first occasion on which a nationalised industry has used the new legislation. It is interesting that the injunction has been obtained despite the fact that the pickets concerned come from 100 per cent owned subsidiaries of the same holding company.

DWB

mf

David Barclay

8 February 1985



LLOYDS BANK ECONOMIC BULLETIN

A MONTHLY ANALYSIS FROM LLOYDS BANK

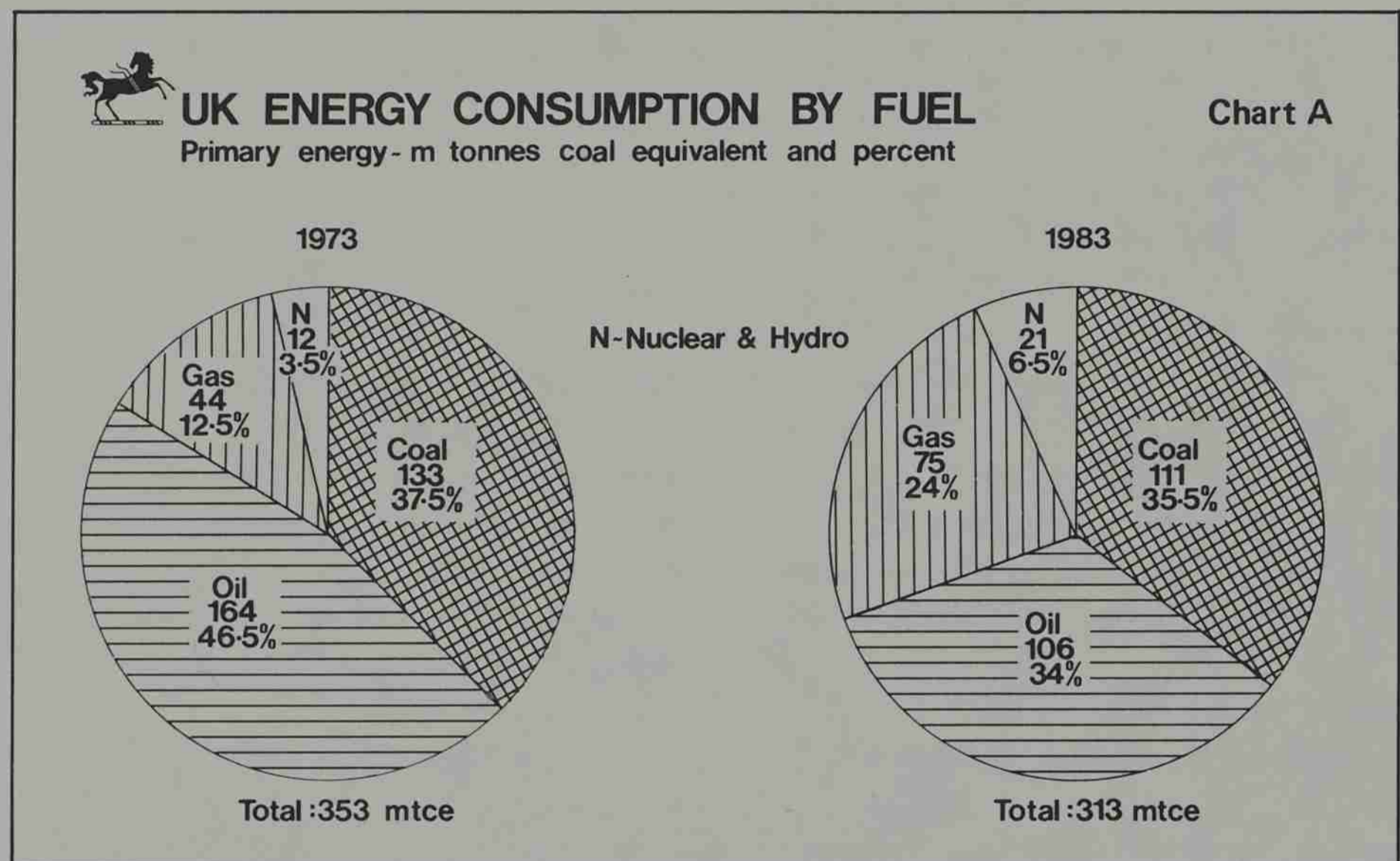
NUMBER 74 FEBRUARY 1985

Coal strike end should help £

The coal strike and the world oil glut have between them had complex effects on the energy sector of the UK economy. The loss of over half normal coal production has been made up by a rise in oil supplies from both the North Sea and the import market. Oil prices have fallen in dollar terms, lowering industrial costs, but they have also brought down the pound, thus raising costs again in sterling terms. Oil is still nearly twice as expensive as coal in the UK, and the strike has thus increased electricity costs. It has also cut the potential growth in the UK's oil export surplus, and cut 1984's balance of payments on current account from plus of £3½bn to roughly zero. While the UK's unsuspected ability to survive a major coal strike almost indefinitely is good news, the combined effect of the strike and the oil glut on sterling was worse than the most ardent devaluationist would have wished.

The balance of payments effects of the strike have been masked by surprisingly static UK energy consumption at a time of gradual recovery in output. Energy demand is positively related to economic growth, and negatively related to energy prices. It has fallen below expectations partly because economic growth itself has suffered as a result of the inflation caused by higher oil prices, and partly because the conservation response by energy consumers to higher prices has gathered momentum.

Energy consumption in the UK has fallen by 12 per cent in the last 11 years, while gdp has risen 13 per cent, and industrial fuel prices have more than



doubled in real terms. The crucial energy/gdp ratio has thus fallen by 22 per cent, a rough measure of the improvement in energy efficiency. As table 1 and chart A show, the pattern of change varies greatly between periods of sharp increase and periods of relative stability in energy prices.

The main falls in energy consumption were concentrated in the recession years of 1974-75 and 1980-82, and were due more to the rise of over 40 per cent in real energy prices on each occasion than to the drop in gdp of about 1½ per cent. There is more difference between the two recoveries than between the two recessions. In 1976-79, gdp, real energy prices and energy consumption all coincidentally rose by about 10 per cent. The gradual continuing upward drift in energy prices was not sufficient to prevent energy consumption rising about as fast as gdp itself. But in 1983-84 energy consumption has been virtually static, even though real industrial fuel prices fell by 5½ per cent, while gdp rose

by the same amount.

As well as a delayed action response to the 1979-80 oil price rise, there has been a marked change in UK industrial structure since the mid-1970s recovery, brought on by the high exchange rate due to North Sea oil, and the demise of the more energy-intensive industrial sectors. Manufacturing industry in general, and steel in particular, account for a smaller proportion of gdp. The penetration of car ownership has also been static at 43 per cent of households for the past 10 years.

The projections for 1990 and beyond by the Department of Energy and other forecasters have been rendered out of date by the last two years of static energy demand. For example, the Department told the Sizewell enquiry in October 1982 that, on the assumption of 2½ per cent growth and lower rather than higher fossil fuel prices, primary energy demand might increase to 375m tonnes coal equivalent (mtce) by 1990, an increase of 14 per cent on 1980, or 1.3 per cent a

Lloyds Bank Economic Bulletin is published as a monthly service and is normally written by Christopher Johnson, the Group Economic Adviser. Each issue covers a topic of current interest, setting out some of the economic principles involved in a manner understandable to the non-economist. Copies may be obtained from the Group Economics Department, Lloyds Bank, 71 Lombard Street, London EC3P 3BS. The text may be reproduced without permission, provided that acknowledgement is made to Lloyds Bank Economic Bulletin; and a copy is sent to the above address.

ISSN 0261-0175



Table 1
UK ENERGY CONSUMPTION, PRICES, AND GDP

Percentage changes

Period	Gdp (Expenditure) 1980 prices	Industrial fuel prices deflated	Energy consumption	Energy/gdp ratio	Energy/gdp coefficient
1974-75	-1.4	+46.9	-8.1	-6.9	5.79
1976-79	+10.2	+9.7	+9.5	-0.6	0.93
1980-82	-1.4	+41.8	-12.3	-10.9	8.79
1983-84	+5.5	-5.4	-0.5	-5.8	-0.09
1974-84	+13.0	+116.3	-12.3	-23.2	-0.94
1985-90 (projected)	+14.6	0	+9.0	-4.8	0.62

Source: Department of Energy, Lloyds Bank projections.

Notes: Changes calculated from base year previous to years indicated. Energy/gdp ratio is energy consumption divided by gdp. Energy/gdp coefficient is change in energy consumption divided by gdp change. Industrial fuel prices are deflated by the producer price index.

year. It now seems more prudent to assume a similar rate of increase only from now on. If there is no change in real energy prices, and gdp rises by 15 per cent between 1984 and 1990 — just over 2¼ per cent a year — then energy demand might increase by just over half as much as gdp, giving a rise of 9 per cent in six years, or 1.4 per cent a year, an increase from about 310 mtce in 1984 to 338 mtce in 1990.

International comparisons

The UK's improvement in energy efficiency, as measured by the energy consumption/gdp ratio, has been very much in line with competitor countries, but the UK started out in 1973 as a more prodigal user of energy than any major country except the USA, and has remained in that position in spite of the improvement. As table 2 shows, the UK's energy/gdp ratio has fallen by 20 per cent in those nine years, compared with 19 per cent for Germany, 18 per cent for Japan, and only 14 per cent for the USA. It was still in 1982 50 per cent higher than in Germany or Japan, although nearly 20 per cent lower than in the USA. In terms of economy in the use of oil, the UK comes between Germany and Japan, with a fall in the oil/gdp ratio of 36 per cent, compared with only 22 per cent in the USA.

The UK has achieved its results at lower levels of both gdp growth and energy consumption than its rivals. The fall of 20 per cent in the energy/gdp ratio was the product of a 15 per cent fall in energy consumption and a rise of only 7 per cent in gdp between 1973 and 1982, while Japan achieved a 39 per cent increase in gdp, for the use of roughly the same amount of energy. Had gdp grown faster in the UK, more energy per unit of output might have been used, since it was the energy-intensive manufacturing

industries which failed to grow.

The same point can be made in a different way by comparing energy/gdp ratios for the industrial sector of each country, excluding North Sea oil in the case of the UK, because its inclusion gives an excessively favourable picture by showing a big increase in industrial production accompanied by hardly any rise in energy consumption. Table 2 shows that the decline in the energy/industrial production ratio was 21 per cent in the UK, slightly less than in the USA, and far less than in Germany (30 per cent) and Japan (34 per cent).

The International Energy Agency, in its 1983 Review of UK energy policy, welcomed the establishment of the new Energy Efficiency Office, but listed a number of ways in which the government could do better. These included promoting greater energy efficiency in both homes and government buildings, efficiency standards for heating equipment, labelling of domestic appliances, and the speeding up of fuel efficiency in motor vehicles. The government has perhaps relied too much on market forces to encourage energy efficiency, and conservation programmes have suffered from public expenditure cuts. There has been understandably little enthusiasm for the industrial coal firing scheme — with

grants of up to 25 per cent of the conversion cost — at a time of prolonged coal strike.

Changing market shares

The effect of higher oil prices has been to switch demand from oil to other energy sources. But these too have risen in price, so there has been a general incentive to economize in the use of energy from any source. Oil has lost share, falling from over 46 to 34 per cent of the UK market over the ten years to 1983, with consumption down by 35 per cent in absolute terms. The share of coal, at least before the strike, was virtually maintained at about 36 per cent, but with a fall of 16 per cent in demand reflecting the fall in total energy consumption. This was a considerable disappointment to the coal industry, which had hoped that coal would be substituted for oil in a wide range of uses. The main increases have been in gas, which nearly doubled share to a quarter of the market, with an increase of 70 per cent in consumption, and nuclear power, which more than doubled its small share to 6 per cent, with an 80 per cent rise.

The coal strike has brought about a dramatic change in market shares. In 1984, coal had a share of a quarter, the same as gas. The share of oil rose ten percentage points to 44 per cent, a return to the position of the mid 1970s. It has proved possible to burn more oil in power stations, both those built for the purpose, and normally reserved for peak operation, and those built to burn coal.

The strike also caused big changes in the balances between production and consumption for the different fuels in 1984. Coal had a surplus of nearly 8m tonnes in 1983, which went more into stockbuilding than into net exports, see table 3. This was turned into a deficiency of 28m tonnes in 1984, made up mostly by drawing down stocks, and to a much lesser extent by net imports of about 5m tonnes. While coal production fell 58 per cent to 50m tonnes, coal consumption



Table 2
ENERGY CONSERVATION — UK AND RIVALS

	Energy/gdp ratio			Oil/gdp ratio			Energy consumption Changes %	Gdp Changes %	Industrial production 1973-82
	1973	1982	Change* %	1973	1982	Change %			
UK	0.98	0.78	-20 (-21††)	0.47	0.30	-36	-15	+7	-18††
USA	1.12	0.96	-14 (-23)	0.49	0.38	-22	+5	+17	+7
Japan	0.69	0.50	-18 (-34)	0.52	0.31	-40	+1	+39	+24
Germany	0.64	0.52	-19 (-30)	0.35	0.23	-34	-6	+16	+3
Europe†	0.71	0.60	-16 (-30)	0.46	0.33	-28	-2	+16	n.a.

Source: International Energy Agency, Energy Policies and Programmes of IEA countries, 1983 Review.

* Figures in brackets are changes in industrial energy use/industrial production ratio.

† Excluding France. †† Manufacturing only.



Table 3
UK ENERGY BALANCES

	Coal m. tonnes	Oil m. tonnes	Gas bn. therms	Total m. tonnes coal equivalent
1983: actual				
Production	119.3	114.9	14.4	392.9
Stockbuilding	5.6	-1.0	0	4.4
Consumption+	111.5	72.8	18.6	330.0
Net exports	2.2	43.1	-4.2	58.5
Exports	7.4	83.3	0	149.0
Imports	5.2	40.2	4.2	90.5
1984: estimated from first 10 months				
Production	50	126	14	341
Stockbuilding	-21	-1	0	-23
Consumption+	78	90	19	328
Net exports	-7	37	-5	36
Exports	3	87	0	151
Imports	10	50	5	115
1984: without strike				
Production	115	126	14	406
Stockbuilding	0	0	0	0
Consumption+	110	71	19	328
Net exports	5	55	-5	78

Source: Energy Trends, Digest of UK Energy Statistics, Lloyds Bank estimates.

+ including bunkers and non-energy use.

Note: Net exports = exports - imports = production - stockbuilding - consumption.

Conversion factors: 1 tonne oil = 1.7 tonnes coal equivalent
1 bn therms gas = 4m tonnes coal equivalent

fell only 30 per cent to 78m tonnes.

The effect on the oil balance was less noticeable, because North Sea production went up 10 per cent to 126m tonnes (equivalent to 214m tonnes of coal). Net exports of oil at 37m tonnes were 6m tonnes less than in 1983, but if it had not been for the coal strike, the rise in output would have been accompanied by a further fall in consumption, and net oil exports might have been 12m tonnes higher than in 1983. The cost to the oil balance of payments was about £2.8bn; together with a cost of about £400m in increased coal imports, this amounts to a total balance of payments cost of about £3.2bn compared with what might otherwise have happened in 1984. While UK energy self-sufficiency was 119 per

cent in 1983, it fell to 104 per cent in 1984, instead of rising to 124 per cent. Had coal stocks not been available, it would have been necessary to spend about another £1bn on coal imports, or even more on oil imports.

The whole of the 9 per cent expected increase in energy consumption between now and 1990 could be met by the planned increase in natural gas and nuclear power supplies, with a static demand for coal and oil combined. There are then three possibilities. First, coal and oil could both revert to 1983 consumption levels when the strike ends, on the assumption that the strike has little long-run impact on the coal industry. Second, if a partial strike continues for a long time, and only the profitable pits

produce, coal output might rise to about 90m tonnes, and oil consumption would settle at somewhere between the 1983 and 1984 levels. Third, if the strike is settled on the basis of closing unprofitable pits and increasing productivity as well as production, thanks to new mines, coal output could rise about 2½ per cent a year to reach 130m tonnes, with exports balancing imports. Oil consumption could then fall to less than 90m tonnes coal equivalent (just over 50m tonnes of oil). This would leave a substantial export surplus, even if North Sea output falls, as seems likely, to about 70m tonnes a year by 1990.

The outcome of the coal strike could thus make a very big difference to the UK energy pattern between now and 1990. An end to the strike will improve the balance of payments by around £3bn, depending on the terms of the settlement. Just as the strike was one of the factors which depressed the sterling exchange rate, its conclusion should be a tonic for the pound.

Conclusions

1. Energy consumption has been static in the UK for the last two years, in spite of rising gdp and falling real energy prices. This has helped to reduce the impact of the coal strike.
2. The UK has improved its energy efficiency by 20 per cent since 1973, as higher fuel prices have encouraged conservation, but efficiency is still lower than in other major countries.
3. The government should promote its energy efficiency policies more vigorously. Energy consumption is expected to rise by only just over half as much as gdp between now and 1990, but there is still scope for improvement.
4. Before the strike, coal and oil each had about a one-third share of the UK energy market, with gas and nuclear power rather than coal replacing oil since 1973. In 1984, as a result of the strike, coal's share fell to equal that of gas, at one quarter of the market, while oil returned almost to its 1973 share, with 44 per cent.
5. The coal strike has meant a loss of over £3bn to the balance of payments in 1984, because there has been a standstill in the oil surplus rather than the rise which would otherwise have taken place. The end of the strike should therefore boost the exchange rate of the pound.

CHRISTOPHER JOHNSON
Group Economic Adviser, Lloyds Bank



Table 4
COAL AND OIL BALANCE OF PAYMENTS £bn

	Coal	Oil	Total	Non-oil balance	Current account balance	Energy self- sufficiency
1983	+0.1	+6.9	+7.0	-4.7	+2.3	119%
1984 (est)	-0.2	+7.2	+7.0	-6.8	+0.2	104%
1984 (without strike)	+0.2	+10.0	+10.2	-6.8	+3.4	124%
Strike effects - differences in 1984						
From 1983	-0.3	+0.3	0	0	0	-15%
From 1984 (without strike)	-0.4	-2.8	-3.2	0	-3.2	-20%



Main economic indicators

DECEMBER

Economic indicators for December were good. The retail prices index fell by 0.1 per cent in December as a result of lower mortgage costs and cheaper seasonal foods. This has brought the twelve month increase down to 4.6 per cent, in line with the Treasury's forecast of 4½ per cent for the fourth quarter of 1984. However, the recent slide in Sterling, which prompted a 2½ per cent rise in bank base rates to 12 per cent and a recommended 1 to 1½ per cent rise in the mortgage rate in mid January, will put pressure on the Government's projection of 4½ per cent inflation by the fourth quarter of 1985. Given the Chancellor's determination to defend Sterling ahead of the Budget on March 19, it seems likely that high interest rates will be here for some time to come. In the real economy, buoyant retail sales and a marked upturn in consumers' spending during the last quarter, has brought the average rise in consumers' expenditure during 1984 to 2 per cent, in line with the Autumn Statement forecast, though well below 1983's exceptionally high rise of 4.2 per cent. Manufacturing and industrial output have also risen by 1½ per cent and 2 per cent respectively in the three months to November, compared with the previous three months period, boosted in part by weaker Sterling.

Publication date	Series	Change	Comment	
Jan	Feb			
3	4	UK Official Reserves	+\$198m	Underlying rise \$36m. Total \$15.7bn (£13.6bn).
3	31/1	Unemployment (excludes school leavers, p, sa)	+5,600	Follows revised rise of 1,900 in November, giving a highest ever seasonally adjusted total of 3,107,200.
9	5	Housing starts (November, p, sa)	-14%	Down 9% in the latest three months, compared with the previous three months.
11	12	Building society savings	+£2,084m	Follows November's £502m rise. Net receipts £1,004m, interest credited to accounts £1,080m. Receipts boosted by return of cheques from unsuccessful British Telecom applications.
14	11	Producer output prices (p)	+0.3%	Twelve month increase 5.8%, compared with 5.9% in November.
14	11	Producer input prices (p)	+2.9%	High rise due to increased cost of industrial electricity, and higher import prices caused by Sterling's recent decline. Twelve month increase 8.8%, compared with 9.3% in November.
14	11	Retail sales volume (p)	+2.2%	Up nearly 3% in the final quarter of 1984 compared with the previous quarter, and 4½% higher than the fourth quarter of 1983.
16	20	Average earnings (November, p, sa)	-1.4%	Up 6.6% in latest twelve month period, compared with 8.2% in October. Underlying rise unchanged at 7½%.
17	Q	Consumers expenditure (Q4, p)	+1.9%	Annual figure for 1984 was up 2% on 1983 level, in line with Treasury's forecast in the Autumn Statement.
17	13	Output of the production industries (November, p, sa)	-0.2%	Up 2.2% in latest three month period, compared with previous three months, due in the main to record North Sea oil production. Manufacturing output rose by 0.9% in November.
17	18	Public sector borrowing requirement (p)	£573m	Brings cumulative PSBR for first nine months of 1984/85 to £10bn, compared with Chancellor's latest forecast of £8½bn for 1984/85.
17	14	MO (BD, sa)	+1.5%	Increases at annual rate since start of target period (Feb 1984): MO 7.5%, M1 20.7%, M3 11.1%, £M3 10.1%, PSL2 15.0%. Target ranges for 1984/85 set at 4 - 8% for MO and 6 - 10% for £M3. Bank lending figure (including Bank of England commercial bills) was £1.5bn compared with £1.7bn in banking November.
		M1 (BD, sa)	+0.9%	
		M2 (BD)	+1.2%	
		M3 (BD, sa)	+0.2%	
		£M3 (BD, sa)	-0.5%	
		PSL2 (BD, sa)	-0.1%	
18	22	Retail prices index	-0.1%	Twelve month increase 4.6%, compared with 4.9% in November. Annual average rate for 1984 of 5.0% compares with 4.6% in 1983.
21	20	Longer leading cyclical indicators (p)	+1.9%	Fifth successive monthly rise. Resulting from rising share prices and buoyant consumer demand.
25	26	Current balance of payments (December, p, sa)	+£193m	Figures were helped by an oil trade surplus of £833m, the highest in 1984. Gives a provisional small surplus of £196m on current account for 1984 as a whole.

All changes are on previous month or quarter. BD = Banking December. p = provisional. sa = seasonally adjusted. * = level not change.

CONFIDENTIAL



Prime Minister (2)
 Our briefing does not
 use this formula

AT
 8/2

Treasury Chambers, Parliament Street, SW1P 3AG
 01-233 3000

Michael Reidy Esq
 Private Secretary to the
 Secretary of State for Energy
 Department of Energy
 Thames House South
 Millbank
 London SW1

8 February 1985

Dear Michael,

COAL INVESTMENT

The Chancellor noticed that during the coal debate on Monday your Secretary of State quoted a figure of £3 billion for future investment in the NCB. As you know, this figure was used during the early days of the strike in relation to the four years 1984-85 to 1987-88 and the public expenditure programme did at that time include provision of slightly over £3 billion. But with the fallback in investment this year, provision is now only some £2.7 billion. As the Chancellor explained in his minute to the Prime Minister of 18 September, he thinks we shall need to look hard at the justification for this level of investment in the light of the NCB's lost markets and the slippage of closures during 1984-85 reinforces his concern. He believes that the £3 billion may now have to last a lot longer than four years.

The Chancellor therefore thinks it would be prudent to avoid repeating the £3 billion figure. He suggests that if we are asked directly about the NCB's investment, it might be better to say that the NUM have caused major investment opportunities in 1984-85 to be lost and that future levels will have to be re-examined after the strike.

A copy of this letter goes to Andrew Turnbull at No.10.

*Yours sincerely,
 Margaret O'Mara*

MISS M O'MARA
 Private Secretary

32

SECRET

PRIME MINISTER

MISC 101(85)6th Meeting: Coal

You will wish to invite reports from:

i. the Secretary of State for Energy on:

- 1100*
N.E.
S. of Nard.
Yorkshire-
- the number of pits and miners working (Monday's figures will be particularly significant in the light of the joint NUM/NACODS call for renewed negotiations and the generally 'bad press' the call received on Friday 8 February);
 - coal movements; *930,000 tons*
 - the likelihood of NACODS striking (there are press reports that their NEC are to consider calling a strike ballot early in the current week);
 - the NCB's thinking on the new independent advisory body
(Mr Walker told the Cabinet on 7 February that the NCB had provided further information and it is possible that the media may now concentrate on this subject in view of claims that the NUM/NACODS October 1984 agreement would be undermined if the NCB insist on written commitments from the NUM prior to re-opening negotiations. There has also been a press report that the President of NACODS claims the removal of machinery from Polmaise Colliery as evidence of the NCB's intention to break the agreement);

SECRET

- ii. the Secretary of State for Employment on:
- the likelihood of any further TUC or ACAS involvement;
 - the effects of the TUC's day of action in support of the miners called for 11 February, in the South East and Yorkshire/Humberside;
- iii. the Home Secretary on:
- law and order;
- iv. the Attorney General on:
- any significant developments in civil actions;
 - the significance of the acquittal on 7 February of 8 striking miners, charged at Sheffield Crown Court with unlawful assembly, in the light of the judge's reported comments casting doubts on the reliability of police evidence (there are said to be 300 more awaiting trial for unlawful assembly).

2. The Industrial Affairs item at Cabinet on 14 February will provide an opportunity for further discussion. The next MISC 101 meeting is arranged for Monday 18 February at 11.00 am.

PLG

P L GREGSON

8 February 1985

SECRET



CCJR
BIF with the response
AT
11/2

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

COAL INDUSTRY BILL

I have seen a copy of Peter Walker's minute of 21 December, seeking agreement to the introduction of a Coal Bill in the 1984-85 Session. I have delayed responding in view of developments in the dispute.

2. Peter proposes the Bill should contain two separate elements. First, he suggests it should raise the existing financial limits, notably on the payment of deficit grant. I agree that it is necessary to have a Bill for this purpose. Officials can no doubt discuss appropriate new limits.

3. Second, Peter wants to extend the current financial regime of deficit grant, pit closure grant and RMPS by one year from March 1986 to March 1987. I feel a better course would be to increase the existing financial limits but to leave the present financial regime unchanged so that it would end in March 1986. This will inevitably mean further legislation in the 1985-86 Session but, if the strike ends fairly soon, this would be the legislation Peter is currently envisaging for the 1986-87 Session.

4. By contrast, an extension of the current financial regime to March 1987 would give the impression that we had no sense of urgency about sorting out the NCB's future after the strike. I can see it causing a good deal of hostility amongst our own backbenchers, some of whom were uneasy about additional deficit grant provided in the recent Winter Supplementary Estimate.

5. As regards timing, we will reach the statutory limit on deficit grant payments during 1984-85. Peter mentions relying on the authority of the Appropriation Act to make further payments but this Act will not be passed until July or August. More deficit grant cannot be paid in 1985-86 until either the Appropriation Bill or the Coal Bill receive Royal Assent. This means we would have to provide the NCB with more temporary borrowing in the early months of

SECRET



1985-86. I see no difficulty in doing so but the limits will, of course, need to be agreed with the Treasury in the usual way. I agree with Peter that it would be highly desirable to have Royal Assent for the Coal Bill before the Summer Recess.

6. I do not know what Peter has in mind about the timing of any announcement of a Bill. But we shall need to consider carefully what is said when the Main Estimates are presented on Budget Day (19 March) if they provide for more deficit grant.

7. I am copying this minute to Willie Whitelaw, John Biffen and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'N.L.' with a flourish.

N.L.

7 February 1985

NAT IND : Coal Pt 16

11 FEB 1968

11 12 11
10 9 8
7 6 5

COVERING SECRET

Copy No ① of 4



next MISC 101
folder

32

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 7214

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

7 February 1985

Dear Andrew

POWER STATION ENDURANCE

I attach the latest weekly report.

Copies also go to Margaret O'Mara and
Richard Hatfield.

Yours ever

John

J S NEILSON
Private Secretary

COVERING SECRET



POWER STATION ENDURANCE

1 Coal deliveries to CEGB power stations last week amounted to 0.65mt (including non-NCB sources). Coal burn was 0.76mt and stocks fell by 0.10mt. The Board's stocks on Sunday night (3 February) were 12.12mt with a further 0.55mt at Scottish power stations.

2 Total NCB deliveries last week were estimated to amount to some 0.91mt of which about 0.31mt went to customers other than power stations.

3 The average rate of deliveries to CEGB power stations over the whole period of the strike has been 0.53mt. The average over the past eight weeks has been 0.56mt, but this period includes the Christmas and New Year holidays when deliveries are traditionally low.

4 The CEGB's estimate of the range of endurance outcomes is as follows:-

Future usable coal deliveriesSystem Endurance

	<u>80% Oil burn</u>	<u>100% Oil burn</u>
0.30mt/week	mid May	mid October
0.40	end June	early December
0.43	-	<u>January 1986</u>

Department of Energy

6 February 1985

KINNOCK SUPPORTS NEGOTIATED SETTLEMENT
LABOUR LEADER NEIL KINNOCK TODAY SUPPORTED A NEGOTIATED
SETTLEMENT AS THE WAY TO END THE MINERS' STRIKE.

HE SAID THAT THAT WAS THE ONLY BASIS BY WHICH A SETTLEMENT COULD
BE MADE TO STICK.

SPEAKING ON BBC RADIO TWO'S JIMMY YOUNG PROGRAMME, HE SAID THAT
TO GO BACK TO WORK WITHOUT A SETTLEMENT IN THE HOPE OF CONTINUING THE
FIGHT ON A PIT BY PIT BASIS HAS BEEN TRIED BEFORE.

ASKED WHETHER A DRIFT BACK TO WORK WOULD NOT END THE NUM
EXECUTIVE'S NEGOTIATING POSITION, HE SAID: "NEGOTIATION NEED NOT
MEAN THAT THE STRIKE GOES ON FOR ANY LENGTH OF TIME.

"I FEEL THAT NEGOTIATION MEANS SETTLEMENT AND HAS MEANT THAT FOR
THE PAST MONTH OR SIX WEEKS."

HE ADDED: "WHEN NEGOTIATIONS START, THE PROSPECT OF A SETTLEMENT
AND RETURN TO WORK IS LITERALLY DAYS AWAY."

071303 FEB 85

NI7462 3 XXX 193

PRESS ASSOCIATION NEWS AT 1 P.M.

...OFFICIALS OF THE PIT DEPUTIES' UNION NACODS ATTENDED CRUCIAL
MEETING OF THE NUM EXECUTIVE IN SHEFFIELD TO DISCUSS WAYS OF FINDING
A NEGOTIATED END TO THE PITS STRIKE.

...BACKING FOR A NEGOTIATED SETTLEMENT TO THE 11-MONTH-OLD
DISPUTE CAME ALSO FROM LABOUR LEADER NEIL KINNOCK WHO SAID IT WAS THE
ONLY BASIS UPON WHICH AN AGREEMENT WOULD STICK.

...MEANWHILE, ANOTHER 193 MINERS ABANDONED THE STRIKE, ACCORDING
TO NATIONAL COAL BOARD FIGURES, WITH THE LARGEST RETURN IN YORKSHIRE,
SCOTLAND AND THE NORTH EAST.

...STEELMAKING AT THE GIANT RAVENSCRAIG COMPLEX AT MOTHERWELL,
NEAR GLASGOW, WAS AT A STANDSTILL AFTER A WALKOUT BY 300 PRODUCTION
WORKERS WHO WANT MORE MONEY FOR OPERATING NEW EQUIPMENT.

...TWO KASHMIRIS WERE JAILED FOR LIFE AT BIRMINGHAM FOR THE
KIDNAP AND MURDER LAST FEBRUARY OF INDIAN DIPLOMAT RAVINDRA MHATRE.
THREE OTHERS WERE JAILED IN CONNECTION WITH THE KIDNAPPING.

NI7475 3 XXX 197

PRESS ASSOCIATION NEWS AT 2PM

... NUM AND PIT DEPUTIES' UNION NACODS HAVE JOINTLY CALLED FOR THE NATIONAL COAL BOARD TO 'IMMEDIATELY RESUME FULL NEGOTIATIONS WITHOUT PRE-CONDITIONS AND SETTLE THE STRIKE.'

... BACKING FOR A NEGOTIATED SETTLEMENT TO THE 11-MONTH-OLD DISPUTE HAS COME FROM LABOUR LEADER NEIL KINNOCK WHO SAID IT WAS THE ONLY BASIS UPON WHICH AN AGREEMENT WOULD STICK.

... MEANWHILE, ANOTHER 193 MINERS ABANDONED THE STRIKE, ACCORDING TO THE NATIONAL COAL BOARD FIGURES, WITH THE LARGEST RETURNS IN YORKSHIRE, SCOTLAND AND THE NORTH EAST.

... POLISH SECURITY POLICE CAPTAIN GRZEGORZ PIOTROWSKI WAS SENTENCED TO 25 YEARS' IMPRISONMENT FOR LEADING KIDNAP AND MURDER OF PRO-SOLIDARITY PRIESTE JERZY POPIELUSZKO.

... DESIGN SHORTCOMINGS WERE ONE OF THE MAIN CAUSES OF THE ABBEYSTAD WATER PLANT DISASTER IN LANCASHIRE IN WHICH 16 PEOPLE DIED AND 30 WERE INJURED, SAID THE HEALTH AND SAFETY EXECUTIVE.

... TWO KASHMIRIS WERE JAILED FOR LIFE AT BIRMINGHAM FOR THE KIDNAP AND MURDER LAST FEBRUARY OF INDIAN DIPLOMAT RAVINDRA MHATRE. THREE OTHERS WERE JAILED IN CONNECTION WITH THE KIDNAPPING..

--

071402 FEB 85

TO: DAVID THORNTON, 10.10 Press Office
FROM: STEPHEN CHANTRELL - Energy Press Office

Mike Granatt

Room 1303

URGENT

No of sheets = 4

ITV

NEWS AT ONE

FEBRUARY 7, 1985

13.00

NEWSREADER:

Well, we've just heard that Mr Scargill, the miners' leader, is holding a news conference now, and we'll go back to Sheffield straight away.

ARTHUR SCARGILL:

It is agreed that there should be immediate

2 of 4

negotiations to resolve this long and damaging dispute in the mining industry. To this end it is agreed: the conditions being demanded of the NUM by the National Coal Board would effectively negate the agreement reached between NACODS and the National Coal Board in October 1984. The fact that the NUM accepted, last October, the provisions under a modified colliery review procedure of an independent review body should in itself provide the basis for a negotiated solution to the current dispute. The two unions call upon the Board to immediately resume full negotiations without preconditions, and settle the strike. That was unanimously agreed between the two Executives, and I think that the atmosphere in the meetings can be described as one of excellent relationships, complete understanding of the difficulties and the problems that could be posed for both or either, as a result of the totally unreasonable attitude of both the Coal Board and the Government's present attitude. And

it's against this background that both organisations hope that there will be a very serious and immediate rethink of their position.

Mr Sampoy.

KEN BAMPEY (NACODS):

I would express very strongly the word 'immediate', an immediate response to the statement that Mr Scargill has just made. And let me say this, that because of the intransigent attitude of the National Coal Board in demanding from the National Union of Mineworkers a written undertaking on a certain issue, we say that this completely undermines the agreement that we made with, with the Board in October 1984. And that is why we have pressurised the National Coal Board for an immediate meeting with the National Union of Mineworkers, because part of that agreement in the review procedure involves the National Union of Mineworkers. They're involved with us in that agreement. And they've accepted this morning, as it says here in this statement, the, the independent review body inside a

4 of 4

modified colliery review procedure. So that is why we've come along this morning to talk to the NUM to get their assurance that they're prepared to accept this particular situation.

NEWSREADER:

So, the two unions there, hand in hand, in a new approach to the Coal Board.

END

31

Pine Minister

Daily Coal Report - Thursday 7 February 1985

	<u>Number</u>
(i) Working normally	50
(ii) Turning some coal	29
(iii) Some men present	76
(iv) On strike/picketed out	19

mt

Killoch (Scotland) has moved into category (i).

By 6.00 pm 202 new faces had reported, bringing the total for the week to 3,541.

Today's area attendances were as follows:-

			<u>Change on</u> <u>last Thursday</u>
Scotland	(24 hr attendance)	4,563	+ 401
North East	(24 hr attendance)	7,301	+ 27*
Yorkshire	(24 hr attendance)	6,594	+1068
North Derbyshire	(24 hr attendance)	6,790	+ 252
Western	(24 hr attendance)	11,918	+ 150
South Wales	(morning shift)	378	+ 39
Kent	(morning shift)	168	+ 27

* Change on yesterday

Coal Movements

187,000 tonnes were moved yesterday.

56 coal trains ran.

Law and Order

Much as yesterday: scattered outbreaks of skirmishing, stone throwing etc.

NUM National Executive Meeting

The presence of the NACODS leaders at this meeting and Scargill's subsequent claim that the conditions being demanded of the NUM by the NCB would effectively negate the NACODS agreement, seem a deliberate attempt to stir up more trouble. At any rate, they diverted the national executive from the more positive thoughts of a return to work being voiced by South Wales NUM leaders yesterday.

This evening the Board put out a statement (copy attached). This reaffirms that the agreement with NACODS stands, that the Board would take no action to negate or endanger the agreement, and that it would not be affected by any eventual settlement with the NUM. It should reassure ordinary NACODS members who may have been disconcerted by the posturing of their (more militant) leaders.

Scargill's other ploy, to demand a public enquiry by ACAS or some other independent body, deliberately overlooks the NUM's earlier refusal to accept the ACAS compromise proposal - and again must be seen as a diversionary tactic.

Line to Take

Mr Scargill's tactics are clear. He is using every manoeuvre to prevent meaningful negotiations with the Coal Board no matter what the cost to miners, their families, and the industry at large.

His claims about the NACODS agreement are completely false. The Coal Board have reaffirmed yet again that it will be honoured in full.

His demand for an independent enquiry is a grotesque deception. He and his fellow militants rejected last October the one

SECRET AND PERSONAL

compromise proposal made by ACAS, and which the Coal Board accepted.

Those miners still on strike must now realise that the path being followed by Mr Scargill leads nowhere. If they continue to strike the financial losses they have already suffered will steadily increase. The misery for their families will increase. The country will continue to get by without them.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

NCB REAFFIRMS NACODS AGREEMENT

NUM offer no basis for resuming negotiations

The NCB today, Thursday, reaffirmed all the commitments reached in their recent agreement with the officials' union NACODS - including a re-examination of the colliery review procedure to improve its effectiveness. This procedure recognised that, at the end of discussions, management had the right to take the final decision on closures.

The Board regard it as fair and binding and intend to take no action which would negate or endanger the agreement reached by the two parties. This agreement would not be affected by any eventual settlement with the NUM.

A similar agreement was offered to the NUM last October but it was rejected by the union who decided to continue their strike action.

The NCB are surprised by the NUM's request for ACAS to set up an independent public enquiry into the dispute. In negotiations between NACODS and the Board, ACAS put forward a proposal which sought to bridge the differences between union and management. The two parties accepted that proposal and an agreement with NACODS was reached. In negotiations with the NUM, ACAS also attempted to bridge the differences; the NCB immediately accepted this compromise but the NUM rejected it.

Following today's meeting of the NUM's national executive committee, the Board have again received no indication of any change in the union's policy towards dealing with the main issue in the dispute - the industry's problem of uneconomic capacity.

In the absence of any proposals from the NUM on the central issue and in view of continuing public statements that they would not accept the closure of pits on economic grounds, the NUM have offered the NCB no meaningful basis for resuming negotiations.

Personal

Timberleigh
Old Newbridge Hill
Bath
Avon, BA1 3LU
Tel: Bath (0225) 23959

K7

The Prime Minister,
10, Downing Street,
LONDON

6th February, 1985.

Dear Prime Minister

It was good to see you last Monday. The essence of my remarks on the miners' strike, was that Scargill is busy organising his own survival. The face-saving tactic is to get into negotiations without a commitment to discuss pit closures, then seek more concessions, including an amnesty for those dismissed, before talking about uneconomic pits. If concessions were given, he would then leave it at that, repeating his implacable opposition to closures on economic grounds.

By getting prior agreement from the NUM to discuss closures, that negotiating gambit is removed. It would be a NACODS type settlement, though the Board could offer an amnesty to miners who had been dismissed for trivial offences. This is as much as the NUM could hope for, given its initial rigid stance (precondition) on the closure question. There is talk of a 'no deal' return to work. This may happen. It would expose Scargill's appalling leadership, but also leave a cauldron of bitterness for the Board to handle. A negotiated settlement would be infinitely preferable and allow the Board and the NUM to work together in moving the industry towards normality.

We talked on Monday of the three likely settlement options; the drift back, the NUM Executive revolt and the 'no deal' return'. There is a fourth option - a secret ballot on whether or not to accept the NACODS deal. The answer would be clear and would give a face-saver to the striking miners, the NUM Executive and NACODS itself would be pleased. It would be rough justice too. The Union's biggest strategic mistake, was to call the Strike without a national ballot. Ironically, a ballot now be the easiest way for the Union to live with defeat. Two or three weeks should see the dispute ended.

There is another problem looming, which I had not time to mention last Monday. It concerns the railways and pressures which are building up to a possible confrontation around March/Apriltime, when negotiations are due.

Whilst acting as Special Adviser on industrial relations to the Secretary of State for Transport, I made many contacts in the railway industry as a prelude to submitting my report on its future industrial relations strategy. I understand from Andrew that you have seen this. If so, you will recall it is very brief and advocates a 'macro-package' to improve the industry's industrial relations; better severance payments to help the manpower rundown, a two-year wage agreement to give time to fully implement productivity schemes and a streamlining of the industry's negotiating machinery, which is currently a procedural swamp. Electrification of the East Coast Main Line was a further bait to tempt the Unions to accept the reforms in the package.

Unfortunately, the electrification point was conceded last Spring and during the wage negotiations the outstanding productivity matters were not pressed by the Board, probably due to the Miners' strike and the risk that the Unions might use the issue as an excuse to join forces with the miners. Apart from the £250m loss to the Board, arising from the miners' Strike (one quarter of it self-inflicted by rail staff) there may well be a legal action taken by the Board against the Unions for the recent one-day strike. The Board's dilemma is that to take no action invites a repetition of these tactics by the Unions. But to take an action further worsens relationships in the run-up to negotiations. And ASLEF has publicly threatened to withdraw from the agreement on flexible rostering...

I have some ideas on what should be done; but I'll leave it there. I hope somebody, somewhere is putting the pieces of this jigsaw together. I merely wanted to draw your attention to a potentially serious industrial relations problem. I hope to keep in touch with you about this matter.

During the past eight or nine years it has been a great privilege to be able to offer you occasional advice on industrial relations topics. At the risk of seeming impertinent, may I suggest that you consider having me as a part-time adviser on industrial relations. I have the time and the experience and you can rely on my complete loyalty. I could add an extra, practical dimension to the the strategic advice you are already receiving and help also with day to day problems. The special report I prepared for the Secretary of State for Transport in December 1983, is an example of what I could do for you.

Whatever you decide on this point, I will be happy to continue to assist you on the present basis. The impact of new technology, however, in the next few years, is certain to throw up complex new problems in the industrial field as we search for new patterns of work and leisure and grapple with the social implications. Some of the disputes thrown up will inevitably be serious and require decisions and guidance from you and your colleagues. I would like to be nearer to you and so able to use more effectively my practical and international experience in my own field.

with warmest regards

Jack Peel

~~Yours sincerely~~ ..

Ref. A085/417

PRIME MINISTER

Cabinet: Industrial Affairs: Coal

You will wish to invite reports from:

(i) The Secretary of State for Energy on

the number of pits and miners working;

coal movements;

likely future developments in view of the South Wales NUM's statement that they are considering ordering a return to work in their area without a settlement, and reports that other areas may also take this course;

the current position of NACODS (the press have reported the NACODS vote for acceptance of the NCB's 5.2 per cent pay offer and that Mr McNestry is still talking about the possibility of a strike ballot being called if the NCB (and by implication the Government) insist on a written commitment from the NUM about the closure of uneconomic pits);

the handling of public relations to ensure the NUM are not given an opportunity to exploit reported differences between the NCB and Government Ministers on the written commitment;

the latest position at the Frances and Seafield
collieries in Fife (and the line on possible
redundancies);

the NCB's thinking on the new independent advisory
body.

(The urgent need for a report originally requested
 by the Cabinet (CC(85) 3rd Conclusions, Minute 4)
 was reiterated at MISC 101 on 4 February
 (MISC 101(85) 5th Meeting, Conclusion 2.)

FLAG A —

FLAG B —

(ii) The Secretary of State for Employment on

current TUC attitudes;

whether ACAS have any further role to play;

(iii) The Secretary of State for Transport on any likely
 developments between BR and the rail unions, following
 the failure of attempts to reopen NUM/NCB strike
 settlement negotiations.

(iv) The Home Secretary on law and order, if there have been
 any significant developments.

(v) The Attorney General on developments in civil actions -
 if any of significance have occurred.

2. The next meeting of MISC 101 is at 5.00 pm on Monday
 11 February.

RA

ROBERT ARMSTRONG

6 February 1985

SECRET AND PERSONAL

Daily Coal Report - Wednesday 6 February 1985

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	30
(iii) Some men present	76
(iv) On strike/picketed out	19

By 6.00 339 new faces had reported.

Today's area attendances were as follows:-

			<u>Change on</u> <u>last Wednesday</u>
Scotland	(24 hr attendance)	4,514	+ 382
North East	(24 hr attendance)	7,274	+ 140
Yorkshire	(24 hr attendance)	6,400	+ 931
North Derbyshire	(24 hr attendance)	6,714	+ 114
Western	(24 hr attendance)	11,834	+ 125
South Wales	(morning shift)	380	+ 45
Kent	(morning shift)	160	+ 20

Coal Movements

190,000 tonnes were moved yesterday.

55 coal trains ran: the best since 5 June.

Law and Order

No change.

SECRET AND PERSONAL

NUM

There are signs of growing pressure on Scargill for a change of tactics. The idea of an organised return to work without a settlement was publicly canvassed by the South Wales NUM spokesman, and is reportedly also favoured by some of the Yorkshire executive.

Fire at Scottish pit

It is likely that the Coal Board will be forced to announce tonight the sealing of the main face at Seafield colliery - which is linked to the Frances colliery already closed by fire. Two minor faces at Seafield are as yet unaffected.

Line to Take

For as long as Mr Scargill remains intransigent this strike will go on - to the detriment of miners, their families, and all who depend on the industry. It is time for the NUM leadership collectively to face reality and accept the best offer made by the Coal Board since nationalisation.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

Ref. A085/379

MR BUTLER

Coal Dispute: Sequestrator's Action in Dublin

The Prime Minister saw and seemed to be content with the minute which I sent to the Secretary of State for Energy after her meeting yesterday morning.

2. I was subsequently informed that Mr Justice Nicholls had ruled that at this stage the sequestrator should seek the view of the Irish Court only on the point of law involved. This would mean that only legal argument would take place in the Court and the sequestrator would not be called upon (at any rate at this stage) to give evidence.

RA

ROBERT ARMSTRONG

5 February 1985

SECRET AND PERSONAL

Prime Minister
A much more optimistic
report.

ms

PERB

S.2.



H. STEEL, CMG OBE
LEGAL SECRETARY

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

28A

5 February, 1985

Dear Robin,

NUM: SEQUESTRATORS

I am writing to report a little more fully what I have already briefly told you and Richard Hatfield about the follow-up to yesterday morning's discussions.

After Ministers had agreed on the line which is set out in the enclosure to Robert Armstrong's minute to the Secretary of State for Energy of yesterday's date, Gerald Hosker paid a personal call on Mr. Staple, the partner in Messrs. Clifford Turner who is advising the sequestrators. It so happened that the senior sequestrator himself, Mr. Larkins, was waiting to see Mr. Staple but Gerald Hosker managed to avoid meeting him. In his talk with Mr. Staple, Gerald Hosker discreetly explained the line which the Government would wish to take and to see the sequestrators take but he deliberately refrained from leaving any pieces of paper in Mr. Staple's hands. For his part Mr. Staple explained that steps had already been taken to acquaint Mr. Justice Nicholls with the sensitive facts in this case; he did not say exactly when or how this had been done or how much detail had been given. Mr. Justice Nicholls had intimated that he would not be willing to vary the direction which he had given that the sequestrators should pursue the Dublin proceedings only to the extent of contesting the issue whether or not the Sequestration Order was penal in character. In effect, therefore, the sequestrators regarded themselves as now precluded, and as likely to remain precluded, by that direction from acceding to any request from the Irish Court to give evidence of the kind that has been agitating us. Their intention is that neither Mr. Larkins nor any other witness of fact should go to Dublin. If and when the Irish Judge reverts to the issue of fact, sequestrators' counsel will first argue that it is irrelevant but, if the Judge persists, they will say that they have no witnesses available to deal with it and that the sequestrators are in any event

/precluded

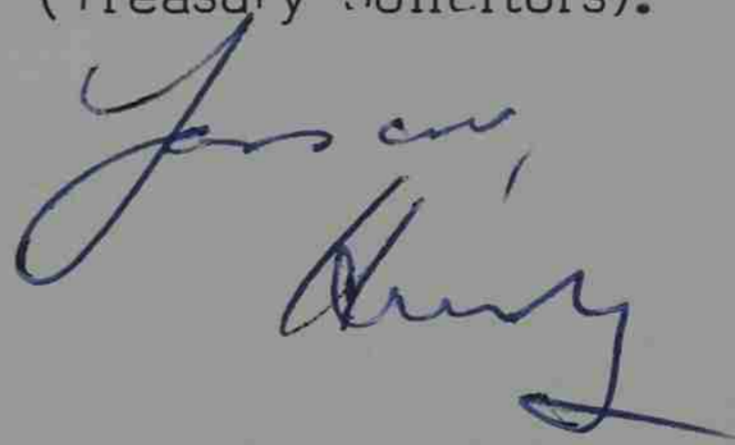
SECRET AND PERSONAL

-2-

precluded by Mr. Justice Nicholls's direction from producing any such witnesses. If this still does not suffice to ride the Irish Judge off the point, they will ask for an adjournment to enable them to apply to Mr. Justice Nicholls to see if he will vary his direction. That application will then be made in the expectation that it will be refused. If that, too, does not discourage the Irish Judge from pursuing the point, the sequestrators will then be in a position to abandon the proceedings on the basis that the direction of the English court has made it impossible for them to comply with the requirement of the Irish court. This will no doubt lead to them being ordered to pay damages and costs to the NUM but it should reduce the risk of the sums involved being disallowed by Mr. Justice Nicholls as an eventual charge on NUM assets. If he did disallow them, the sequestrators would of course claim them from the Government under the indemnity. The withdrawal of the sequestrator's action, if that is what in the end happened, will not mean the end of proceedings to seize the NUM's funds in Dublin: the separate proceedings by the Receiver will then proceed under their own steam.

The hearing in Dublin resumes today. Messrs. Clifford Turner will no doubt keep Gerald Hosker informed.

I am copying this letter to Hugh Taylor (Home Office), Michael Reidy (Energy), Richard Hatfield (Cabinet Office) and Gerald Hosker (Treasury Solicitors).



H STEEL

F E R Butler Esq
Principal Private Secretary to the Prime Minister
No.10 Downing Street
London SW1

020

28

SECRET AND PERSONAL

Copy No ① of 19
Prime Minister ①

Daily Coal Report - Tuesday 5 February 1985

AT 5/2

Number

(i) Working normally	49
(ii) Turning some coal	30
(iii) Some men present	73
(iv) On strike/picketed out	22

By 6.00 pm 666 new faces had reported, bringing the total for the week to 2,998 (compared to 1,121 this time last week). This means that since the start of the dispute over 36,000 strikers have returned to work. There are now over 82,000 NUM members not on strike which is 44 per cent of the 187,300 NUM members employed in the industry. Only 11 of the Board's 174 pits have no men working at all.

Today's area attendances were as follows:-

			<u>Change on</u> <u>last Tuesday</u>
Scotland	(24 hr attendance)	4,459	+ 339
North East	(24 hr attendance)	7,134	not comparable*
Yorkshire	(24 hr attendance)	6,272	+ 819
North Derbyshire	(24 hr attendance)	6,626	+ 228
Western	(24 hr attendance)	11,480	+ 99
South Wales	(morning shift)	379	+ 34
Kent	(morning shift)	158	+ 18

* NE figures are from today being put on to a slightly different basis.

Coal Movements

161,000 tonnes were moved yesterday.

SECRET AND PERSONAL

36 coal trains ran.

Law and Order

Scattered violent incidents, but no major disorder.

NUM/NCB

ACAS today reported to the Board on their discussions with the NUM, and said afterwards merely that they had "reviewed the position". The Board issued no statement.

NACODS

Though the result of their ballot has still to be formally announced, NACODS members appear to have accepted the Board's pay offer for the year commencing 1 November 1984.

High Court

The NUM's application for an adjournment of the action being brought by working Yorkshire miners for injunctions outlawing mass picketing. The case should therefore be heard next week. Counsel for the working miners alleged that the Yorkshire NUM spent more than £3 million on financing picketing in the six months to January.

The Judge hearing an application by 20 working South Wales miners for a similar injunction today reserved judgement on that case.

Line to Take

The strike is crumbling as more and more miners realise the futility of Mr Scargill's position, and his refusal to face the reality of uneconomic closures. More than 36,000 have returned

to work since the strike started. Those who care about the future of their jobs and their families should hesitate no longer and return to work tomorrow.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070



file

JR

JKRATG

10 DOWNING STREET

THE PRIME MINISTER

4 February 1985

CF have you pps. 2
Kay
6/2

Dear Mrs. Linton,

Thank you very much for your letter. I found our meeting last September of immense value, and it was good to hear from you again.

I do understand your fear that the NUM leadership may yet evade responsibility for the misery they have caused - but I believe that the Coal Board have been, and are being, resolute about their position. For my part, I have made clear that there can be no fudging of the central issue, and no betrayal of the working miners to whom we owe so much.

I hope you will bear with me on the question of a further meeting. My time is so very full just now, and in the middle of the month I have to go to the United States. But please write to me again before then if you feel that the Government is failing to get the message across.

Yours sincerely
Raymond Linton

Mrs. Pauline Linton

R2411

J Kubens.
Close.

MINERS' WIVES BACK TO WORK CAMPAIGN

Dronfield:

Dear Mrs. Thatcher.

I am one of the miners wives who came to London to see you in September to discuss the miners strike. In this capacity I have been asked to write to you on behalf of the North Derbyshire working miners wives, who if possible would like to come to London, to have a meeting with you in order to express their thanks to you, at your handling of the strike, and also to express to you their fears.

Their fears being that at this late stage Arthur Scargal is going to be let off the hook with a negotiated settlement, which will allow him to lay the blame for the outcome of the strike at every body's door but his own, and that he will live to fight another day.

If this were to happen they feel that their sacrifices will have been in vain, because they have had all the hassle with the pickets, and all the intimidation, as it is they have been told that they are marked men and women after the strike, especially when the police have been removed, some are going to have to move away, because of the bitterness that has been created will last a long long time.

So close I would like you to know of the support we have had from the CTU in the Yorkshire area, so much so we are forming our own Valgo section in the Sheffield area, due to the hard back ground.

**MINERS' WIVES
BACK TO WORK CAMPAIGN**

help given to us by Mr Les Firth

I hope you will give this request your
kind consideration as we appreciate the
demands on your time.

Yours faithfully.

Pauline Linton

Daily Coal Report - Monday 4 February 1985

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	30
(iii) Some men present	73
(iv) On strike/picketed out	22

By 6.00 pm 2,318 new faces had reported - a new record. 900 of these (including the workforce at Fishburn and Lambton cokeworks) were in the North East. Some 550 were in Yorkshire and nearly 200 were in Scotland.

Area attendances were as follows:-

			<u>Change on</u> <u>last Monday</u>
Scotland	(24 hr attendance)	4,355	+ 293
North East	(24 hr attendance)	6,259	+ 661
Yorkshire	(24 hr attendance)	5,951	+ 658
North Derbyshire	(24 hr attendance)	6,070	+ 170
Western	(morning shift)	6,672	+ 79
South Wales	(morning shift)	364	+ 28
Kent	(morning shift)	156	+ 14

Coal Movements

916,000 tonnes were moved last week.

229 coal trains ran, including 41 on Friday and 2 on Saturday. This was the best weekly total since mid-June.

Law and Order

No reports of major disorder, but skirmishing in a number of areas.

NUM/NCB

This morning the NUM saw ACAS. ACAS are meeting the Coal Board tomorrow to give a report of the union's position. A copy of the ACAS press release is attached.

Scargill described as "concilliatory" the latest letter from the NCB (Spanton's letter of 1 February, circulated with last Friday's report), yet during the course of the day he reiterated his opposition to uneconomic closures.

Parliamentary Debate

The texts of the statements issued respectively by Mr Kinnock and Mr Walker, following the start of this debate, are attached.

Fire at Scottish Pit

The single face at Frances pit has now been lost. The Scottish area NCB director has blamed the closure, with the loss of 500 jobs, on the local strike committee which failed to respond to management appeals for action that could have saved it.

Welsh Coalfaces

Despite this experience South Wales NUM officials today dismissed Coal Board warnings that another six Welsh coalfaces were now at serious risk as "cheap propaganda".

Line to Take

The number of miners reporting back for work today was a new record. There could be no better evidence that ordinary miners are rejecting the political rhetoric of Mr Scargill and his fellow militants. The reality which even Mr Scargill cannot hide is that the NUM have refused to agree an agenda for negotiations

SECRET AND PERSONAL

which ensures that the question of uneconomic pits can be discussed between the two sides. It is in the NUM's own interest to change its position and enter constructive negotiations to settle the dispute.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

TEXT OF ACAS PRESS NOTICE

NUM officials came in today to give the ACAS Chairman and officials a report of the situation as they see it and asked ACAS officials to communicate their views to the NCB with a view to the reopening of negotiations.

Officials of NACODS also came in following their meeting with the NCB to give us a report of the situation as they saw it today.

ACAS is now getting in touch with the NCB with a view to reporting to it on its meeting with the NUM today.

4 February 1985

STATEMENT FROM RT HON PETER WALKER - 4 FEBRUARY

I made quite clear this afternoon that the Coal Board had done everything possible to agree an agenda upon which the main point of this dispute would be the first item. It is a tragedy that the NUM have refused to agree such an agenda and that this morning, on the radio, Mr Scargill again confirmed - in his capacity as President of the NUM - that he was unwilling to agree to the closure of pits on economic grounds.

If Mr Kinnock or the TUC can persuade him to accept an agenda that deals with the issue which Mr Scargill has made the main issue of the dispute and accept the reality of the situation, then this dispute can be quickly ended as it could have been last October, last July and indeed last March before the dispute started.

STATEMENT FROM NEIL KINNOCK - 4 FEBRUARY

The National Coal Board has never directly or indirectly withdrawn the demand which it made on 24 January for a written undertaking from the NUM in advance of negotiations.

If, however, the statement by the Secretary of State to the House of Commons this afternoon indicates a shift towards greater realism on the part of the Government, we would encourage further movement in that direction. Since we believe that there must be negotiations without pre-conditions in order to settle this dispute and have worked towards that end for many months.

FILE - to RB

SUBJECT
cc Master



25A

10 DOWNING STREET

From the Principal Private Secretary

SECRET AND PERSONAL

SIR ROBERT ARMSTRONG

COAL DISPUTE: SEQUESTRATOR'S ACTION IN DUBLIN

The Prime Minister discussed your minute of 1 February (A085/352) with the Home Secretary, the Attorney General and yourself this morning. Mr. Henry Steel and Mr. Gerald Hosker were present.

The Attorney General explained that the sequestrator, Mr. Larkins, had told his solicitors, Messrs Clifford-Turner, of contacts which he had had with you; and these reports had been repeated to the Deputy Treasury Solicitor by Messrs. Clifford-Turner. It appeared that Mr. Larkins had also given an account to his counsel and solicitor in Dublin, and it was possible that the judge and the NUM's lawyers in Dublin would have heard of this account. This would explain some apparently irrelevant points which the judge had given notice that he proposed to ask about, specifically about the extent of the intervention in the sequestrator's action by the Attorney General. There were also signs that the newspapers were getting on to this story.

The Attorney General continued that, following the recovery of the NUM's funds in Luxembourg, he had made it clear that he would have no objection if the sequestrator decided not to pursue the case in Dublin. But the sequestrator's Irish lawyers had advised in favour of continuing the case, and the sequestrator had obtained the

SECRET AND PERSONAL

authority of Mr. Justice Nicholls for doing so even though Mr. Justice Nicholls was aware that the sequestrator had been advised that he had a less than 50 per cent chance of success. The Attorney General had no power to direct the sequestrator and, if the sequestrator were now to withdraw his action on the third day of the case, it was likely that costs would be awarded against him and would have to be met from the Government's indemnity. There was therefore a public interest in continuing with the case.

The Home Secretary said that he shared the Attorney General's view that the sequestrator's case should not be withdrawn. But the sequestrator should not be drawn into giving details of contacts with the Government in answering questions from the judge or counsel for the NUM.

In discussion, it was confirmed that contacts between the sequestrator and the British Government were not relevant to the case before the Irish courts. It could be admitted that the sequestrator had had contacts with the Attorney General and the Treasury Solicitor about the indemnity. If questions went beyond that, the sequestrator's counsel should object. If the judge ruled that the matter was relevant, it was essential that the sequestrator did not give further details of contacts with the British Government even if this prejudiced his case.

Summing up the discussion, the Prime Minister said that, in answer to the expected question from the judge about contacts between the sequestrator and the Attorney General, it could be said that the sequestrator had had contacts with the Attorney General and the Treasury Solicitor over the indemnity, but that there had been no question of the Government giving instructions to the sequestrator about the performance of his duties. If the questioning went beyond this, counsel for the sequestrator should object on grounds of relevance and in any case the sequestrator should not give further details of contacts with the British Government beyond saying that such contacts were for the purpose of

obtaining information and did not involve the taking of instructions. Sir Robert Armstrong should prepare a line which could be taken in Parliament and communicate this to the Secretary of State for Energy in case the matter was raised during the debate in the afternoon. The Deputy Treasury Solicitor should arrange for the sequestrator to be advised of the importance of sticking to this line if any further questions were asked of him about contacts with the Government.

I am sending a copy of this minute to Mr. Taylor (Home Office), Mr. Steel (Attorney General's Office), and to Mr. Hosker (Deputy Treasury Solicitor).

F.R.B.

4 February, 1985

COVERING SECRET

Copy No ① of 4



RF

Industrial Affairs.
folded to
Thursday

25

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

MF

4 February 1985

Dear Andrew

I attach the latest weekly report on coal
and power station statistics.

Copies also go to Margaret O'Mara and
Richard Hatfield.

Yours ever
John

J S NEILSON
Private Secretary

COVERING SECRET

1 February 1985

1/14

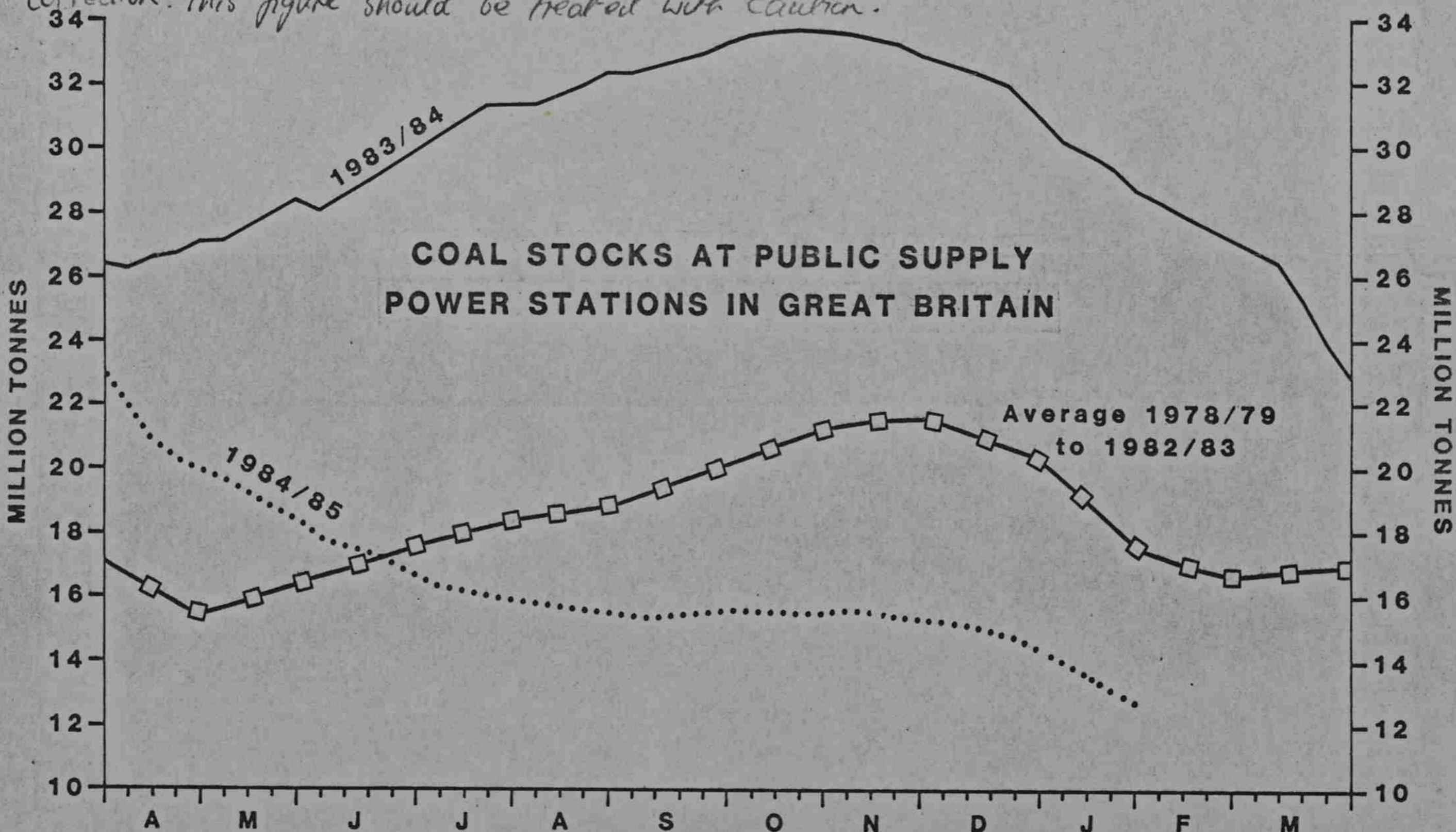
WEEKLY COAL AND POWER STATION STATISTICS (1)

EcS Division, Dept. of Energy, Thames House South, Millbank SW1P 4QJ. Phone: 01-211-6928

Week ending 28.1.84: 5.1.85 12.1.85 19.1.85 26.1.85

COAL	PRODUCTION	deep mines+	1.63 :	0.34	0.66	0.64	0.68
	(m. tonnes)	opencast+	0.22 :	0.02	0.28	0.28	0.27
		TOTAL	1.85 :	0.35	0.94	0.93	0.95
COAL	PRODUCTIVITY(2)	'overall' o.m.s	2.26 :	..	..	..	..
	(tonnes/manshift)	'production' o.m.s	9.59 :	..	..	..	..
UNDISTRIBUTED STOCK							
	(m. tonnes)	TOTAL	23.51 :	20.55	20.50	20.51	..
STATIONS	COAL STOCKS	(m. tonnes)	28.78 :	14.01	13.70	13.18	12.80
	COAL CONSUMPTION	"	1.98 :	0.77	1.01	1.13	1.05
	COAL RECEIPTS	"	1.33 :	0.37	0.69	0.61	0.66
STATIONS	OIL STOCKS(3)	"	1.29 :	1.43	1.21	1.15	1.11
	OIL CONSUMPTION(3)	"	0.09 :	0.56	0.61	0.66	0.61
	OIL RECEIPTS(3)	"	0.06 :	0.60	0.34	0.55	0.50
POWER	ELECTRICITY SUPPLIED (4) (GWh)		:				
	Nuclear	"	882 :	1,184	1,220	1,146	1,170
	Other Steam	"	4,749 :	3,877	4,740	4,930	4,742
	TOTAL	"	5,631 :	5,061	5,959	6,076	5,912
	TOTAL - temperature corrected	"	5,372 :	4,991	5,521	5,294*	..

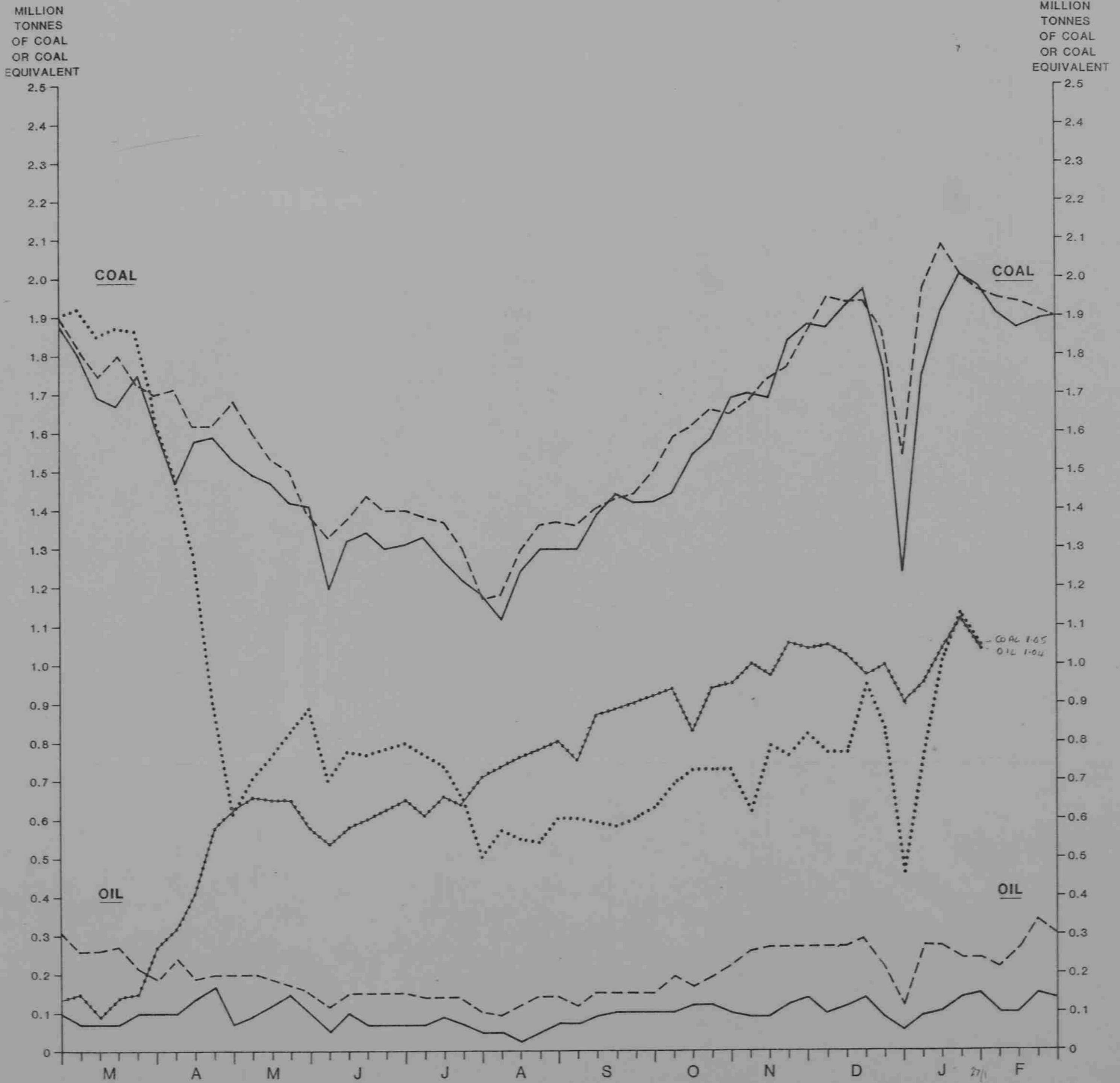
(1) Great Britain unless otherwise stated. All latest figures are subject to revision.
 (2) NCB mines only. (3) Oil-fired boilers only. (4) Steam stations only.
 .. data not yet available. + includes licensed production.* N.B. Abnormally large correction. This figure should be treated with caution.



COAL CONSUMPTION AND OIL CONSUMPTION (OIL FIRED) AT PUBLIC SUPPLY POWER STATIONS IN GREAT BRITAIN

Key

- COAL } March 84 to February 85
- OIL } March 84 to February 85
- March 83 to February 84
- Average 1977/78 to 1981/82





70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A085/360

SECRETARY OF STATE FOR ENERGY

During this afternoon's debate, you should be aware that there could be questions during the course of it about certain contacts which I have had, with the Prime Minister's knowledge, with a representative of the sequestrators appointed by the court to carry out the order of the court for the sequestration of the funds of the National Union of Mineworkers.

2. The background to this matter is set out in a minute which I sent to the Prime Minister at the end of last week, a copy of which I attach herewith.

3. As you will see, it is certain that the knowledge of these contacts has come to the notice of the Irish lawyers representing the sequestrators, and it seems very likely that this has passed from them to the judge trying the case in Dublin and perhaps also to the counsel for the National Union of Mineworkers. The judge has already indicated that when the case resumes later this week he will be seeking information about contacts between the Attorney General and the sequestrators, and these questions could lead on to further questions about contacts with other Government Departments (the judge was originally reported to have said that he wanted information about contacts between the sequestrators and the British Government; but he later amended that to speak about contacts with the Attorney General).

SECRET AND PERSONAL

4. At a meeting which the Prime Minister held this morning with the Home Secretary and the Attorney General it was agreed it was of the utmost importance that no information should be given either in the court in Dublin or in the House of Commons or elsewhere in London about these contacts. Ministers agreed upon a line to take. I attach a copy of that line herewith. The first paragraph deals with the general point that the sequestrators take their instructions only from the court and not from the British Government; the second paragraph provides a line to take, and not to go beyond, in dealing with any questions about further contacts. The sequestrators are being advised themselves to stick to this line in giving evidence in the court in Dublin.

5. I am sending copies of this minute to the Prime Minister, the Home Secretary and the Attorney General.

Robert Armstrong

4 February 1985

Ref. A085/352

PRIME MINISTER

As you know, I have over recent weeks had some contacts with a representative of the sequestrators appointed by the court to carry out the order of the court for the sequestration of the funds of the National Union of Mineworkers.

2. My contact was with a Mr Larkins, a partner in Price Waterhouse. Mr Larkins has been to see me on three or four occasions. The purpose of the contacts was, at a time when the sequestrators were finding it difficult to trace the movement of NUM funds, to provide information which might help them in their search. It was also thought that the sequestrators might have information which would in turn assist the efforts of those in the Security Service who are concerned to find out what overseas help the NUM might be seeking or getting. Mr Larkins was asked to keep the contact absolutely private to himself, and not to disclose the source of any information which he received as a result of the contact.

3. The need for discretion has not been respected. Mr Larkins's partners in the sequestration, some of the partners in the firm of solicitors which is advising the sequestrators in the Irish courts are aware that there has been contacts between Mr Larkins and the Secretary of the Cabinet, that the Secretary of the Cabinet was accompanied by an unnamed man, and that certain information was conveyed in these contacts. The information included such things as the names in which bank accounts to which NUM funds were being transferred might be registered.

4. The unnamed man was an officer of the Security Service, and the information concerned was obtained in the course of the inquiries into sources and movements of NUM funds particularly overseas. Mr Larkins was not told who the unnamed man was or what organisation he represented or the source of the information. But

it does not take a Sherlock Holmes to deduce that he was an officer of the Security Service, and that at least some of his material could have been, and probably was, obtained by interception of communications.

5. The NUM are fighting in the Irish courts an attempt by the sequestrators to get their hands on money deposited by the NUM in Dublin. I am advised that the case turns on whether the sequestration order was a penal order. If it was not, the Irish court might enforce it; if it was, the court would probably refuse to enforce it in Ireland.

6. The Judge has apparently given notice that at some stage in the proceedings he will wish to know what contacts there had been between the British Attorney General and the sequestrators. It is thought likely that that question will lead on to the question whether there have been any other contacts between the sequestrators and Her Majesty's Government; and that, if that question is put, the sequestrator will be on oath and must reply truthfully with what he knows.

7. When I discussed this with a representative of the Law Officers' Department and the Treasury Solicitor two days ago, the view was taken that the public interest against having this question asked and answered in the Irish court was such that serious consideration would have to be given to instructing the sequestrators to withdraw the case, if matters seemed to be reaching that point. That itself would have been an unattractive course, since it would have strongly suggested that there was something to hide. It was hoped to avoid getting into this situation by asking the Receiver to proceed in the first instance: whatever the result of the proceedings in that case, the sequestrators would then have been able to say that there was no point in proceeding with their case. The Receiver has, however, declined to proceed, and the case goes ahead with the sequestrators in the front line.

8. I understand that the Attorney General reviewed the matter this morning, and came to the conclusion that he should not seek to intervene in the proceedings but allow the sequestrators and their lawyers to deal as they thought fit with whatever questions were put to them. I understand that three considerations were particularly relevant to this view:

1. enough people probably know enough about the contacts to ensure that the withdrawal of the case would not prevent the information coming out by other means;

2. withdrawal of the case would strongly suggest something to hide, and would be little better than disclosure in court;

3. withdrawal of the case could land the Attorney General in considerable cost under the indemnity which he has given to the sequestrators.

9. I have indicated to the Law Officers' Department that in my view, before this decision is confirmed, the Attorney General should give you and the Home Secretary an opportunity of expressing a view on the public interest in the matter.

10. I am not particularly concerned about my own name coming out in this context. I am, I suppose, under the same duty as any other person to assist the sequestrator, as the officer of the court, in carrying out the order given to him. I am, however, concerned about the conclusions that will be drawn about the involvement of the Security Service and about the activities in which it was engaged in connection with the NUM dispute. And I am concerned about the impact of the handling of the Interception Bill of any conclusions that might be drawn to the effect that the information conveyed was obtained by interception. It could be argued, I think, that it was a legitimate use of interception to seek to discover what assistance the NUM was receiving from

overseas in the provisional movement of funds; it would be more difficult to justify the use of information obtained by interception to assist the searches of the sequestrators.

11. I understand that questions about contacts between the sequestrators and the Attorney General and other parts of the Government will not arise before Tuesday 5 February. There will therefore be an opportunity on Monday 4 February for the Attorney General to receive and to take account of any views which his colleagues may wish to express about the public interest in these matters.

12. I am sending copies of this minute to the Home Secretary and the Attorney General.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

1 February 1985

SEQUESTRATORS

The sequestrators are officers of the court and take their instructions from the court. They have had contacts with the Attorney General and the Treasury Solicitor in connection with the indemnity, but there have of course been no instructions from these or any other Government Departments to the sequestrators about how they should carry out their duties, and no attempts by the Government to influence the sequestrators as to the manner in which they discharge those duties.

[If asked about other contacts with Government Departments] The sequestrators have had contacts with the Government as well as with others in the course of obtaining information relevant to the discharge of their duties to the court, but I am not prepared to say more about them, because they were private and in confidence, and any disclosure could prejudice the ability of the sequestrators to give effect to the court's instructions.

PRIME MINISTER

The Home Secretary and Attorney General are coming to discuss the attached problem with you at 1000 on Monday.

I gather from the Law Officers' Department that the information that Mr. Larkins met Sir Robert Armstrong and "an unnamed man" is known to the Irish lawyers as well as the British lawyers dealing with the case; and also that there are some indications that the press are already sniffing round the story. It is therefore likely to come out in some form whether or not the sequestrators abandon the case.

The Home Secretary's view is therefore that it would be wrong for the sequestrator to abandon the case; this would suggest that we have something to hide and is unlikely to protect the information in the end anyway. Mr. Brittan's view is that the sequestrator should confirm, ^{if necessary,} that there have been contacts with Sir Robert Armstrong but stand on the position that the content of any exchange with Sir Robert Armstrong is confidential.

For your background information, I attach a note (Flag A) on the Irish case prepared about a week ago by the Deputy Treasury Solicitor (Mr Hosker). This is now out of date, but you will see that one solution being considered at the time the note was written was that the Receiver would take over the case from the sequestrator. It was thought that the Receiver had a much better change of winning in any case. Sir Robert Armstrong says that the Receiver has declined to proceed, and you may like to ask why.

R.R.B.

1 February 1985

VC4AAH

(2) Ireland

(a) The trial of the action in Dublin has been fixed for the 31st January and 1st February next.

(b) The action was started by the sequestrators but the Receiver applied successfully to be joined as a party in November. There are now five plaintiffs, namely the four sequestrators and the Receiver. The defendants are the National Union of Mineworkers and the Bank of Ireland (Finance) Limited.

(c) The defence alleges that the sequestration order is penal and therefore ought not to be enforced by the Irish courts. It is also alleged that the Receiver's claim should also be rejected as he is an emanation of the sequestrators.

(d) Messrs Clifford-Turner believe that the sequestrators' claim will fail but the Receiver's claim should not because he was appointed in separate proceedings in the United Kingdom. He is independent of the sequestrators and is manifestly not seeking to enforce a penal order.

(e) Recently the NUM sought to obtain the release of money from the Bank of Ireland (Finance) Limited in order to pay for the defence of the proceedings. They furnished an affidavit in support of their application and this indicates part of the basis of their defence, namely:

(i) The Attorney-General said in the House of Commons that the sequestration order was a penal order and

(ii) The involvement of the United Kingdom Government in the process

CONFIDENTIAL

CONFIDENTIAL

of the court is evidenced by the indemnity given to the sequestrators.

(f) In the proceedings, the contacts between the sequestrators, the Attorney General and officials of HMG are very likely to be probed in cross-examination. Messrs Clifford-Turner think that it would be wise to avoid evidence being given on the subject, particularly as they have advised that the sequestrators will lose their claim any way.

(g) Messrs Clifford-Turner suggest that a tactical withdrawal should be made. If an application is made to the Irish Judge it will be for leave to discontinue. It would probably be granted on terms that:

(i) The sequestrators pay the costs of the NUM in the proceedings up to the discontinuance.

(ii) There should be an assessment of damages.

(h) The Receiver should win in respect of his action, according to Messrs Clifford-Turner. In the meanwhile however the interlocutory relief in favour of the sequestrators would fall if they withdraw. Therefore, there is no legal restriction on the Bank of Ireland (Finance) ^{acting on} ~~interests~~ ^{instructions} from the NUM in respect of the funds in the hands of B of I (F).

(i) Although in respect of the claim for damages, the NUM will probably allege that they could have invested the money in a particular way and were thus deprived of a considerable benefit, the sequestrators can show that they offered in writing to co-operate with the NUM in their investment of the funds while the interim order (as interlocutory relief) was in force.

(j) The Receiver's claim does not seek the same interlocutory relief but he might ask B of I (F) to undertake not to transfer the funds pending the hearing of the court action. The Receiver is entitled to do this as he has been appointed by the High Court in London to act for the NUM and therefore he, under English law, is the owner of the funds which are at present in Dublin.

(k) If the Bank were to pay out to the NUM on the instructions of the Union's officials, the Bank would face the prospect of an action for damages

CONFIDENTIAL

CONFIDENTIAL

in England. The Receiver could ^{sum}~~order~~ them here as they have an address for service in the UK.

(3) George Staple of Clifford-Turner is seeing Mr Justice Nicholls this afternoon and he may agree that a tactical withdrawal from the Dublin proceedings is appropriate. If the consequence is an order for damages against the sequestrators, the Judge may grant an indemnity out of sequestered funds. At the moment, the sequestrators have no spare money.

(4) (a) George Staple is to discuss with the Irish solicitors acting for the sequestrators what are the appropriate tactics to adopt in the proceedings. A meeting had been scheduled in Dublin tomorrow.

(b) If there is to be a withdrawal from the proceedings, two days prior notice has to be given. In order for there to be two free days before the trial starts next week, the notice would have to be served on the NUM lawyers on Wednesday afternoon or Thursday morning at the latest.

(c) The application for withdrawal would be heard in open court on Monday or Tuesday of next week.

(d) Mr Staple will be at the offices of Messrs McCann Fitzgerald Sutton & Dudley in Dublin on Wednesday morning. The partner there dealing with the matter is Mr David Clarke (0001765881).

G.A.H.

G A Hosker

22.1.1985

CONFIDENTIAL

Ref. A085/352

PRIME MINISTER

As you know, I have over recent weeks had some contacts with a representative of the sequestrators appointed by the court to carry out the order of the court for the sequestration of the funds of the National Union of Mineworkers.

2. My contact was with a Mr Larkins, a partner in Price Waterhouse. Mr Larkins has been to see me on three or four occasions. The purpose of the contacts was, at a time when the sequestrators were finding it difficult to trace the movement of NUM funds, to provide information which might help them in their search. It was also thought that the sequestrators might have information which would in turn assist the efforts of those in the Security Service who are concerned to find out what overseas help the NUM might be seeking or getting. Mr Larkins was asked to keep the contact absolutely private to himself, and not to disclose the source of any information which he received as a result of the contact.

3. The need for discretion has not been respected. Mr Larkins's partners in the sequestration, some of the partners in the firm of solicitors which is advising the sequestrators in the Irish courts are aware that there has been contacts between Mr Larkins and the Secretary of the Cabinet, that the Secretary of the Cabinet was accompanied by an unnamed man, and that certain information was conveyed in these contacts. The information included such things as the names in which bank accounts to which NUM funds were being transferred might be registered.

4. The unnamed man was an officer of the Security Service, and the information concerned was obtained in the course of the inquiries into sources and movements of NUM funds particularly overseas. Mr Larkins was not told who the unnamed man was or what organisation he represented or the source of the information. But

it does not take a Sherlock Holmes to deduce that he was an officer of the Security Service, and that at least some of his material could have been, and probably was, obtained by interception of communications.

5. The NUM are fighting in the Irish courts an attempt by the sequestrators to get their hands on money deposited by the NUM in Dublin. I am advised that the case turns on whether the sequestration order was a penal order. If it was not, the Irish court might enforce it; if it was, the court would probably refuse to enforce it in Ireland.

6. The Judge has apparently given notice that at some stage in the proceedings he will wish to know what contacts there had been between the British Attorney General and the sequestrators. It is thought likely that that question will lead on to the question whether there have been any other contacts between the sequestrators and Her Majesty's Government; and that, if that question is put, the sequestrator will be on oath and must reply truthfully with what he knows.

7. When I discussed this with a representative of the Law Officers' Department and the Treasury Solicitor two days ago, the view was taken that the public interest against having this question asked and answered in the Irish court was such that serious consideration would have to be given to instructing the sequestrators to withdraw the case, if matters seemed to be reaching that point. That itself would have been an unattractive course, since it would have strongly suggested that there was something to hide. It was hoped to avoid getting into this situation by asking the Receiver to proceed in the first instance: whatever the result of the proceedings in that case, the sequestrators would then have been able to say that there was no point in proceeding with their case. The Receiver has, however, declined to proceed, and the case goes ahead with the sequestrators in the front line.

8. I understand that the Attorney General reviewed the matter this morning, and came to the conclusion that he should not seek to intervene in the proceedings but allow the sequestrators and their lawyers to deal as they thought fit with whatever questions were put to them. I understand that three considerations were particularly relevant to this view:

1. enough people probably know enough about the contacts to ensure that the withdrawal of the case would not prevent the information coming out by other means;

2. withdrawal of the case would strongly suggest something to hide, and would be little better than disclosure in court;

3. withdrawal of the case could land the Attorney General in considerable cost under the indemnity which he has given to the sequestrators.

9. I have indicated to the Law Officers' Department that in my view, before this decision is confirmed, the Attorney General should give you and the Home Secretary an opportunity of expressing a view on the public interest in the matter.

10. I am not particularly concerned about my own name coming out in this context. I am, I suppose, under the same duty as any other person to assist the sequestrator, as the officer of the court, in carrying out the order given to him. I am, however, concerned about the conclusions that will be drawn about the involvement of the Security Service and about the activities in which it was engaged in connection with the NUM dispute. And I am concerned about the impact of the handling of the Interception Bill of any conclusions that might be drawn to the effect that the information conveyed was obtained by interception. It could be argued, I think, that it was a legitimate use of interception to seek to discover what assistance the NUM was receiving from

overseas in the provisional movement of funds; it would be more difficult to justify the use of information obtained by interception to assist the searches of the sequestrators.

11. I understand that questions about contacts between the sequestrators and the Attorney General and other parts of the Government will not arise before Tuesday 5 February. There will therefore be an opportunity on Monday 4 February for the Attorney General to receive and to take account of any views which his colleagues may wish to express about the public interest in these matters.

12. I am sending copies of this minute to the Home Secretary and the Attorney General.

R

Approved by
ROBERT ARMSTRONG
and signed in his absence

1 February 1985

24.

SECRET

P.01484

PRIME MINISTER

MISC 101(85)5th Meeting: Coal

MT

You will wish to invite reports from:

i. the Secretary of State for Energy on:

- the number of pits and miners working
(there will be particular interest in how Monday's back
to work figures have been affected by recent developments);
- coal movements;
- prospects for a resumption of negotiations;
- *prospects for getting out of current web of talks and correspondence*
- the attitude of NACODS;
- the NCB's thinking on the new independent advisory body to
be established under the agreement with NACODS;

this should be

ii. the Secretary of State for Employment on:

- TUC activity and any developments at ACAS;

iii. the Secretary of State for Transport on:

- likely developments with the railway unions if no NCB/NUM
negotiations take place;

iv. the Home Secretary on:

- law and order;

v. the Attorney General on:

- the current state of play in civil actions.

SECRET

SECRET

Next meeting

2. There will be an opportunity for further discussion under the Industrial Affairs item at Cabinet on 7 February. The next meeting of MISC 101 is arranged for Monday 11 February at 5.00pm.

PLG

P L GREGSON

1 February 1985

SECRET

SECRET AND PERSONAL

Daily Coal Report - Friday 1 February 1985

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	30
(iii) Some men present	73
(iv) On strike/picketed out	22

Ashington (North East), Kiveton Park (Yorkshire) and Renishaw Park (North Derbyshire) are again turning coal.

The return of Renishaw Park means that all 52 pits in the Midlands coalfields of Nottinghamshire, Derbyshire, Leicestershire, Warwickshire and Staffordshire are now in production.

Not bad in the circumstances A total of 1,587 new faces have reported back this week. More than 79,000 NUM members are not on strike - more than 42% of the total membership of 187,300.

Area attendances were as follows:-

			<u>Change on last Friday</u>
Scotland	(24 hr attendance)	4,180	+ 205
North East	(24 hr attendance)	5,636	+ 155
Yorkshire	(24 hr attendance)	5,588	+ 417
North Derbyshire	(24 hr attendance)	6,348	+ 61
Western	(24 hr attendance)	11,742	+ 104
South Wales	(morning shift)	338	- 4
Kent	(morning shift)	137	+ 5

SECRET AND PERSONAL

Coal Movements

Yesterday was another good day: 188,000 tonnes were moved.

52 coal trains ran.

*More trains do not seem to be raising
movements. Perhaps 90,000 tons is the maximum
that can be loaded at present.*

Law and Order

There were reports of skirmishing in Scotland, South Wales and Yorkshire, though no major disorder.

Eleven striking South Wales miners have been charged with "criminal damage, endangering life" following an incident last November when stones were thrown at an M4 lorry convoy.

NUM/NCB Negotiations

Following an appeal by the union, ACAS are to meet the NUM National Executive on Monday. A reasonable presumption must be that ACAS will again recommend their compromise proposal which the NCB accepted but the NUM rejected. A further presumption must be that the TUC's attempted initiative has probably failed.

Copies of today's exchange of correspondence between the union and the Board are attached. Also attached is a copy of the Board's press release this evening which stresses that the NUM have provided no further grounds to enable discussions to continue because they have publicly and rigidly refused to move from their impossible demand that all uneconomic pits should remain open.

Following further signs of anxiety by the NACODS leadership, the NCB are again publicly reiterating that their agreement with NACODS stands unaffected by the negotiations with the NUM.

SECRET AND PERSONAL

Mr Kinnock

Attached

Mr Kinnock acknowledged today that commercial considerations must play a part in determining pits' futures, but said there had to be a "honourable" settlement to the dispute.

He was quite wrong to claim that he had made the point "firelessly"

Fire at Scottish Pit

The fire at the Frances colliery is now so severe as to cause serious concern that the pit may be lost.

Line to Take

The Coal Board stand ready for a settlement. But the NUM is still clinging to its impossible demand that all uneconomic pits should remain open. There can be no prospect for negotiations whilst this demand remains on the table. Miners wishing to end the strike should return to work on Monday.

Distribution: Members of MISC 101, Paymaster General, Sir Robert Armstrong
Mr Gregson, Cabinet Office.

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 7214

Press Release

Public Relations

London SW1X 7AE
Telephone: 01-235 2020'NO GROUNDS FOR PRESENT ROUND OF DISCUSSIONS TO CONTINUE'NUM Avoid the Central Issue of Uneconomic Capacity

At today's (Friday's) meeting the National Coal Board made this statement:

"The National Coal Board regret that the National Union of Mineworkers have provided no further grounds to enable the present round of discussions to continue, because they have publicly and rigidly refused to move from their impossible demand that all uneconomic pits should remain open.

"The Board remain ready to resume negotiations when the Union make it clear they are prepared to have meaningful talks to accept the procedure to deal with the problem of uneconomic coal mining capacity.

"This is the central issue to resolve in order to reach a negotiated settlement of the NUM's dispute. However, in all the correspondence of the past few days, a procedure to deal with uneconomic capacity has not once been mentioned by the union.

"A way to deal with the problem of uneconomic capacity is the essential issue in view of the many public statements that have been made by the leaders of the NUM.

"The Board made it clear to the Union, at Tuesday's informal talks and in writing, that they required the NUM to put forward proposals to provide a basis for the Board to determine that it was worthwhile to enter negotiations to reach a settlement of the dispute.

NATIONAL COAL BOARD
HOBART HOUSE
GROSVENOR PLACE
LONDON SW1X 7AE

1st February 1985

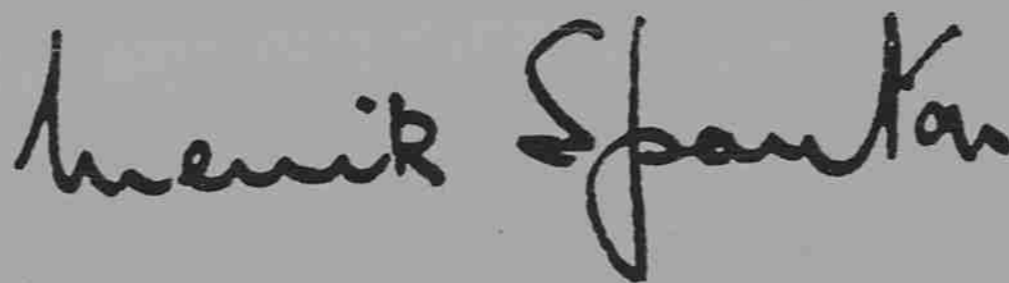
P.E. Heathfield Esq.,
Secretary,
National Union of Mineworkers,
St. James' House,
Vicar Lane,
Sheffield,
South Yorkshire S1 2EX

Dear Mr. Heathfield,

Your letter of today's date does appear to give some encouragement. On the main issue however there is no indication that there is any change in the policy of the NUM towards dealing with the industry's problem of the closure of uneconomic capacity. In view of the many public statements made by leaders of the NUM in categorically refusing to countenance the procedures that could lead to closures on uneconomic grounds. It remains essential that the National Coal Board is satisfied that this no longer remains the position of the leaders of the NUM.

I now wish to study your letter with care with my colleagues and will be in touch with you again early next week.

Yours sincerely,



H.M. Spanton

NATIONAL UNION OF MINeworkERS

ST. JAMES' HOUSE, VICAR LANE,
SHEFFIELD, SOUTH YORKSHIRE S1 2EX

President A. SCARGILL

Secretary P. E. HEATHFIELD

Telephone: 0742 700388

Please quote our reference in reply:

Your Ref:

Our Ref: PEH/MF.

- 1 FEB 1985

1st February 1985.

Mr. M. Spanton,
National Coal Board,
Hobart House,
London, SW1.

Dear Mr. Spanton,

I am in receipt of your letter dated 31st January 1985, and must express great disappointment at the Board's response to the Union's initiatives.

The five proposals of the Union are undoubtedly positive initiatives to provide the basis for resumed negotiations, and pay due regard for what has taken place in the Industry over the past eleven months.

1. PLAN FOR COAL

This proposal is based upon previous submissions by the Board which have been accepted by the Union.

2. FUTURE OF COLLIERIES/UNITS

The Union's proposal takes account of the Board's own suggestions when we met with ACAS. This would provide for all matters relating to the future of Collieries/Units to be dealt with in accordance with procedures operating prior to 6th March 1984, and of course the Union have previously accepted an amendment to the procedures to provide for an Independent Review Body, and we feel that the broad recognition given to this proposal during informal discussions could lead to agreement in negotiations.

3. FIVE COLLIERIES

The Union's proposal accepts that these five pits remain within the procedure on the understanding that undertakings given by the Board within the Procedure will be honoured. This new proposal also provides for any unforeseen major mining problems to be discussed in the normal way, and we feel this point is manifestly fair and sensible.

NATIONAL UNION OF MINeworkERS

ST. JAMES' HOUSE, VICAR LANE,
SHEFFIELD, SOUTH YORKSHIRE S1 2EX

President A. SCARGILL

Secretary P. E. HEATHFIELD

Telephone: 0742 700388

Please quote our reference in reply:

Your Ref:

Our Ref:

-2-

Mr. M. Spanton

1st February 1985

4. MARCH 6TH PROPOSALS

The Union's proposal is, of course, a statement of the present situation and has been publicly acknowledged by the Board's spokesman, Mr. Eaton, in an Independent Radio News interview on 31st January.

5. AMNESTY

It is inconceivable that in any discussions leading to a resolution of this dispute that the question of dealing with those men who have been dismissed in the course of the dispute cannot be a matter for discussion between the National Coal Board and the National Union of Mineworkers.

Indeed, in my meeting with Mr. Smith on the 21st January, it was acknowledged that the Union would pursue this matter when negotiations resumed.

It seems a matter of equity that the same principle applied in 1972 and 1974 be applied in the current situation. *principal*

I find your refusal to resume negotiations without precondition extremely disappointing. Should the Board change its mind, however, and decide that it does want to see a settlement of this dispute, I reiterate that the Union's National Executive Committee is available for talks at any time.

Yours sincerely,



P. E. Heathfield
SECRETARY

Press Release

Public Relations

London SW1X 7AE
Telephone: 01-235 2020

Mr Dyham

'NO GROUNDS FOR PRESENT ROUND OF DISCUSSIONS TO CONTINUE'NUM Avoid the Central Issue of Uneconomic Capacity

After today's (Friday's) meeting the National Coal Board made this statement:

"The National Coal Board regret that the National Union of Mineworkers have provided no further grounds to enable the present round of discussions to continue, because they have publicly and rigidly refused to move from their impossible demand that all uneconomic pits should remain open.

"The Board remain ready to resume negotiations when the Union make it clear they are prepared to have meaningful talks to accept the procedure to deal with the problem of uneconomic coal mining capacity.

"This is the central issue to resolve in order to reach a negotiated settlement of the NUM's dispute. However, in all the correspondence of the past few days, a procedure to deal with uneconomic capacity has not once been mentioned by the union.

"A way to deal with the problem of uneconomic capacity is the essential issue in view of the many public statements that have been made by the leaders of the NUM.

"The Board made it clear to the Union, at Tuesday's informal talks and in writing, that they required the NUM to put forward proposals to provide a basis for the Board to determine that it was worthwhile to enter negotiations to reach a settlement of the dispute.

FEB.01 '85 16:46 GMT

F03 01 '85 16:41 NCB LONDON 01 235 2020 34682

P.03

P03

- 2 -

"No such proposals have been put forward by the NUM.

"It transpired there was nothing new in the points raised by the Union, apart from seeking an amnesty for dismissed employees - and the Board have made it clear that this can form no part of discussions leading a resolution of the dispute.

"The Board re-affirm their commitment reached with the officials' union NACODS. This includes a re-examination of the Colliery Review Procedure to improve its effectiveness."

- end -

Press Office (2004)

February 1, 1985

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

1 February, 1985.

Coal Strike and Spring Supplementary Estimates

Thank you for your letter of 31 January.

The Prime Minister has considered the options set out in your letter for references to the coal strike in the spring supplementary estimates. She prefers option (i) (i.e., that the assumption should be adopted that the strike will continue for the rest of the financial year). She would rule out option (ii) on the grounds that January is already over, whereas the strike is not.

David Barclay

R.J. Broadbent, Esq.,
HM Treasury.

CONFIDENTIAL

COVERING SECRET

Copy No ① of 4



Next MISC 101
folder

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 7214

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

31 January 1985

Dear Andrew

POWER STATION ENDURANCE

I attach the latest weekly report.

Copies also go to Margaret O'Mara and
Richard Hatfield.

Yours ever

John

J S NEILSON
Private Secretary

COVERING SECRET



POWER STATION ENDURANCE

1 Coal deliveries to CEGB power stations last week amounted to 0.67mt (including non-NCB sources). Coal burn was 1.00mt and stocks fell by 0.33mt. The Board's stocks on Sunday night (27 January) were 12.22mt with a further 0.60mt at Scottish power stations.

2 Total NCB deliveries last week were estimated to amount to some 0.91mt of which about 0.28mt went to customers other than power stations.

3 The average rate of deliveries to CEGB power stations over the whole period of the strike has been 0.53mt. The average over the past eight weeks has been 0.56mt, but this period includes the Christmas and New Year holidays when deliveries are traditionally low.

4 The CEGB's estimate of the range of endurance outcomes is as follows:-

Future usable coal deliveries

System Endurance

	<u>System Endurance</u>	
	<u>80% Oil burn</u>	<u>100% Oil burn</u>
0.30mt/week	mid May	early November
0.40	late June	late December
0.45	-	Winter 1985/6

Department of Energy

30 January 1985

5/61/85

NBPM

AT

1312



Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 8545 (Llinell Union)

ODDI WRTH YSGRIFENNYDD
PREIFAT YSGRIFENNYDD
GWLADOL CYMRU

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 8545 (Direct Line)

FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

PS/PUS

31 January 1985

Dear Mr Phillips,

The Prime Minister has referred your letter to her of 8 January about 1985/86 expenditure estimates to the Secretary of State for Wales; and Mr Edwards has asked me to reply on his behalf.

It has been necessary for Mr Edwards to consult the Home Secretary who, of course, is directly responsible for the police service in both England and Wales.

You refer to the strong feeling that central government should pay all additional costs of policing the miners' dispute. Responsibility for policing is, however, shared between central and local government and, as your police authority knows, the Home Secretary considers it would be inconsistent with this shared responsibility for one of the partners to bear all the additional costs.

The Secretary of State entirely understands your police authority's concern about the effects of the additional expenditure on force activities. He recognises that, even with the unprecedentedly generous help which the Home Secretary has made available to meet these costs, police authorities will incur additional expenditure as a result of the dispute, and that all forces will be faced with difficult choices and priorities in making the necessary economies. However, all police authorities are faced, from time to time, with unexpected additional demands on their resources and are normally expected to absorb them. The exceptional scale and duration of the present demand have persuaded the Home Secretary to make additional central funds available, but he does not consider it unreasonable to expect authorities to absorb a limited proportion of the costs themselves.

I turn now to the general issues you raise about the adequacy of resources.

/The Secretary of State ...

M H Phillips Esq MA LLB
Clerk of the North Wales Police Authority
Shire Hall
MOLD
Clwyd
CH7 6NB



The Secretary of State has asked me to say that he fully appreciates the difficult choices that any authority faces in determining priorities when resources are at a premium. He also acknowledges the efforts which your constituent authorities are making to give some preference within their own budgets to the high priority law and order services. He does not feel, however, that the evidence you present suggests that resources are inadequate.

The 1985/86 Settlement provides for a target per head in Clwyd of £397: this is 16 per cent higher than the average resources for authorities in its Audit Commission 'family'. In the case of Gwynedd, the target per head is £407, 21 per cent higher than its 'family' average. These are very significant differentials, and the Secretary of State cannot understand how two so well resourced authorities need face the difficulties you describe. In addition, the budget to target increase for Gwynedd and Clwyd combined is 3½ per cent, only 1 per cent below prospective inflation. Given the scope for efficiency savings which there must be in any organisation spending, on a net basis, £250 million (the aggregate target for your two constituent authorities) a shortfall of this order should be capable of being absorbed without giving rise to significant dislocations.

As to the later years, the Secretary of State has, by issuing indicative targets, given the clearest signal yet of his resolve to contain revenue expenditure; thereby, hopefully, releasing even more resources for capital investment. The resources offered in those indicative figures - over 3 per cent extra per annum - should not damage the police services provided every effort is made to improve effectiveness and secure full value for money from every pound spent.

This being so, the Secretary of State, after consulting the Home Secretary, does not accept the case for additional resources. In the final analysis it is up to each individual council to make its own decisions on the deployment of resources taking into account statutory obligations and the overall need for expenditure restraint and modest rate increases.

Yours sincerely

PAUL SKELLON

CONFIDENTIAL

Prime Minister (1)
Agree Chief Secretary's
conclusions?

AT
31/1



Treasury Chambers, Parliament Street, SW1P 3AG

David Barclay Esq
Private Secretary
10 Downing Street
London
SW1

January is already over -
the strike is not. (i) seems the
31 January 1985 only
option.

Dear David

There is no
intermediate

COAL STRIKE AND SPRING SUPPLEMENTARY ESTIMATES

Spring Supplementary Estimates for Votes affected by the coal strike are now being submitted to the Treasury. The Estimates will be presented to Parliament on 14 February with advance copies going in confidence to the departmental Select Committees on 4 or 5 February. We have to decide what assumption should be made about the date the strike ends for the purpose of these Votes.

The Votes affected provide for costs sustained by British Steel (Department of Trade and Industry), policing costs (Home Office) and increased payments of supplementary benefits (Department of Health and Social Security). The first two of these Estimates would have to explain the assumption made about the end of the coal strike because it accounts for most or all of the supplementary provision sought. The strike accounts for only a small proportion of the supplementary benefit estimate (£8 million out of £46 million) but the Estimate could still prompt questions about whether an explicit assumption had been made about the end of the strike.

Overall the sums involved represent only part of the costs of the strike and in total they would not give any reliable indication of the total cost of the strike whatever assumption was adopted.

CONFIDENTIAL

CONFIDENTIAL

There are 3 options:

- (i) to adopt a stylised assumption that the strike continues for the rest of the financial year. The Chief Secretary does not think this option should be pursued in the present circumstances;
- (ii) to assume the strike ends at the end of January (the Chief Secretary does not think any intermediate date between now and the end of the financial year can sensibly be chosen). This assumption has the advantage of providing only for known costs and it would carry no implication about when the government thought the strike might end. A disadvantage is that an Excess Vote could ultimately be required for the Home Office. The Chief Secretary thinks Excess Votes could be defended in the circumstances;
- (iii) to delay presenting the Estimates. It would be possible to present late Spring Supplementaries about two weeks later. The disadvantage of this course is that the Estimates affected by the coal strike would be presented virtually in isolation - we expect only one or two other late Spring Supplementary. They would therefore be more likely to attract comment (in part because there would be less time for scrutiny by Parliament) and at a time when such comment could be as unhelpful as it would be now.

The Chief Secretary has a marginal preference for allowing the Estimates to go forward in the normal way by adopting the end-January assumption (option (ii) above). He thinks this approach is likely to attract least comment and to be most easily explained as a sensible assumption in changing circumstances. But he recognises that this is a finely balanced judgment.

Yours ever

Richard

R J BROADBENT
Private Secretary

CONFIDENTIAL

Prime Minister ②

AT

31/1

Daily Coal Report - Thursday 31 January 1985

20

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	27
(iii) Some men present	76
(iv) On strike/picketed out	22

mf

By 6.00 pm 143 new faces had reported. The total for the week so far is 1,377.

Area attendances were as follows:-

			<u>Change on</u> <u>last Thursday</u>
Scotland	(24 hr attendance)	4,162	+ 222
North East	(24 hr attendance)	5,820	+ 389
Yorkshire	(24 hr attendance)	5,526	+ 428
North Derbyshire	(24 hr attendance)	6,538	+ 121
Western	(24 hr attendance)	11,768	+ 138
South Wales	(morning shift)	339	+ 1
Kent	(morning shift)	141	- 5

Coal Movements

183,000 tonnes were moved yesterday.

52 coal trains ran.

Law and Order

Quieter today than yesterday.

The Home Secretary announced today that between March 13 last year and January 30 1,333 police officers were injured on duties

connected with the dispute.

NUM/NCB Negotiations

Today's exchange of correspondence between the two sides is attached. The union's refusal to agree that uneconomic closures should feature on the agenda for discussions makes the prospects for negotiations bleak, though obviously the Board hope that even at this stage the national executive committee might have a change of heart.

Scargill was tonight reported as saying that the national executive would meet again tomorrow at the request of the TUC.

High Court

The hearing has opened in Dublin into the application by the Receiver to recover NUM funds lodged there.

Line to Take

The Coal Board want negotiations with the NUM that will lead to a settlement of this senseless dispute, and the offer which is on the table is the best since nationalisation. The Board have done everything in their power to encourage the NUM to enter negotiations but the union's refusal to discuss the problems of uneconomic pits - if it is sustained - guarantees only one outcome. If this dispute is not to drag on endlessly, moderate members of the NUM national executive must now speak out and make their views heard. Moderate miners everywhere should show what they think by voting with their feet and returning to work without delay.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

TELEPHONE
01-235 2020

TELEX 882161 HOB

NATIONAL COAL BOARD
HOBART HOUSE
GROSVENOR PLACE
LONDON SW1X 7AE

31st January 1985

P.E. Heathfield Esq.,
Secretary,
National Union of Mineworkers,
St. James' House,
Vicar Lane,
Sheffield,
South Yorkshire S1 2EX

Dear Mr. Heathfield,

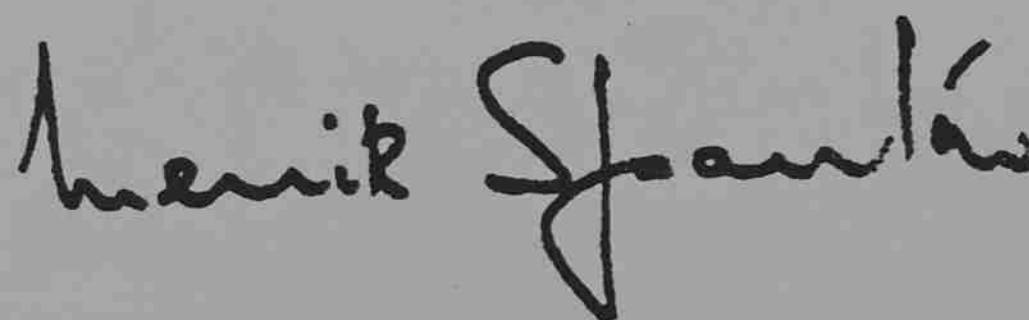
In your letter of yesterday and the enclosure which accompanied it you refer to new initiatives. I regret that I can find no new initiatives. The headings reflect the four issues which comprise the Discussion Document and you have now added Amnesty to the list.

There was no broad agreement on the points you put forward. In fact I made it clear when we met that amnesty could form no part of the discussions leading to a resolution of the dispute.

In respect of Point Number 2 Future of Collieries/Units I said that this was the principal issue and the main purpose of our meeting, namely that the Board required the NUM to put forward proposals to provide a basis for the Board to determine that it was worthwhile to enter negotiations to reach a settlement of the dispute and that in particular you would address the question of establishing a procedure to deal with uneconomic capacity. This is considered to be essential in view of the many public statements that have been made in this connection by the NUM.

I regret that as yet you have given me no basis for making a recommendation to the Board that negotiations should proceed.

Yours sincerely,



H.M. Spanton

NATIONAL UNION OF MINeworkERS

ST. JAMES' HOUSE, VICAR LANE,
SHEFFIELD, SOUTH YORKSHIRE S1 2EX

President A. SCARGILL

Secretary P. E. HEATHFIELD

Telephone: 0742 700388

Please quote our reference in reply:

Your Ref:

Our Ref: PEH/MF

30th January 1985.

Mr. H. M. Spanton,
National Coal Board,
Hobart House,
Grosvenor Place,
London, SW1X 7AE.

Dear Mr. Spanton,

I am in receipt of your letter dated the 30th January 1985.

It is true that during our three hour long meeting yesterday, the Union tabled a number of new initiatives aimed at facilitating a resumption of negotiations leading to a settlement of the dispute.

This was on the basis of my meeting with Mr. Smith on the 21st January and subsequent telephone conversations with the Board, and in line with your letter dated the 25th January, which suggested drafting the parameters of discussion for such negotiations.

When we discussed the points I put forward, you indicated broad acceptance, and we feel that these points should be discussed in formal talks rather than in an exchange of correspondence, in line with accepted practice.

However, in an attempt to facilitate the resumption of negotiations, I attach a copy of the points put forward at yesterday's meeting and trust this will bring a positive response from the Board.

The National Executive Committee, having received a full report, has unanimously agreed that there should be an immediate resumption of negotiations without any pre-conditions, in accordance with our previous understanding. I should be pleased to receive confirmation that the Board is now willing to resume immediate negotiations, and I confirm that the National Executive Committee is available in London for this purpose.

Yours sincerely,



P. E. Heathfield
SECRETARY



DISPUTE

POINTS TABLED BY NUM

1. PLAN FOR COAL

The Board and Union agree that they will jointly discuss Plan For Coal and any proposed review. It is agreed that these discussions will seek to identify the basis for jointly establishing and developing an expanding coal industry equipped to meet future energy requirements.

2. FUTURE OF COLLIERIES/UNITS

The Board and Union to produce an agreement which deals with matters relating to the future of a colliery/unit on the basis of established procedures operating prior to March 6th, 1984.

3. FIVE COLLIERIES

The Board and Union to agree that undertakings given in respect of the five pits will be honoured. If an unforeseen major mining problem is encountered, this shall be examined within the existing procedures.

4. MARCH 6TH PROPOSALS

The Board and Union to agree that the proposal for a 4 million tonne reduction in output in 1984/5 has been overtaken by events and cannot be implemented.

5. AMNESTY

As part of any agreement, there shall be an amnesty along similar lines to 1972 and 1974.

29 January, 1985

UNCHECKED
Coal file

PETER MACNAIRSTY - INTERVIEW ONBOARDS NEW DEMANDS
Transcript from: BBC Radio 4, Today, ~~31st~~ 30 January 1985

INTERVIEWER : (Brian Redhead) The executive of NACOD, the pit deputies union, will meet on Friday to discuss the implications for their members of the difficulties encountered in the attempt to begin negotiations between the Coal Board and the mineworkers union. The Board's insistence on a written undertaking from the National Union of Mineowrkers about the closure of economic pits is said to have angered NACODS. Well on the line now is the gerernal secretary of NACODS, Peter Macnairsty. Mr Macnairsty, is as much as the strike from the ~~xxxxxx~~ beginning has been all about the closure of uneconomic pits is it not right that it should be the first thing on the agenda?

MACNAIRSTY We went into negotiations with the Coal Board, everybody is aware of that, and we agreed on a new, a modified appeals procedure. The Board would have liked to have had us accept as a principle before negotiations the closure of uneconomic pits. But we said principally as a union we ~~ex~~ could not. No union could. The Board accepted that. Since that time we were rather surprised that the full national exec;utive committee of the NUM had offered to meet the Board. The Board had accepted that. Then as a last minute afterthought the Board decided to put precondit ons. Preconditons which would in principle affect our agreement.

INTERVIEWER : Well now as I understand it the Coal Board is, what, asking them ~~ex~~ to agree to discuss the closure of uneconomic pits or asking them to agree to the closure of uneconomic pits, which do y;u think?

MACNAIRSTY Well I think the latter. Mrs Thatcher made it quite clear last Thursday that they will close uneconomic pits. We've heard two statements from the Board which said they will close uneconomic pits, irrespective of the appeals procedure. You see, the Board want to ~~have~~ the right to close pits. The Board do not want the unions to have the right to resist those closures. Now our appeals procedure didn⁸t go along with that theory. It simply said put it to an advisory body and full weight would be taken from the advice from that ~~ex~~ body. Now I understand Mr Heaton is coming on later today, you may like to ask him a question. NACODS originally asked for a decision making body. That was that they would make a decision if a pit would close or a pit would remain open. And all prob~~ab~~ilitis are that NACOD would have accepted those decisions. That was made quite clear to the Board. Well the interim ~~dis~~ discussions when the NUM were involved the NUM

The NUM accepted they would accept such a ~~binding~~ binding body that would make a decision on closure. But the Board refused that. The unions had accepted in principle to discuss and negotiate on a question of a binding body. It was the Board that refused. So the Board want to A, take away the right of the unions to resist closures of uneconomic pits and that's what this argument is now about.

INTERVIEWER : But I thought it was that the review body would go through all the possible arguments; all the arguments for closing, all the arguments for not closing. But in the end the final decision must rest with the Coal Board because - to ~~me~~ quote Mrs Thatcher - the Coal Board must manage the business?

MACNAIRSTY Well that's fair comment. But if the Coal Board should then wish to go against the advice of the review body the union must have the right to resist that decision of the Coal Board. Because, after all, we've gone there for advice. Now what the Coal Board; are wanting now, ~~plainly~~ plainly and it's been said twice, is that if such a final decision comes the union should not resist it if it's an uneconomic pit. Now we could never agree to that. We have agreed to ~~stand~~ stand by the advice of a review ~~body~~ body and put that to the membership and probably ~~understand~~ honour that advice. That appears now not to be good enough for the Coal Board but it certainly was good for the Coal Board in October.

INTERVIEWER Right, now do you fear therefore that if the Coal Board gets its way that there will be a spate of closures?

MACNAIRSTY Well you know, we all heard what was said on Thursday from the Prime Minister on the television. Obviously people now are concerned and have contacted me from our union, because they feel that the hand of Government is on this one again. And if that was

to be the case the only thing that could have checked it would have been that advisory body. On the advice, the public opinion, if the advisory body was to say the pit should remain open could the Board have closed it. This could be obviously one way in which the Government and the Coal Board could get round our agreement.

INTERVIEWER : On the other hand, would you not agree that there are uneconomic pits and the time must ~~be~~ come when some of them will have to close?

MACNAIRSTY Pits have been closing all the time for all different reasons. Unions have objected, unions have accepted, there's been some resists. But suddenly it appears that the Government wants to have a cast iron assurance from the unions that these pits will close in advance. Unions can't give that or that guarantee. The problem, it's clear that something has changed since October.

INTERVIEWER : So ~~you're saying~~ your understanding of the agreement that you met was that a review body would in effect decide whether a pit was closed not just recommend whether it should close or be kept open?

MACNAIRSTY No, firstly that is what we asked for and that was what the NUM said that they would go along with and that is what the Board refused. The Board insisted on an advisory body which would leave the decision with them. But they would give full ~~me~~ weight to its findings. Now it was Mr Macgregor that said it was very unlikely that should a review body give such a decision that the Coal Board would go against it. But the slant of that opinion seems to be changing in a way, at least the attitude of the Coal Board seems to be turning away from that attitude.

UNCHECKED,

MICHAEL EATON - INTERVIEW ON NACOD FEARS ON REVIEW BODY

Transcript from: BBC Radio 4, Today, 30 January 1985

INTERVIEWER : (Joh Timpson) ... Yes indeed, he's been listening with great interest to that conversation. Well now let's clear up what you think ~~xx~~ you agreed with; NACODS Mr Eaton: was this just a review body whose opinion you would value but you wouldn't necessarily abide by or would you virtually agree to abide by it?

EATON: No, the agreement that we made with NACODS is basically as stated by Mr Macnairist there that at the end of the review process a review body could sit, an independent body could sit, and the Board would give due weight to the decisions as to whether the pit would close or not. The decision has to rest with the Coal Board.

INTERVIEWER : And that is the same thing that you are putting to the NUM at the moment?

EATON: Well Mr Macnairist said that we'd want to talk to the NUM about the review procedure and irrespective of the review procedure close pits. Now that isn't what we've said. We've said that we go through the review procedure and if at the end, after exhausting the review procedure it is still clear that the pit is uneconomic then we say it has to close. But that's after going through the review procedure and is ~~xxx~~ there's no difference there between what the NUM have been offered and what the NACODS were offered.

INTERVIEWER : But you would still have the right to close these uneconomic pits even if this review body ~~xi~~ has suggested that it wasn't necessary, you would still reserve the right to do so?

EATON: Well obviously we should give very serious consideration due weight. It would be a big decision wouldn't it if a third party that we both agreed to appoint said that there seemed to be very

very good reason why the pit shouldn't close then there'd have to be a very very good reason why we close it.

INTERVIEWER : Well now before we go any further let's hear what Mr Scargill had to say about the problem that you've run into at the moment, which seems to still be a major gap between you and the miners. This is what he had to say about how those talks about talks went yesterday:

SCARGILL: I think you see that there's a destabilising tactic being deployed by the National Coal Board to lift people up and then drop them down. But over the past week statements both by the Government and the Coal Board have had the reverse effect. And there's no doubt that in the coal fields there's growing resentment at the tactics of the national Coal Board. We are saying consistently we are prepared to negotiate without preconditions. That's our position, we've written to the Board. And yet the National Coal Board are insisting that nothing can take place unless they get the parameters and undertakings from the NUM that they want. There is no possibility of that taking place. What we want to do is to sit down without preconditions, sit down and negotiate a settlement.

INTERVIEWER : So that's Mr Scargill's view. Now you are saying that you need this precondition, you want this written undertaking before you hold talks?

EATON: Yes we do. Because we're not going to enter negotiations now for long long hours simply on a loosely worded without ~~pre~~ preconditions. We want to debate the thing which everybody knows is at the centre of the issue, and that is the closure of economic collieries. Can I make the difference between NACODS and the NUM. The agreement that we made with NACODS, which is a management union actually, a responsible union, and they came to us wanting to negotiate. We negotiated. There is no question of us reneging

On any agreement that we made with NACODS. That stands and firmly stands.

INTERVIEWER : But now you've got the miners saying that they want ~~ex~~ to negotiate as well but, unlike NACODS, you're insisting on this written undertaking?

EATON: Ah but there is a difference you see that with NACODS there is a comprehension, and you've heard Mr Macnairst say that pits have closed for many ~~xx~~ reasons, there is a comprehension and a responsible comprehension by them that at the end of the process pits will have to close. The minworkers union, and Mr Scargill; has said it so many times, that they will not face a closure of a colliery other than on the grounds of total exhaustion ~~of orxx~~ safety. There is a very distinct difference there.

INTERVIEWER: Well he certainly has been saying that for a long time. But one gets the impression that this new approach without preconditions is not making that quite so firm?

EATON: Well I don't really understand what without preconditions means. I think it means that he thinks that we might go into a long debate process; again. A long series of negotiations. We don't intend to do that, it's not necessary. The base agreements of the coal; industry are settled. It's just this point about uneconomic collieries.

INTERVIEWER : The miners, the supporters of Mr Scargill see it is that you are asking him virtually to surrender before he goes into the negotiations?

EATON: No we're not asking for a surrender. What we're asking ~~ex~~ for is a very clear understanding that the management have the right, they have the duty, to not squill money as I've said down uneconomic pits, to use the ~~xxx~~ money more wisely. But if a pit is uneconomic at the end of the road to close it. It has the responsibility.

INTERVIEWER : Presumably the miners have their responsibility to their member to protest against that closure?

EATON: Oh I don't expect the trade unions to welcome closures. I mean we don't welcome closures. But I do ~~not~~ expect that the whole industry will realistically face the problems of uneconomic collieries. And that is the difference between the NUM and NACODS. NACODS did, the NUM won't. Let me say that the NUM can take the NACODS A agreement in the spirit that NACODS accepted it. That is. But at the end of the road ~~the~~ uneconomic pits will close if the processes are exhausted and nobody can see any way forward.

INTERVIEWER : You are actually offering to the miners exactly the same deal as you offered to NACODS?

EATON: I say that we will give the same deal that NACODS accepted to the NUM. But with the understanding that at the end of the road, as NACODS have understood, we want the NUM to understand that uneconomic pits will close at the end of the review process.

INTERVIEWER : But now this only happens if you this written undertaking. And if the miners ~~do~~ stay firm on this are prepared for this strike to continue Mr Eaton?

EATON: The strike will have to continue if the NUM will not face the problems of uneconomic collieries. We can't negotiate. We've nothing to negotiate about. We've ~~made a very very~~ We've made a very very fair agreement, one that's genuinely accepted by NACODS. And if the NUM do not, will not face the situation that management have the right, the responsibility and the duty if a pit is uneconomic and there's nowhere else to go then it ~~should~~ shall close.

19

MT

Ref. A085/319

PRIME MINISTER

Cabinet: Industrial Affairs: Coal

You will wish to invite reports from:

(i) The Secretary of State for Energy on:

the number of pits and miners working;

coal movements;

the contacts between the NUM and NCB;

the current attitude of NACODS (Mr McNestry is reported as having said that, if the NCB continues with its present line about the basis for starting talks, the NACODS agreement may have to be reopened);

the NCB's thinking on the new independent advisory body (the Cabinet last week asked for a report by 31 January (CC(85) 3rd Conclusions, Minute 4).

(ii) The Home Secretary on law and order.

(iii) The Secretary of State for Employment on current TUC attitudes.

(iv) The Secretary of State for Transport on BR's latest contacts with the rail unions (on 29 January BR agreed to postpone discussion of the blacking of coal traffic

until it was clear whether an early settlement between the NUM and NCB was likely).

- (v) The Attorney General on any significant developments on civil actions. *Can he clarify respective roles of receiver and sequestrator in obtaining access to NUM funds in Luxembourg and in paying fine. Are costs of sequestrator recoverable?*
2. The next meeting of MISC 101 is at 11.15 am on Monday 4 February.

Robert Armstrong

for ROBERT ARMSTRONG

30 January 1985

1010



SECRET

18

P.01482

Prime Minister (1)

AT 20/1

MR TURNBULL

The Prime Minister asked for a note which she could use as a check list for testing the acceptability of any proposals which the NUM might put forward for settling the coal dispute. This is attached.

PLG

P L GREGSON

30 January 1985

SECRET

Prime Minister ^①

This is the note you commissioned. The key texts are annexed.

AT 30/11

Tests to be applied to a proposed settlement of the coal dispute

This note has three sections:

- i. a reminder of the points which the NCB has already publicly conceded;
- ii. a list of the points which the NCB will need to secure;
- iii. a list of the points which the NCB should reject.

Points already publicly conceded

2. The NCB cannot easily go back on its public acceptance of the ACAS compromise proposals of 12 October^①, as modified in the NCB's statement to NACODS of 23 October^②. The essential points were as follows.

i. The NCB will "re-examine" its 6 March proposals for the industry and the individual areas" in the light of changed circumstances". (The words used to NACODS were "will be reconsidered - in concert with all the Unions - in the light of the loss of output which has occurred as a result of the dispute and the changes in the needs of the market arising also from the circumstances of the dispute".)

ii. The five pits will "continue in operation" and any future decisions relating to them will be dealt with in accordance with the new colliery review procedures. "will remain open" in NACODS version.

iii. The colliery review procedures will provide for closure "by joint agreement" of two categories of pit ("exhausted in line with the principles set out in the Plan for Coal" and "facing geological difficulties, ie safety"). Any other pit can be brought forward to be dealt with "for discussion and investigation in line with the principles of the Plan for Coal" under the Colliery Review Procedure, "amended to include as a final stage an independent Review Body whose function will be to consider a reference on any closure matter ... about which there is disagreement. Full weight will be given to the advice of this independent review body". (The statement to NACODS

includes some refinements about early warning and access to information but also an important concession that not just closure proposals but also any "conflict over investment or other operational decisions" which "might lead to a foreshortening of a colliery's life expectancy" can be referred to the independent review body.).

iv. The NCB and the unions "will jointly discuss the Plan for Coal and any proposed revision".

Points to be secured

3. The most important point to be secured is that referred to in the Proc NCB statement of 24 January:

"The proposals must establish that the NUM recognise that management must deal with the problem of uneconomic capacity and that the NUM will cooperate in this essential task, recognising the other commitments that the Board are prepared to make on the future of their employees and the industry."

4. Other points which ought to be resolved are:

- i. a lifting of the overtime ban;
- ii. acceptance of the NCB's 1983/84 pay offer of 5.2 per cent;
- iii. assuming that the NCB is prepared to make the NUM an offer of 5.2 per cent for 1984/85 as already made to BACM and NACODS, acceptance of that offer.

5. It may be suggested that the NCB should try to secure an undertaking from the NUM that it should not victimise the working miners. It is however difficult to see how this could be done without conceding too much on an amnesty for those NUM members who are guilty of criminal or disciplinary offences (see below). (It may be better to rely on the difficulty which the NUM would have in disciplining at least 78,000 miners, their reluctance to provoke a split in the union and the protection which the courts may be able to offer since there was no national strike call valid under the NUM's rules.)

Points to be rejected

6. The following points should be rejected:

- i. any statement that the NUM is opposed to the closure of uneconomic pits, except in a form which acknowledges explicitly (not just tacitly) management's right to go ahead with closures, having gone through the agreed revised procedures (see paragraph 3 above);
- ii. any moratorium on closures, or on the bringing into effect of the revised colliery review procedures, whether for a specified period or pending agreement on a new Plan for Coal;
- iii. any commitment to abide by the existing Plan for Coal, as opposed to "the principles of the Plan for Coal" or "the principles of the Plan for Coal and its associated documents";
- iv. any commitment to agree on (as opposed to discuss and explore the possibility of) a new Plan for Coal;
- v. any commitment to a new inquiry into the coal industry or energy policy more generally;
- vi. "withdrawal" as opposed to "re-examination" or "reconsideration" of the 6 March proposals;
- vii. agreement that the "five pits" should be allowed to "complete the objectives previously prescribed for them" or that "existing understandings regarding development" of these pits should be "honoured";
- viii. if possible (despite the concession discussed by the NCB), insertion of the words "by the parties" in the sentence: "Full weight will be given to the advice of this independent review body", so as to preserve the position that the final decision on closure rests with NCB management;

SECRET

ix. an amnesty for those already dismissed for criminal and disciplinary offences since the strike began and an undertaking not to dismiss those against whom similar criminal and disciplinary charges are pending (as opposed, possibly, to a willingness by NCB management to review some individual cases).

SECRET

Consolidated text negotiated between NCB and NUM,
incorporating ACAS version of para 3(e) tabled on
12 October 1984.

A

The NCB and the NUM have examined the current situation in an effort to resolve the present dispute and provide a basis for the future of a sound industry.

1. On 6 March the NCB put forward proposals designed to influence the prospects of the industry and to equate production with market requirements. There have been losses of output resulting from the dispute and changes in the needs of the market. In the light of the changed circumstances the Board will re-examine the proposals for the industry and revise the objectives for the individuals areas.

will withdraw
in NUM
version

2. The following collieries referred to specifically by the NUM namely (a) Polmaise (b) Herrington (c) Corton Wood (d) Bullcliffe Wood and (e) Snowdown will continue in operation. Any future decisions relating to these (and other collieries) will be dealt with in accordance with the guidelines under Section 3 below.

3. In order to establish more clearly the parameters in respect of exhaustion of reserves - in line with [the principles of] the Plan for Coal - it is agreed that in the future the following categories and procedures will apply:

[]
Not agreed
by NUM

(a) Collieries which are exhausted in line with [the principles set out in] the Plan for Coal will be closed by joint agreement.

(b) Collieries facing severe geological difficulties ie safety again in line with [the principles of] the Plan for Coal will be closed by joint agreement.

(c) Any other colliery not covered by 3(a) and 3(b) above may be brought forward by either party for discussion and investigation in line with the principles of the Plan for Coal under the Colliery Review Procedure. The Colliery

ACAS
version

Review Procedure will be amended to include as a final stage an independent Review Body whose function will be to consider a reference from any one of the parties to the procedure on any closure matter arising under Clauses (a), (b) and (c) above about which there is disagreement. Full weight will be given to the advice of this independent review body.

4. On the basis of the above arrangements the NCB and the unions will jointly discuss the Plan for Coal and any proposed revision. It is agreed that these discussions will seek to identify the basis for jointly establishing the developing and expanding coal industry equipped to meet future energy requirements.

B

STATEMENT OF NATIONAL COAL BOARD PROPOSALS
AT MEETING WITH NACODS, TUESDAY 23RD OCTOBER 1984

Introduction

The Board accept entirely that a major component in the management of the industry depends on understanding and trust between the Board and NACODS. It is the Board's wish that such trust should be established and maintained.

You opened this morning by referring to a number of items previously discussed and I think agreed satisfactorily between us and indeed the Board's attitude confirmed to you in recent correspondence. However, I will refer to them again so that there may be no misunderstanding.

Officials' Attendance at Work - 1974 Guidelines

The Board have withdrawn the 15th August statement and management have been instructed to observe the pattern of behaviour which had been established in each Area with regard to the 1974 guidelines. Arising out of this affirmation, management has been instructed that payments arising shall be paid retrospectively to all Officials.

The points raised in this connection by you this morning will be pursued immediately. We hope to clarify the position later today.

It is our intention that all shifts in compliance with the 1974 guidelines are to be paid. If there are questions of compliance these must be resolved promptly.

Conciliation Procedure

The Board do value the conciliation procedure and it is our intention that it should be operated constructively and fairly at all times and at all levels of management.

As Mr. Jones observed this morning, the essence of this will be seen in the future but you may be assured of the Board's intent to obtain an arrangement satisfactory to both parties.

Supervision of Work in Cavities - The Hammond Case

As previously stated by the Board to you, we reaffirm that it is our intention that the Hammond case shall be pursued constructively along the lines as stated by Mr. Cowan in his letter of 17th July.

It is the Board's purpose that the case shall go to the House of Lords only on the basis of clarifying the legal ruling.

Closed Shop

As previously stated in our letter to you of 27th September, the Board acknowledge that we do at present recognise with you a de facto closed shop. The Board agree that this arrangement should continue into the future. Should the Association seek a formal agreement on this matter, however, it would have to be undertaken in compliance with current legislation.

The Five Pits

The Board undertake that Polmaise, Herrington, Bulcliffe Wood, Cortonwood and Snowdown will remain open to be considered in common with all other pits under the Co@liery Review Procedure.

March 6th Proposals

Again, as stated in our earlier discussions with you, the March 6th proposals will be reconsidered - in concert with all the Unions - in the light of the loss of output which has occurred as a result of the dispute and the changes in the needs of the market

arising also from the circumstances of the dispute. The Board will reconsider the proposals for the industry and revise the objectives for the individual Areas. A new set of objectives will be prepared for each area to reflect the production possibilities available at the time the dispute ends.

Colliery Review Procedure - Independent Review Body

The Association has asked for a revision of the Colliery Review Procedure to ensure that it operates effectively and fairly within the industry. In your document of 26th September you asked specifically for:-

- (i) An early warning procedure where local members believe their colliery is deliberately, by various means, being run down as a prelude to closure investigations.
- (ii) Inside the Colliery Review programme, greater availability to Branch Officials, when preparing a case to oppose closure, of time and facilities to information.
- (iii) Any final notice of closure to be issued would allow National Officers time to consult the membership.
- (iv) Any final closure notice not agreed between the NCB and the Association to be subject to an appeal to an independent body.

As previously stated, the Board are very ready to re-examine the Review Procedure and to adopt any amendments which will improve its effectiveness. The Association will appreciate, of course, that this must be done in a way which will meet with the approval of all the parties concerned, including NUM and BACM.

The Board believe that the procedure as it stands is unique and is something that we should all make work. This will, of course, require the active effort of all the parties, not just that of management.

You clearly are concerned that the arrangements should work so that at local colliery level as well as area level there will be an early and continuing understanding of the prospects of the pit concerned. We believe our plans should be readily understood and updated in the form of two year plans reflecting both market and production opportunities. We believe that if this is done it should remove the fear you have that actions will be taken covertly which would shorten the life expectancy of a pit without reaching an understanding among all the parties concerned.

Given that this is done we would expect that there should not be conflict over investment or other operational decisions. If, however, such conflict arose, that could be dealt with from that early stage within the Review Procedure so that all parties could be given ample time to brief themselves adequately.

If, at the end of this process, the matter was still in conflict and might lead to a foreshortening of a colliery's life expectancy, this question, as has already happened in the past, can be referred for national consideration and, indeed, would then be subject to the Independent Review Body and full weight given to its findings, just as would be the case in any question of a distinct closure closure proposal.

23rd October 1984

... of the NOB STATEMENT

24 | 1 | 85

©

If, following the meeting of the NUM National Executive Committee, the National Coal Board receives written indication that they are prepared to help resolve the problem of dealing with uneconomic capacity, the National Coal Board will be prepared to re-enter negotiations with a view to resolving the current dispute.

The proposals must establish that the NUM recognise that management must deal with the problems of uneconomic capacity and that the NUM will cooperate in this essential task, recognising the other commitments that the Board are prepared to make on the future of their employees and the industry.

SECRET AND PERSONAL

Daily Coal Report - Wednesday 30 January 1985

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	27
(iii) Some men present	76
(iv) On strike/picketed out	22

The prospect of negotiations, even if dim, continued to affect the return to work. By 5.00 pm 106 new faces had reported. The total for the week so far is 1,232.

Area attendances were as follows:-

			<u>Change on</u> <u>last Wednesday</u>
Scotland	(24 hr attendance)	4,132	+ 267
North East	(24 hr attendance)	5,842	+ 513
Yorkshire	(24 hr attendance)	5,469	+ 546
North Derbyshire	(24 hr attendance)	6,600	+ 169
Western	(24 hr attendance)	11,709	+ 196
South Wales	(morning shift)	335	same
Kent	(morning shift)	140	+ 3

Coal Movements

Another good day: 186,000 tonnes were moved.

50 coal trains ran.

Law and Order

Although picketing has been generally light tension at the pitheads has increased. Skirmishing and acts of minor violence

SECRET AND PERSONAL

SECRET AND PERSONAL

have increased, as have reports of intimidation away from the pithead. Doubtless a reaction to the troubled state of negotiations.

NUM/NCB Negotiations

Little progress was made today. At the time of writing the Board were still looking to the NUM for proposals that might provide a basis for negotiations to recommence. The NUM, although reiterating that it wished to resume formal negotiations without pre-conditions, had rejected the request that it should give a written assurance to discuss uneconomic pits. The TUC, although active, have produced nothing from the hat. The NUM national executive is staying on in London tonight in case there are further developments.

Earlier in the day there were signs of concern from the NACODS leadership that the Board were making demands that went beyond the agreement with that union. The Board have denied the allegation, and seem confident that the NACODS membership will accept this.

High Court

The Court was told today that the Receiver has recovered almost £5 million of NUM assets. The £200,000 fine imposed on the union for contempt of court was this afternoon paid from these funds.

Fire at Scottish pit

A fire at the Frances colliery in Fife is now causing serious concern and there are fears that the only production face could be lost.

SECRET AND PERSONAL

SECRET AND PERSONAL

Line to take

The Government hopes that, with the National Coal Board having offered a substantial investment programme, good pay for miners, a closure procedure better from the miners' point of view than any previous closure procedures, generous retirement provisions and substantial resources to bring new enterprises and business to mining communities, the damaging industrial action which has taken place without a ballot will swiftly be ended by a negotiated settlement.

There is no truth in the suggestion that the NCB or the Government intend to go beyond the agreement negotiated with NACODS. NACODS can be assured that there is no change in the agreement they made with the Board. If the NUM wants to settle with the sensible agreement which NACODS negotiated with the NCB, they could do so immediately.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL



oil Fly

UK's ENERGY RESOURCES STRONG ACROSS ALL FUELS
NOT JUST OIL

In 1982, the latest year for which figures are available, the UK was more than self sufficient in coal and we produced three quarters of our own gas consumption. By contrast Japan, France, Italy and Germany needed to import most of their gas requirements. Japan and Italy also needed to import the bulk of their coal requirements.

Percentage Self Sufficiency in Coal, Gas and Total Energy*

	Japan	Italy	France	Germany	USA	UK
Coal	19	8	52	99	107	106
Gas	8	48	26	34	92	78
Total Energy	18	20	40	48	88	119

* See annex for details.

2. Even if North Sea oil production stopped completely our coal and gas supplies and our nuclear and hydro generating capacity would be enough to meet more than 60% of our total energy requirements. Germany and France can produce less than half their requirements. Japan and Italy produce less than a fifth of their energy needs.

AJM/EcS

29/1/85



UK's Relative Fuel Self Sufficiency in 1983

Mtoe

		Coal	Oil	Gas	Nuclear	Hydro	Total
UK	Production	71	118	34	13	2	239
	Consumption	67	74	44	13	2	200
	Net imports etc	-4	-44	10	-	-	-39
	Self Sufficiency %	106	159	78	100	100	119
USA	Production	480	485	389	80	87	1521
	Consumption	448	695	420	80	87	1734
	Net Imports	-32	210	31	-	-	213
	Self Sufficiency %	107	70	92	100	100	88
Japan	Production	12	-	2	27	23	63
	Consumption	62	214	25	27	23	351
	Net Imports etc	50	214	23	-	-	288
	Self Sufficiency %	19	0	8	100	100	18
West Germany -	Production	84	4	14	16	5	123
	Consumption	85	109	41	16	5	256
	Net Imports	1	105	27	-	-	133
	Self Sufficiency %	99	4	34	100	100	48
France -	Production	14	2	6	36	18	77
	Consumption	27	88	23	36	18	192
	Net Imports	13	86	17	-	-	115
	Self Sufficiency %	52	3	26	100	100	40
Italy	Production	1	2	11	1	10	26
	Consumption	12	82	23	1	10	130
	Net Imports	11	80	12	-	-	104
	Self Sufficiency %	8	2	48	100	100	20

Source: IEA provisional energy balances for 1983 (April 1984)



Sterling and Oil Market Weakness

1. The prospect of collapsing oil prices is thought to affect sterling's relative parity in two ways. First, the currencies of the major net oil importers are boosted - this is a question of the Yen, Lira, Mark, Dollar rising rather than sterling falling. Second, the market believes that a falling oil price is likely to make it harder for the Government to keep to responsible money and fiscal policies. The apparent but misleading tendency for a falling £ to boost North Sea tax revenue in Sterling is part of this. It is misleading because the real effect of the falling £ is to boost inflation, boost public expenditure, while raising exports and reducing imports. It therefore reduces the scope and the need for a fiscal injection.

2. In any defence of sterling it would be counter productive to stress the UK's degree of energy self sufficiency; that would only reinforce the degree of gain that oil importers stand to gain from falling oil prices, boosting their currencies and as a counterpart weakening sterling. It would equally be counter productive to stress the extra oil tax revenue the Chancellor would receive from the falling £. That in a sense is what the market most fears

3. A better combination of arguments would be

- a) Oil prices still stand at record levels in terms of the basket of manufactured goods that can be bought - this is largely because of the sharp rise in the Dollar.
- b) UK non-oil exports (more than 85% of our total exports of goods and services) are rising sharply, up /11%/ in volume over latest year, and would be boosted by a fall in oil prices.



- c) UK non energy industry and services (90% of the economy) would have its costs lowered by falling oil prices.
- d) Oil countries might not benefit so much from oil price falls because the result could well be for a period of energy supply and price turbulence. In such turbulence insecurity, countries like the UK relatively secure in their energy supply would be better placed to weather the storm.
- e) Determination to continue to reduce inflation to increase the scope for initiating the reward for enterprise.
- f) Adjustment to exchange rates since 1980 removed the "petrocurrency" gains made between 1980 and 1982. In real terms sterling is now highly competitive. Any further fall would not only be an unnecessary incentive, but would needlessly damage our economic trading partners.



SECRET AND PERSONAL

Blup
21-1-85

Daily Coal Report - Tuesday 29 January 1985

Pure Minister
16

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	27
(iii) Some men present	76
(iv) On strike/picketed out	22

By 5.00 pm 194 new faces had reported. Yesterday's final total was 927. The total for the week so far is 1,121.

Area attendances were as follows:-

			<u>Change on last Tuesday</u>
Scotland	(24 hr attendance)	4,120	+ 316
North East	(24 hr attendance)	5,845	+ 274
Yorkshire	(24 hr attendance)	5,453	+ 578
North Derbyshire	(24 hr attendance)	6,398	+ 151
Western	(24 hr attendance)	11,381	+ 195
South Wales	(morning shift)	345	+ 41
Kent	(morning shift)	140	+ 3

Coal Movements

165,000 tonnes were moved yesterday.

32 coal trains ran.

Law and Order

Generally quiet though, in what was doubtless intended as a symbolic gesture, some 3,000 pickets gathered at Cortonwood this morning.

SECRET AND PERSONAL

NCB/NUM Talks

The Board have said they were disappointed with today's talks about talks. Afterwards they issued the following statement:

"The NCB at informal talks in London today invited the NUM to submit proposals for settling the dispute, taking into account the principal issue of uneconomic capacity.

The NUM General Secretary said he would consult with his colleagues, and the Board await their reply."

Scargill later claimed that the union had tabled a number of new initiatives and said they had sent the Board a letter seeking an immediate resumption of full negotiations without pre-conditions. However, the Board's version of events suggests strongly that the union has made no concession at all, and in particular that it shows no sign of a more concilliatory or reasonable approach on the question of uneconomic closures.

Scargill and Heathfield later met the TUC and it remains to be seen what pressure that body will now put on them.

The full NUM national executive has been called to a meeting in London tomorrow.

Line to Take

As yesterday.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

Coal



CONFIDENTIAL

ase

file



10 DOWNING STREET

From the Private Secretary

28 January 1985

LUXEMBOURG: NUM RECEIVERSHIP

The Prime Minister has seen your letter of 25 January to Charles Powell. She looks forward to further reports when efforts have been made to reconcile the differing accounts which are being given of this episode.

I am copying this letter to Henry Steel (Law Officers Department).

Andrew Turnbull

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

t

Daily Coal Report - Monday 28 January 1985

Prime Minister (2)

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	27
(iii) Some men present	76
(iv) On strike/picketed out	22

15
AT 28/1

By 5.00 pm 892 new faces had reported: down on last Monday's 1,847, but nevertheless an encouraging figure given the imminence of talks.

Area attendances were as follows:

			<u>Change on</u> <u>last Monday</u>
Scotland	(24 hr attendance)	4,062	+ 427
North East	(24 hr attendance)	5,598	+ 502
Yorkshire	(24 hr attendance)	5,293	+ 811
North Derbyshire	(24 hr attendance)	5,900	+ 163
Western	(morning shift)	6,593	+ 181
South Wales	(morning shift)	336	+ 48
Kent	(morning shift)	142	+ 5

Coal Movements

A good week: 910,000 tonnes were moved of which 603,000 went to the CEGB.

BR had their best week since early June: 211 coal trains ran, including 45 on Friday.

Law and Order

Generally quiet.

NUM

Tomorrow's talks will go ahead as scheduled. Scargill repeated today that the union would be entering them without pre-conditions.

Line to Take

The Government hopes that, with the National Coal Board having offered a substantial investment programme, good pay for miners, a closure procedure better from the miners' point of view than any previous closure procedures, generous retirement provisions and substantial resources to bring new enterprises and business to mining communities, the damaging industrial action which has taken place without a ballot will swiftly be ended by a negotiated settlement.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

COVERING SECRET

Copy No 1 of 4



Prime Minister
It is still taking time for
the return to work to
come through in higher
production.

14

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 7214

AT

Cabinet Order

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

28 January 1985

Dear Andrew

I attach the latest weekly report on coal
and power station statistics.

Copies also go to Margaret O'Mara and
Richard Hatfield.

Yours ever

J S NEILSON
Private Secretary

COVERING SECRET

25 January 1985

1/14

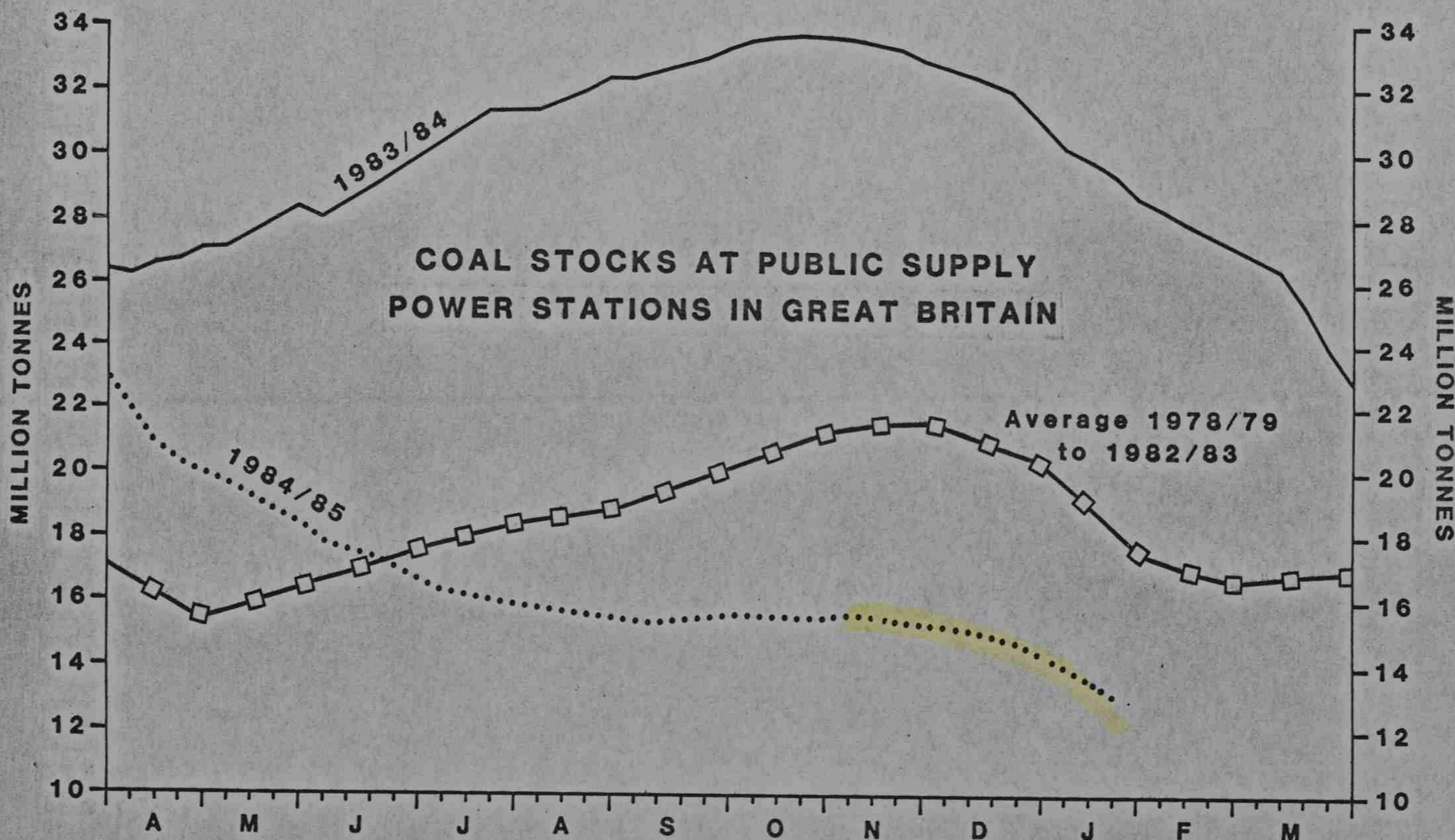
WEEKLY COAL AND POWER STATION STATISTICS (1)

EcS Division, Dept. of Energy, Thames House South, Millbank SW1P 4QJ. Phone: 01-211-6928

Week ending 21.1.84: 29.12.84 5.1.85 12.1.85 19.1.85

COAL		deep mines+	1.72:	0.05	0.34	0.66	0.64
COAL	PRODUCTION (m. tonnes)	opencast+	0.30:	0.01	0.02	0.28	0.28
	TOTAL		2.02:	0.05	0.35	0.94	0.93
	PRODUCTIVITY(2) (tonnes/manshift)	'overall' o.m.s	2.28:	..	..	..	..
		'production' o.m.s	9.82:	..	..	..	..
UNDISTRIBUTED STOCK (m. tonnes)		TOTAL	23.58:	20.75	20.55	20.50	20.72
STATIONS	COAL STOCKS (m. tonnes)		29.42:	14.40	14.01	13.70	13.18
	COAL CONSUMPTION	"	2.01:	0.46	0.77	1.01	1.13
	COAL RECEIPTS	"	1.53:	0.06	0.37	0.69	0.61
	OIL STOCKS(3)	"	1.32:	1.35	1.43	1.21	1.15
	OIL CONSUMPTION(3)	"	0.08:	0.53	0.56	0.61	0.66
	OIL RECEIPTS(3)	"	0.05:	0.50	0.60	0.34	0.55
POWER	ELECTRICITY SUPPLIED (4) (GWh)		:				
	Nuclear	"	835:	1,098	1,184	1,220	1,146
	Other Steam	"	4,854:	3,195	3,877	4,740	4,930
	TOTAL	"	5,689:	4,293	5,061	5,959	6,076
	TOTAL - temperature corrected	"	5,362:	4,185	4,991	5,521	..

(1) Great Britain unless otherwise stated. All latest figures are subject to revision.
 (2) NCB mines only. (3) Oil-fired boilers only. (4) Steam stations only.
 .. data not yet available. + includes licensed production.

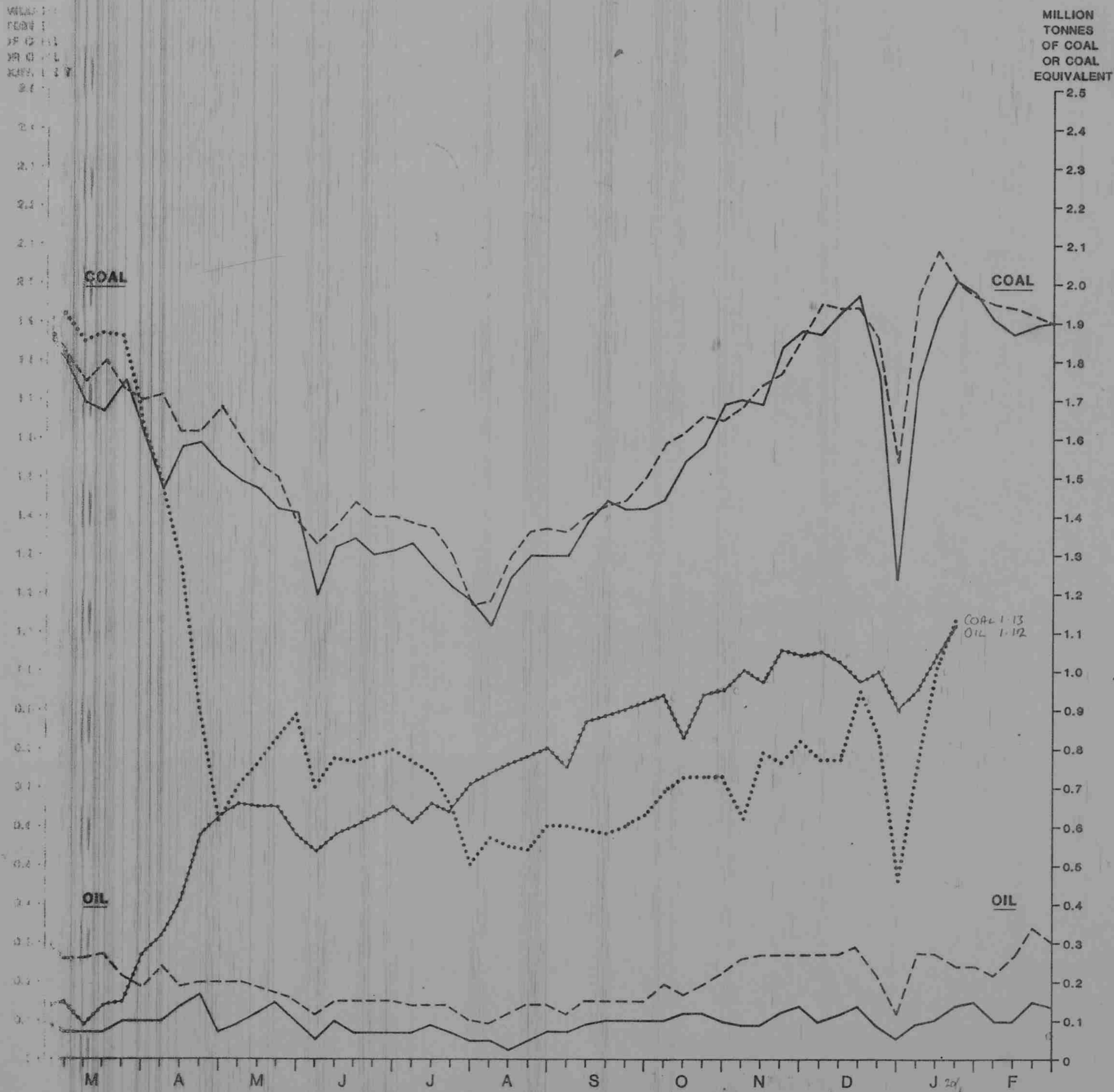


COAL CONSUMPTION AND OIL CONSUMPTION (OIL FIRED) AT PUBLIC SUPPLY POWER STATIONS IN GREAT BRITAIN

Key

- COAL } March 84 to February 85
- OIL } March 84 to February 85
- March 83 to February 84
- Average 1977/78 to 1981/82

WELSH
CENTRAL
SOUTH
NORTH
NORTH WEST



28 January 1985

PRIME MINISTER

②
AT 28/1

I mentioned to you the name of Owen Green as a possible candidate to run the National Coal Board.

He has masterminded the phenomenal success of BTR in recent years. Between 1974 and 1982, the Group profits grew at 35% per annum compound, and 26% for turnover. Owen Green turned a small company into a leading industrial giant with an estimated £3.4 billion of sales in 1984, and £270 million of profits. Covering everything from automotive components and carpets, through conveyor belting and power transmission, to publishing and building products, BTR makes money out of making things in the UK and in Europe, as well as in the US. He is now bidding for Edwardes's Dunlop.

I believe Owen Green is due to retire within 2 years at the age of 60.

Another suitable candidate would be Graham Day of British Shipbuilders. He has done an excellent job in implementing the agreed policy towards productivity, improvements and disposals. He has kept a low profile and is a very sound businessman and analyst. Although it would mean leaving British Shipbuilders a little early, much of his work is now done there, and the Coal Board is a vital task.

Neither of these men would be as contentious as Ian MacGregor when first chosen. Michael Edwardes would be a disaster, and would go in as the "Butcher's apprentice".

Graham Day would be attacked for his involvement in closures and redundancies. Owen Green has been careful to avoid much adverse publicity about his takeover activities, unlike that other brilliant businessman, James Hanson, who has from time to time gained the reputation of being a little sharp.

A handwritten signature in blue ink, appearing to read "John Redwood". The signature is fluid and cursive, with a prominent initial "J" and "R".

JOHN REDWOOD

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

25 January 1985

*Prime Minister (2)
Curious and curious. To await
further advice from Law Officers Dept*

*AT
25/1.*

Dear Charles,

Luxembourg: NUM Receivership

The Luxembourg Government have now given us an explanation of the position over the Receiver's arrangement with Nobis Finanz, about which I wrote to you on 24 January.

The Luxembourg Ambassador told us today, on instructions, that he could give an assurance that there had been no interference by the Luxembourg Government. Both his Prime Minister and the Foreign Minister, M. Poos, had told him this. M. Poos had stressed in particular that there was no question of a threat to withdraw Nobis's banking licence.

According to the Luxembourg Ambassador, Nobis reached an arrangement with the Receiver and then went to M. Poos in his capacity as Finance Minister to ask his advice. He had told them that the government's concern was not to intervene politically. As to the legal aspects, he felt bound to advise them to consider the question very carefully, since even if the Receiver had agreed to an indemnity there could still be considerable legal uncertainties should an action be brought against Nobis; for example, Nobis might find they had to go to the British courts for the enforcement of a judgement.

We went over with the Luxembourg Ambassador the divergence between our account of the facts of the case and what he had to tell us. We think the facts will have to be clarified by the Receiver with Nobis. It seems quite possible that Nobis have been claiming political interference by the government as a cover for reluctance on their part to proceed.

The Luxembourg Ambassador made two personal suggestions. First that the Receiver should seek judicial recognition by the Luxembourg courts of his status as such. This might unblock the problem. Second that the Receiver might find it useful to approach the Ministry of Finance direct and discuss the position with them. He added that his government stood ready to help, insofar as they could, to find a solution which respected Luxembourg law.

/We

CONFIDENTIAL

CONFIDENTIAL



We have passed his proposals on to Henry Steel. He, in turn will pass them to the member of the Treasury Solicitor's Department who is in touch with the Receiver's representatives. We shall of course go back to the Luxembourg Government as soon as Henry Steel has been able to clarify the facts, if this will be useful.

I am copying this letter to Henry Steel in the Law Officers' Department.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

Daily Coal Report - Friday 25 January 1985

13

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	27
(iii) Some men present	76
(iv) On strike/picketed out	22

M

Emley Moor (Yorkshire) has moved into category (ii).

160 new faces today bring the total for the week to 3,250 compared with 2,870 last week.

Area attendances were as follows:-

			<u>Change on</u> <u>last Friday</u>
Scotland	(24 hr attendance)	3,975	+ 574
North East	(24 hr attendance)	5,481	+ 1035
Yorkshire	(24 hr attendance)	5,171	+ 963
North Derbyshire	(24 hr attendance)	6,287	+ 378
Western	(24 hr attendance)	11,638	+ 206
South Wales	(morning shift)	342	+ 233
Kent	(morning shift)	132	+ 15

The Coal Board have informed the Department of Energy that in recent weeks a further 5 production coal faces and 7 salvage faces have been lost, bringing the total figures since the dispute began to 30 and 23 respectively. A heating problem is also threatening the main production face at Scotland's Seafield pit and a number of faces in other locations remain at risk.

Coal Movements

Another good day. 187,000 tonnes were moved.

46 coal trains ran, including the first train to Didcot power station since the dispute began. BR are optimistic that this will prove the best week since the beginning of October.

Law and Order

Still generally quiet.

There were 300 pickets at Markham colliery (Yorkshire) including Mr Benn MP. But no disorder was reported.

NUM

The exchange of letters between the NCB and NUM is attached, together with the press statement issued by the NCB. The preliminary meeting between both sides is likely to take place on Tuesday.

NACODS

NACODS leaders met in Doncaster today, but with events between the NCB and NUM moving fast it seems likely they will remain on the sidelines.

Line to Take

The Government wishes to see an early end to this senseless dispute. The preliminary meeting which is to take place between the Coal Board and the NUM on Tuesday provides a positive opportunity for both sides to identify a basis for new negotiations. However, for there to be a real chance of success the NUM must show beyond doubt that they recognise the reality of uneconomic closures. It is up to them.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

TELEPHONE
01-235 2020

TELEX 882161 HOB

NATIONAL COAL BOARD
HOBART HOUSE
GROSVENOR PLACE
LONDON SW1X 7AE

Your ref: PEH/yf

25th January 1985

P.E. Heathfield Esq.,
Secretary,
National Union of Mineworkers,
St. James' House,
Vicar Lane,
Sheffield,
South Yorkshire S1 2EX



Dear Mr. Heathfield,

Thank you for your letter of yesterday addressed to Mr. Smith following your Union Executive Committee meeting. We note that your Union is willing to enter further negotiations. Before further negotiations can commence, we agree it is essential to draft the parameters of the discussion at an informal meeting. The Board would therefore suggest that a meeting should take place next Tuesday, January 29th, when those discussions on the Board's behalf will be led by me.

Yours sincerely,

A handwritten signature in cursive script that reads 'H.M. Spanton'.

H.M. Spanton

NATIONAL UNION OF MINeworkERS

ST. JAMES' HOUSE, VICAR LANE,
SHEFFIELD, SOUTH YORKSHIRE S1 2EX

President A. SCARGILL

Secretary P. E. HEATHFIELD

Telephone: 0742 700388

Please quote our reference in reply:

Your Ref:

Our Ref: PEH/yf

Mr. Ned Smith,
Director General
Industrial Relations
National Coal Board,
Hobart House,
Grosvenor Place,
LONDON SW1

24th January, 1985

Dear Mr. Smith,

At our meeting on Monday 21st January, 1985, it was agreed that we would report back to the Board and NEC respectively to consider the possibility of resuming meaningful negotiations aimed at achieving a settlement of the current dispute in the industry.

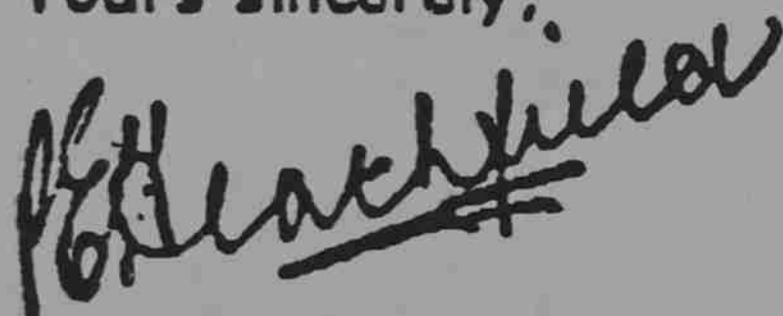
On the basis of our meeting the Union confirms its willingness to enter into negotiations without pre-conditions and also re-affirms that the full National Executive Committee will attend those discussions. For your information, I attach a copy of the National Executive Committee decision taken today, 24th January.

We are satisfied that there is the possibility of reaching an agreement on the various points discussed at our meeting on Monday and we believe it would be advantageous for you and I to meet prior to a formal meeting between the Board and Union early next week.

If you agree that a meeting between you and I should take place, it would be my intention to draft a number of points for consideration. Hopefully these will provide assistance in our discussion and to the Board and Union when formal negotiations take place.

I shall be pleased if you will confirm the Board's agreement that they are willing to resume negotiations and also offer a date and place for such talks.

Yours sincerely,



P. E. HEATHFIELD
Secretary

SITUATION IN THE INDUSTRY

The Secretary reported that following informal discussions at a meeting of the Coal Industry Benevolent Trust on 16th January, an informal meeting had been arranged between the NCB Director General of Industrial Relations and himself, on Monday 21st January.

Monday's meeting agreed that the NCB and NUM would report back to the Board and NEC and consider the possibility of resuming meaningful negotiations. The Union for its part has agreed to contact the Board at the conclusion of the NEC, indicate their position and ascertain the position of the Board.

The Board and the Union also agreed that if negotiations are resumed it should be in the earlier part of the week commencing 28th January and it was also accepted by both parties that a resumption of negotiations should be on the understanding that a settlement must be reached quickly.

The National Officials also reported that a meeting had taken place between ACAS and the NUM in London on 22nd January and that the Conciliation Service had been in constant touch with both sides throughout the week.

Further clarification has been received from the NCB on Wednesday 23rd January and it is against this background that the National Executive Committee has considered its position.

The Union confirms its willingness to enter into negotiations without pre-conditions and also reaffirms that the full NEC will attend such talks. The Executive expresses the hope that the Board will respond positively to this decision in order that this long, damaging and costly dispute can be resolved as quickly as possible.

In view of the developments and series of meetings which now will take place next week, the NEC agrees that the Special Delegate Conference convened on Wednesday, 30th January, should be deferred.



Public Relations

National Coal Board
Hobart House, Grosvenor Place
London SW1X 7AE
Telephone: 01-235 2020

NCB'S POSITIVE RESPONSE

Meeting to Draft "Parameters for Discussion"

The National Coal Board today (Friday) responded positively to the letter from the National Union of Mineworkers on the possibility of resuming meaningful negotiations.

The Board's reply states that before further negotiations can commence, there should be a preliminary meeting with the NUM to draft the essential parameters for discussion.

That informal meeting can take place early next week.

Press Office (1999)

January 25 1985.

COVERING SECRET

Copy No 1 of 4



MISC 101 Folder

12

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

25 January 1985

Dear Andrew

POWER STATION ENDURANCE

I attach the latest weekly report.

Copies also go to Margaret O'Mara and
Richard Hatfield.

Yours ever

John

J S NEILSON
Private Secretary

A handwritten mark consisting of a vertical line with a wavy, zig-zag pattern at the bottom, possibly a signature or initials.

COVERING SECRET



POWER STATION ENDURANCE

1 Coal deliveries to CEGB power stations last week amounted to 0.61mt (including non-NCB sources). Coal burn was 1.09mt and stocks fell by 0.48mt. Oil burn reached the highest level achieved since the strike began. The Board's stocks on Sunday night (20 January) were 12.55mt with a further 0.66mt at Scottish power stations.

2 Total NCB deliveries last week were estimated to amount to some 0.84mt of which about 0.27mt went to customers other than power stations.

3 The average rate of deliveries to CEGB power stations over the whole period of the strike has been 0.53mt. The average over the past eight weeks has been 0.57mt, but this period includes the Christmas and New Year holidays when deliveries are traditionally low.

4 The CEGB's estimate of the range of endurance outcomes is as follows:-

Future usable coal deliveries

System Endurance

	<u>80% Oil burn</u>	<u>100% Oil burn</u>
0.30mt/week	early May	mid October
0.40	early June	late December
0.45	-	Winter 1985/6

Department of Energy

23 January 1985



10 DOWNING STREET

Prime Minister.

The Secretary of State for
Wales has been invited for
the local government item.

He is Wales, however, to
repeat his request to become
a regular attendee now that
he has started to deal
with Welsh churchmen
in the dispute.

If he does, you may
feel there is a better case
than when you declined
earlier

Agree?

AT

25/11

Yes, not

11

SECRET

P. 01479

PRIME MINISTER

MISC 101(85)4th Meeting: Coal

1. At the time of writing it was not known whether the Secretary of State for the Environment would be prevented, by developments in connection with rate capping, from attending this meeting, to participate in discussion of the report on local authority financial assistance to the NUM, (Misc 101(85)1). The issue is covered in the second part of this brief which can, if necessary, be left over to a future meeting.

FLAG
A.

2. You will wish to invite reports from:

i. the Secretary of State for Energy on

- the number of pits and miners working

(there will be particular interest in whether this day's back to work figures appear to have been affected by the possibility of new negotiations.)

- coal movements last week;

- prospects for negotiations - particularly the NCB's intentions for handling any negotiations and the allied public relations aspects;

- the likely attitude of other unions in the power supply industry

(there have been suggestions that power station workers might consider changing their attitude towards supportive industrial action)

SECRET

ii. The Home Secretary on:

- law and order - particularly the current level of police reinforcement in mining areas;

iii. The Secretary of State for Employment on:

- TUC attitudes towards renewed negotiations;

iv. The Attorney General on:

- any further developments in gaining control of Luxembourg and Dublin based NUM funds.

Next Meeting

3. Further discussion will be possible under the Industrial Affairs item at Cabinet on 31 January. The next meeting of Misc 101 will be at 11.15am on Monday 4 February.

LOCAL AUTHORITY ASSISTANCE TO THE NUM - Misc 101(85)1

4. This report, prepared by officials of the Department of Energy in consultation with officials of the Scottish and Welsh Offices and the Department of the Environment, is based mainly on unverified press reports. It reveals that:

- are estimated to*
- i. Some 50 local authorities in England and Wales and 9 in Scotland have contributed over £3.5m and about £1.5m respectively to striking miners and their families or to funds set up on their behalf. In addition assistance 'in kind' (eg. free use of transport, free school meals during school holidays) has also been provided. (Details are contained in separate Annexes for England, Wales and Scotland)

SECRET

- ii. There was no evidence of financial assistance direct to the NUM.
- iii. There appear to be legal bases for payments made under Section 137 of the Local Government Act 1972 (England and Wales) and Section 83 of the Local Government (Scotland) Act 1973 which permit expenditure up to the product of a 2p rate on activities for which no specific power already exists and which, in the local authorities' opinion, benefit their area or their inhabitants (in whole or in part).
- iv. Payment to individuals could well prove unlawful under current legislation, but the position is less clear regarding provision of assistance in kind. Local authorities usually proceed with care on these matters.
- v. Any legal challenge would be for the local authorities' auditors in the first instance. Reports are awaited on the result of investigations undertaken by the Controller of Audit in Scotland where Sections 10 and 12 of the Social Work (Scotland) Act 1968 have also been used to justify payments.
- vi. The whole question of discretionary powers available under the Local Government Act 1972 and the 1973 Act in Scotland is under consideration by Ministers - (the Chairman and Secretary of an independent review have already been appointed by the Secretary of State for the Environment).

5. You will wish to invite comments from the Secretaries of State for the Environment, Wales and Scotland.

6. The local authority Ministers will probably argue that, apart from any action which local authority auditors may think appropriate, the best approach is to tackle this matter as part of the general review of

SECRET

discretionary powers under the Local Government Act 1972 and the equivalent Scottish legislation which is already in hand. You will wish to establish whether the Group is content with that approach.

PLG

P L GREGSON

25 January 1985

SECRET

SECRET

File 10

②
PRIME MINISTER

AT 25/1

25 January 1985

M

THE COAL DISPUTE

We have to consider options for the future of the coal industry now that the return to work is gathering momentum, so that any talks take place with NCB and DEN knowing what winning means.

The strategic options for the industry remain as set out in our note of last September. In order of attractiveness and practicality, they are:

a big increase in open-cast mining and disengagement of NCB from this business; sale of remaining ancillary businesses; closure of some uneconomic pits; expansion of coal imports; regionalisation of deep mining activities; introduction of private capital into new pit developments; sale of groups of pits; giving pits to miners.

Tactics

What should be said once we have passed the 50% mark which has been made into the big test?

The options include:

SECRET

SECRET

- a. Setting a date for everyone to return. Those failing to do so will no longer be covered by the pledge of no redundancies.
- b. Closure of pits with no men present.
- c. Announce a rejigging of the capital programme in favour of the working areas
- d. Announce that private capital may have to be involved in new mine development, in view of the sharp deterioration of the financial position.
- e. Announce sale of assets to help fund investment.
- f. Announce regionalisation.
- g. Write market forces and realistic demand projections firmly into new Plan for Coal.

Conclusion

There should be an early debate in MISC 101 or a smaller group concerning the tactical options in the light of the strategic objectives.

This is relevant either to the conduct of talks or to making a statement when 50% have returned.

SECRET - 2 -

SECRET

Sterling will not be helped by giving in to the men of violence. The bulk of the press and public now want Scargill to be defeated and common sense to be restored.
Let's not snatch defeat out of the jaws of victory.



JOHN REDWOOD

SECRET - 3 -

SECRET

②
PRIME MINISTER

AT 25/11

25 January 1985

COAL - MILLSTONE OR MIRACLE?

Shell UK have a scenario nicknamed "The MacGregor
Miracle". As oil and gas suppliers, they see it as a long-
term threat because it envisages a slim and hungry UK coal
industry capable of fuelling power stations at very
competitive prices. You could then have a virtuous circle,
with efficient indigenous coal generating competitive
electricity and winning new business from gas and oil.

Let us focus on 1990 and think of what it could look like:

- By then the 5 new AGRs should be operational,
substituting 20 million tonnes pa of coal.
- Assume that between now and 1990 gas, and to a lesser
extent oil, win, say, 10 mt pa of new business from
troubled, unpopular coal.
- Open-cast mines already supply 15 mt pa of low-cost coal.
They are prime candidates for expansion, so by 1990 they
could be supplying 20 mt pa.
- The call on deep-mined production would drop from 105 mt
pa before the dispute to 70 mt pa by 1990.

SECRET

- The "MacGregor Miracle" would require that to be accompanied by the closure of the least economic pits and the continued development of the new generation of super pits. The immediate human costs would be large, but so would the corresponding gains in competitiveness:

<u>NCB's deep-mined production potential</u> (mt pa)	<u>Manpower Reduction</u>	<u>Average minehead cost</u> (1984 money)
105	-	£46 per t
90	50,000	circa £40 per t
70	+50,000 more	circa £35 per t

- Imported coal is unlikely to be cheaper in real US dollars than today's \$50 per T landed at an East Coast port.

Thus, by 1990 a "MacGregor Miracle" could put NCB in a position to deliver coal to the average CEGB inland power station for as much as £10 per t less than imported coal. Moreover, that would be something like half the equivalent cost of heavy fuel oil assuming that oil prices remain at today's level.

This could be the light at the end of the tunnel.


JOHN WYBREW

Fili

Andrew

Mrs Jane Fjaelberg, Chairman of the "Miners' Wives Back to Work Campaign" telephoned this afternoon.

She was very anxious to get a message to the Prime Minister to say that she, and hundreds of others whom she has received telephone calls from, feel that there should not be a rushed settlement in the Coal dispute, and that the NCB ought to wait until there are more miners back at work. They believe that by the beginning of March there will be a majority of miners back at work, and that this would give the NCB a trump card.

However, whatever happens, they also feel very strongly that the NCB should publicise their moves more - both in terms of what the agreement was before Scargill rejected it, and of anything which they might propose to do now. Although the NCB advertise in "Coalnews" - this does not, obviously, reach a national audience and they think it is important that the NCB should make their terms clear to as wide an audience as possible.

I said that I would pass on her message. If you need any further information, her telephone number is 0443-203064. (I understand that she spoke to the Prime Minister in September).

TESSA 25.1.85

SECRET AND PERSONAL

Daily Coal Report - Thursday 24 January 1985

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	25
(iii) Some men present	78
(iv) On strike/picketed out	22

W

Blaenserchen (South Wales) has moved from category (iv) to (iii).
By 6.00 pm 277 new faces had reported compared to 255 last
Thursday. The week's total now stands at 3,180.

Area attendances were as follows:-

			<u>Change on</u> <u>last Thursday</u>
Scotland	(24 hr attendance)	3,940	+ 563
North East	(24 hr attendance)	5,431	+ 747
Yorkshire	(24 hr attendance)	5,098	+ 949
North Derbyshire	(24 hr attendance)	6,417	+ 289
Western	(24 hr attendance)	11,630	+ 188
South Wales	(morning shift)	338	+ 78
Kent	(morning shift)	146	+ 11

Coal Movements

A good day. 183,000 tonnes were moved.

44 coal trains ran.

Law and Order

Still generally quiet.

Four striking miners were each sentenced to two years imprisonment at Stoke today for an arson attack on a coach firm last August. At fifth was sentenced to two years' youth custody.

NUM

The text of today's two statements issued by the Coal Board is attached. The requirement for a written response from the NUM has clearly thrown the National Executive into disarray. The immediate reaction from Scargill, Heathfield and other militants was predictably hostile and unconstructive.

High Court

In today's hearing of an action brought against the NUM by twenty working South Wales miners, Heathfield denied, in written evidence read to the Court, that the union had ever approved or encouraged picket line violence. The hearing continues.

BR

Department of Transport have reported that the job losses from Humberside depots, mentioned in yesterday's report, follow discussions with the rail unions which took place last November. They will be achieved through natural wastage, and appear to have been accepted by men at the depots concerned.

Line to Take

The Government wishes to see the earliest possible settlement of this senseless and tragic dispute. It therefore hopes that discussions can quickly take place between the Coal Board and the NUM which can lead to a settlement.

However there can be no point in either side entering into

SECRET AND PERSONAL

negotiations which are bound to fail. Seven rounds of negotiations have already ended this way.

The issue which has divided the parties has been Mr Scargill's insistence that every pit, no matter how uneconomic, must be kept open until exhaustion. If the NUM have genuinely changed their position on this demand and are prepared to face up to the necessity of uneconomic closures, they should have no worries about making their position clear in writing.

Britain's miners, and the country at large, are entitled to look for clarity and honesty from Mr Scargill and his colleagues. Can they deliver?

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

TEXT OF NCB STATEMENT - ISSUED A.M. THURSDAY 24 JANUARY

If, following the meeting of the NUM national executive committee, the NCB receive written indication that they are prepared to help resolve the problems of dealing with uneconomic capacity, the NCB will be prepared to re-enter negotiations with a view to resolving the current dispute.

The proposals must establish that the NUM recognise that management must deal with the problem of uneconomic capacity and that the NUM will co-operate in this essential task, recognising the other commitments that the Board are prepared to make on the future of their employees and the industry.

TEXT OF NCB STATEMENT - ISSUED P.M. THURSDAY 24 JANUARY

Following today's NUM executive committee meeting the Board expect to have a written response from the NUM which would enable it to have a clearer understanding of the union's position.

This will enable the Board to consider whether or not it will then be possible to resume negotiations. The issue central to the dispute remains - whether the NUM are prepared to help resolve the problem of dealing with excess capacity in the coal industry.

CONFIDENTIAL

CFPE
2



Foreign and Commonwealth Office

London SW1A 2AH

24 January 1985

MS

1) FEB
2) Prime Minister
CDP
25/1

Dear Charles,

Sequestrators' Action

Henry Steel wrote on 23 January about developments concerning the receivership and sequestration of the NUM's funds, and in particular proceedings in Luxembourg.

We instructed our Embassy in Luxembourg this morning to make urgent representations to the Luxembourg Government against their interference and to press in the strongest terms for it to be withdrawn, so that the arrangement freely negotiated between the Receiver and Novis could go ahead unimpeded (FCO telegram No 4 to Luxembourg). In reply to these representations, the Secretary-General of the Luxembourg Foreign Minister said that he knew nothing about any such Luxembourg action, which he found puzzling, but could say categorically that it was technically impossible to withdraw Novis's banking licence, as we had suggested had been threatened by the Luxembourg Foreign Ministry. The Secretary-General said he would take urgent action with his Foreign Minister when he returned later in the day, and would let us know the true state of affairs as soon as possible.

The Head of our Western European Department reinforced our points with the Luxembourg Ambassador today, stressing the political significance of the matter for the UK. M. Hastert subsequently telephoned to say in strict confidence that he had conveyed our concerns to his Prime Minister, M. Santer, by telephone.

I will write again when we have a considered reaction from the Luxembourg Government. We will keep up the pressure.

I am copying this to Henry Steel in the Law Officers Department.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

NOTE FOR THE RECORDCOAL DISPUTE

On Wednesday evening the Secretary of State for Energy and the Secretary of State for Employment reported to the Prime Minister on the developments in the coal dispute. On Monday, Mr. Heathfield of the NUM had met Mr. Smith of the NCB for "talks about talks". The minutes of this meeting are attached at Annex A. These record that as yet there was no firm understanding that there should be a resumption of discussions and that representatives of both sides would report back to their principals who would consider whether discussions could be resumed. At the same time, the NUM had been in contact with ACAS. Mr. Lowry had met Scargill, Heathfield and McGahey and had set down on paper his understanding of the NUM position. He had confirmed it over the phone with Mr. Scargill. (Annex B).

The Prime Minister held a meeting this morning to consider these developments. Present were: the Secretaries of State for Energy and Employment and Mr. Gregson.

It was noted that while there were signs that the NUM was shifting its ground, its position still fell a long way short of what was needed for a satisfactory settlement. The Prime Minister said that, in any final settlement, there should be:

- (i) clear recognition of the right of management to close uneconomic capacity, subject only to the proper consultation procedures having been completed.
- (ii) the Collieries Review Procedure as amended in the negotiations with NACODS should be in operation immediately following the end of the strike.

The Secretary of State for Energy reported that he had seen Mr. MacGregor earlier that morning to discuss the line the NCB should take before the NUM Executive meeting and in responding to the outcome of that meeting. They had agreed that Mr. MacGregor should issue a statement before the meeting that the NCB was ready to resume negotiations provided the NUM was prepared in writing to confirm that it accepted that uneconomic pits should close and that it recognised the right of the Board to reduce uneconomic capacity.

If this statement was not to undercut what the Prime Minister and Mr. Eaton on behalf of the Board had said on Tuesday, it was essential to express these points as a condition for the resumption of talks and not as conditions necessary for a successful outcome. (Later in the morning the NCB issued such a statement - Annex C).

In discussion it was agreed that the Government should avoid being seen to oppose any talks. It should be prepared to welcome any genuine change of heart by the NUM, but it should insist that, before talks started, both sides should have a clear understanding of the other's position.

AT

24 January 1985

(A)

~~CSAT~~

Notes of an Informal Meeting between Mr Ned Smith, Mr K Hunt,
Mr P E Heathfield and Mr R Windsor

1. There is as yet no firm understanding that there should be a resumption of discussions.
2. Representatives of both sides will "report back" and consider if discussions can be resumed in a meaningful manner.
3. The NUM's consideration of whether meaningful discussions can be undertaken will be concluded at their Executive Committee on 24 January. They will contact the Board immediately thereafter to indicate their position and ascertain the position of the Board.
4. If discussions are resumed it should be in the early part of the week commencing 28 January. Apart from the need for an early resolution if one can be achieved, an early date for a meeting would be of assistance to the NUM in considering the advent or otherwise of their Special Delegate Conference.
5. Both parties accepted that it was still understood that discussions would be held as early as possible to consider Plan for Coal and any necessary revision.
6. On the question of the March 6th proposals, the Board's representatives indicated that there were only two months effectively left of the year 1984/85 in which the proposals for the reduction of 4m tonnes were to be enacted. They informed the NUM, however, that they could not anticipate any public statement from the Board with regard to the withdrawal of the proposals. The Board's representatives said that so far as the industry's requirements in 1985/86 and the immediate future were concerned, these might only be determined following a return to normal working and a review of the production capability and marketing requirements following the strike. No doubt there would then be an early meeting with the Unions to consider whatever was necessary. The NUM's representatives took note.

/cont

7. On the question of the five pits, the NUM's representatives said that the Union's request that there should be a commitment for the pits concerned to be allowed to complete the objectives previously prescribed was based on the fear that, if this was not so, the Board's undertaking to leave the pits in operation for them to be considered within the Review Procedure might mean repeated proposals for closure within a very short time. The Board's representatives said that the Board had already made a major concession in agreeing that Polmaise and Herrington should continue in operation, subject to the Review Procedure in common with all other pits, and it was unlikely that the Board would change from this stance and treat the five pits exceptionally.

8. On the question of pit closures, the Board's representatives confirmed that it was Board policy that all colliery closures should be dealt with through the Colliery Review Procedure. They pointed out, however, that since the advent of Plan for Coal collieries had closed other than from exhaustion or safety reasons and that this process would need to continue within the Colliery Review Procedure to which had been added an additional stage of consideration, i.e. the Independent Advisory Body. The NUM's representatives pointed out that it had been Union policy for 40 years to oppose the closure of pits on economic grounds and they could not see the possibility of this policy being changed. The Board's representatives acknowledged that this was so but repeated that it had been the practice for pits to close other than by exhaustion or safety. Indeed, in the recent negotiations the Union had acknowledged that there should be a third category, the difficulty had been as to how this should be defined. A discussion ensued on how this de-facto situation might be phrased in any settlement.

9. The Board's representatives pointed out that there was a strong body of opinion that the strike was largely broken and would be ended by a return to work. The Union's representatives acknowledged that there was this view but pointed out that the main body of the strikers were still firm and that any policy directed toward an end to the strike on a return to work basis would result in a very protracted and bitter dispute situation.

10. Both parties agreed that if discussions were resumed there would need to be an understanding that a settlement must be reached quickly. Protracted discussions as had hitherto been the case would not be an acceptable route to either party.

/cont

11. The NUM's representatives said that if discussions took place their full Executive would attend.. They recognised the difficulties of negotiation in a large forum, and would advise the Board on how they thought these discussions might be arranged from their point of view.

12. The NUM's representatives said that they thought that part of any settlement would have to be related to discussions on an amnesty. The Board's representatives said that this would not be acceptable to the Board. Their intention would be that a resolution to the dispute on closures should be achieved followed by immediate discussions on other related matters, e.g. dismissals and wages. The Union's representatives asked the Board's representatives to take further soundings on this point.

21.1.85

The position of the NUM in relation to the closure of capacity on uneconomic grounds is no different from that of any other union. They will agree to discuss the question within the context of a specific problem but they are not prepared to commit that as a matter of principle the NCB has their advance agreement to close down any colliery which, in the view of management, is uneconomic.

Within the context of any discussions that might take place on the future of any colliery the NUM does not rule out debate on the economic issues, eg, costs of production and investment. Tacitly they acknowledge management's eventual right to decide on the action to be taken and their right to react against any decision with which they disagree.

Specifically:

- 1) The NUM is no longer asking the NCB to withdraw the proposals of 6 March 1984 which formally related to 1984/5. They ask for the agreement of the NCB that in the light of developments these plans cannot now be implemented and that the objectives for the industry to 1985/6 should therefore be re-examined against current circumstances.
- 2) In relation to the five named pits, the NCB should agree that existing understandings regarding development, etc. should be honoured and that only then should they be dealt with under the review procedure.
- 3) Within the context of exhaustion of reserves, or closures, any colliery may be raised for discussion and ^{the NCB} either side may adduce any argument considered relevant, including the economic arguments. This, it is stated, is in accordance with the practice that already exists. The trade union has a form of words available for discussion.

In the view of ACAS officials, the position of the NUM has shifted since the breakdown of discussion on 31 October 1984 and this view has to be seen in particular against the decision of the NUM to involve their full Executive in any further negotiations that might take place.

Pol - 18th.
 Controversial - 5 pm.
 Will publish record of Bill disc. after Exec.
 or go ahead

Acq. - 9.15
 Wed
 Scargill etc. to know by Wed night response

©

Text of the NCB STATEMENT

If, following the meeting of the NUM National Executive Committee, the National Coal Board receives written indication that they are prepared to help resolve the problem of dealing with uneconomic capacity, the National Coal Board will be prepared to re-enter negotiations with a view to resolving the current dispute.

The proposals must establish that the NUM recognise that management must deal with the problems of uneconomic capacity and that the NUM will cooperate in this essential task, recognising the other commitments that the Board are prepared to make on the future of their employees and the industry.

NATIONAL UNION OF MINeworkERS

ST. JAMES' HOUSE, VICAR LANE,
SHEFFIELD, SOUTH YORKSHIRE S1 2EX

President A. SCARGILL

Secretary P. E. HEATHFIELD

Telephone: 0742 700388

Please quote our reference in reply:

Your Ref:

Our Ref: PEH/yf

Mr. Ned Smith,
Director General
Industrial Relations
National Coal Board,
Hobart House,
Grosvenor Place,
LONDON SW1

24th January, 1985

Dear Mr. Smith,

At our meeting on Monday 21st January, 1985, it was agreed that we would report back to the Board and NEC respectively to consider the possibility of resuming meaningful negotiations aimed at achieving a settlement of the current dispute in the industry.

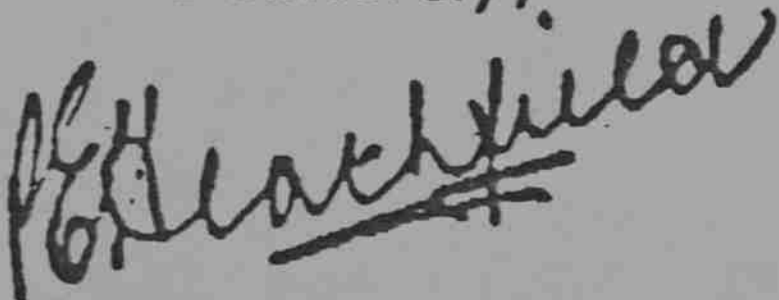
On the basis of our meeting the Union confirms its willingness to enter into negotiations without pre-conditions and also re-affirms that the full National Executive Committee will attend those discussions. For your information, I attach a copy of the National Executive Committee decision taken today, 24th January.

We are satisfied that there is the possibility of reaching an agreement on the various points discussed at our meeting on Monday and we believe it would be advantageous for you and I to meet prior to a formal meeting between the Board and Union early next week.

If you agree that a meeting between you and I should take place, it would be my intention to draft a number of points for consideration. Hopefully these will provide assistance in our discussion and to the Board and Union when formal negotiations take place.

I shall be pleased if you will confirm the Board's agreement that they are willing to resume negotiations and also offer a date and place for such talks.

Yours sincerely,



P. E. HEATHFIELD
Secretary

SITUATION IN THE INDUSTRY

The Secretary reported that following informal discussions at a meeting of the Coal Industry Benevolent Trust on 16th January, an informal meeting had been arranged between the NCB Director General of Industrial Relations and himself, on Monday 21st January.

Monday's meeting agreed that the NCB and NUM would report back to the Board and NEC and consider the possibility of resuming meaningful negotiations. The Union for its part has agreed to contact the Board at the conclusion of the NEC, indicate their position and ascertain the position of the Board.

The Board and the Union also agreed that if negotiations are resumed it should be in the earlier part of the week commencing 28th January and it was also accepted by both parties that a resumption of negotiations should be on the understanding that a settlement must be reached quickly.

The National Officials also reported that a meeting had taken place between ACAS and the NUM in London on 22nd January and that the Conciliation Service had been in constant touch with both sides throughout the week.

Further clarification has been received from the NCB on Wednesday 23rd January and it is against this background that the National Executive Committee has considered its position.

The Union confirms its willingness to enter into negotiations without pre-conditions and also reaffirms that the full NEC will attend such talks. The Executive expresses the hope that the Board will respond positively to this decision in order that this long, damaging and costly dispute can be resolved as quickly as possible.

In view of the developments and series of meetings which now will take place next week, the NEC agrees that the Special Delegate Conference convened on Wednesday, 30th January, should be deferred.

13
NI5048 3 XXX 21

CORRECTION - EXCHANGES

IN CLOSING FOREIGN EXCHANGES, TIMED 1801, PLEASE READ:

US 1.1185 - 1.1195

--

241810 JAN 85

NI5049 4 XXX 253

WALKER BACKS NCB DEMAND

ENERGY SECRETARY PETER WALKER TONIGHT DENOUNCED AS "ABSOLUTE NONSENSE" THE NUM'S ALLEGATION OF SABOTAGE AFTER THE COAL BOARD'S DEMAND FOR A WRITTEN UNDERTAKING OVER UNECONOMIC PITS.

HE TOLD THE PRESS ASSOCIATION: "ALL THAT THE NCB HAS DONE, QUITE UNDERSTANDABLY, IS TO MAKE SURE THAT THE NEXT NEGOTIATION IS NOT AN EIGHTH WHICH ENDS LIKE THE OTHER SEVEN DID WITH GENEROUS OFFERS FROM THE NCB AND A TOTAL REFUSAL TO BUDGE AN INCH BY THE NUM."

THE COAL BOARD DOES NOT WANT TO "SCREW" MR ARTHUR SCARGILL AND THE NUM INTO THE FLOOR, SAID NCB SPOKESMAN MICHAEL EATON.

INTERVIEWED AT BOARD HEADQUARTERS IN LONDON, HE SAID OF TODAY'S NCB STATEMENT REQUIRING A WRITTEN GUARANTEE FROM THE NUM: "IT WAS NOT INTENDED TO BE A SCREWER INTO THE FLOOR.

"THE BOARD WANTS TO BE SURE THAT THE NEXT ROUND OF NEGOTIATIONS DOES NOT MISFIRE."

MR EATON SAID THAT INDUSTRIAL RELATIONS DIRECTOR NED SMITH WENT INTO TALKS WITH MR PETER HEATHFIELD, NUM GENERAL SECRETARY, AND MR MICK MCGAHEY, VICE-PRESIDENT, WITH THE FULL AUTHORITY OF COAL BOARD CHAIRMAN MR IAN MACGREGOR AND HIS DEPUTY MR JAMES COWAN.

"IT WAS TO SEE IF THERE WERE ANY JUSTIFIABLE GROUNDS FOR FURTHER NEGOTIATIONS. IT WAS A CORDIAL MEETING, BUT IT DID NOT MOVE THE CASE ANY FURTHER FORWARD."

HE BELIEVED THE NUM HAD SHIFTED ITS STANCE, AND MIGHT BE PREPARED TO TALK ABOUT PIT CLOSURES.

BUT IN VIEW OF ALL THE CONJECTURE, THE BOARD WANTED TO MAKE CERTAIN OF WHERE THE NUM STOOD BY RECEIVING A LETTER.

--

241830 JAN 85

NI5052 4 XXX 265

SCARGILL'S STATEMENT

MINERS' PRESIDENT ARTHUR SCARGILL SAID THE NUM HAD TONIGHT WRITTEN TO THE COAL BOARD CONFIRMING ITS WILLINGNESS TO RESUME NEGOTIATIONS.

THE UNION HOPED THE BOARD WOULD AGREE TO TALKS WITHOUT PRE-CONDITIONS.

IN A STATEMENT TO THE PRESS ASSOCIATION, MR SCARGILL SAID: "IN AN EFFORT TO RESOLVE THE DAMAGING DISPUTE IN THE MINING INDUSTRY, THE COAL BOARD AND UNION MET ON JANUARY 21.

"ARISING OUT OF THAT MEETING, IT WAS AGREED TO REPORT BACK TO THE BOARD AND THE NATIONAL EXECUTIVE RESPECTIVELY IN AN EFFORT TO RESUME NEGOTIATIONS.

"THE CONCILIATION SERVICE ACAS, WHO HAVE ALSO BEEN INVOLVED IN DISCUSSIONS WITH BOTH SIDES, AND THE COAL BOARD'S INDUSTRIAL RELATIONS DIRECTOR BOTH CONFIRMED YESTERDAY THAT, IF THE NEC ACCEPTED THE REPORT BY PETER HEATHFIELD OF LAST MONDAY'S MEETING, THERE WOULD BE A RESUMPTION OF NEGOTIATIONS NEXT WEEK.

"THE NUM HAVE WRITTEN TO THE BOARD, CONFIRMED THEIR WILLINGNESS TO RESUME NEGOTIATIONS AND EXPRESSED THE HOPE THAT THEY, LIKE THE UNION, WOULD CONFIRM THEIR AGREEMENT TO PARTICIPATE IN TALKS WITHOUT PRE-CONDITIONS.

"THE UNION HAVE ALSO INFORMED THE COAL BOARD THAT, IN ACCORDANCE WITH THE AGREEMENT REACHED LAST MONDAY AND CONFIRMED LAST NIGHT, THAT IF THEY AGREED TO A RESUMPTION OF NEGOTIATIONS, THE NUM GENERAL SECRETARY (MR HEATHFIELD) AND THE NCB'S DIRECTOR-GENERAL OF INDUSTRIAL RELATIONS (MR NED SMITH) WILL MEET IMMEDIATELY.

"AT THIS MEETING, THE UNION WILL TABLE CERTAIN PROPOSALS WHICH IT IS HOPED WILL FACILITATE THE NEGOTIATIONS TO TAKE PLACE AND HELP RESOLVE THE DISPUTE."

--

241835 JAN 85

Naigregor

- only possible basis
of settlement that
macroeconomic p/b shall close
No judging

- need to have in writing for
N.U.M. that macroeconomic p/b
shall be through amended
collecting union procedures.

Rep. Naig - Guan - Spartan - Lalor, st. in

Document - No other agreement

Official N.U.M. policy for 60 years to open
closure.

Form to accept.

Agree management rights to do this
after proper procedures

File

PRIME MINISTER

MESSAGE TO ME FROM DAVID BASNETT

"He is now convinced, and so is the TUC, that Scargill is ready to talk. There is no doubt in their minds about this.

"He hopes that everyone in a position to make decisions will not make an error by missing the opportunity. If that were to happen, a great and golden opportunity would be missed and would cause great harm all round."



BERNARD INGHAM
24 January 1985

NICK TOWERS

from Mike Grant
D/PA

NUMIA 23/1/1

COAL INDUSTRY DISPUTE - EARLY REPORT FOR: 23 JANUARY.

Scargill telling to S. Derbyshire branches this a.m. 24/1
158 pits with somebody at work.

Pit categories:

	<u>Number</u>
(i) working normally:	49
(ii) turning some coal:	26
(iii) some men present:	76
(iv) strike/picketed out:	23

293 new faces
so far. (348 last week)
2782 in week so far.

Comments on any changes:

Ellington (N.E) started production yesterday
St. Johns (S. Wales) moved from (iv) to (iii).

NE figures to come
+ afternoon shift.

Other News: NOT FOR PUBLICATION

AND: 61 New Faces: Bilston 516, Markham Hall 423, Killoch 813, Barony 260
old 85, Polkhammat 423, Frances 31, Cackhill 19, Longannet 11, Solsgirth 7, Conist

EAST: 20 New Faces so far. Easington 55, Eppleton 90

WKS: 20 New Faces: Adkton Hall 22, Allerton Bywater 71, Frycton 13, Glasshoughton 26,
gley 335, Ledstone Lush 29, Nostell 19, Prince of Wales 39, Savite 47
iston 42, Wheldale 13, Wistow 208, Sarcroigne Wood 98, Rucall 97, Shillingfleet 57
moor 6, N. Selby 2

ASTER: 13 New Faces: Askern 13, Bentley 63, Bradsworth 59, Fricley 5, Goldthorpe 1
field 10, Markham 19, Rossington 37, Yorks Main 27, Hixleton 3

BLEY: 20 New Faces: Barrow 36, Bullcliffe Wood 35, Darfield 5, Denby Grange 247
with 43, Emley Moor 99, Ferry Moor 7, Ginnethorpe 4, Haughton 24
moor 10, Park Mill 54, S. Kirby 17, Woodley 36, Royston 6, Kinsley 2, Deane 2
Valley

WKS: 53 New Faces: Barnburgh 14, Burskhouse 132, Cadeby 5, Corbomwood 20
ington 147, Kiveton Park 248, Maltby 57, Manvers 49, Silverwood 24, Thurgroft 114
ton 56, Wath 9, Manton 475, Shireoaks 312, Kiln Hurst 4

ABYS: 51 New Faces: Arkwright 223, Bolover 378, High Moor 78, Ireland 190, Markham 501
shaw Park 172, Shirebrook 748, Warsop 451, Whitwell 260

TERN: 27 new faces:

SALES: 27 new faces Abernant 9, Betws 1, Cynheidre 118, Cwm 5, Coedely 3, St Johns 17,

SECRET AND PERSONAL

83

Daily Coal Report - Wednesday 23 January 1985

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	25
(iii) Some men present	77
(iv) On strike/picketed out	23

St Johns (South Wales) has moved from category (iv) to category (iii) today.

By 6.00 pm 382 new faces had reported back, compared to 376 faces last week. The week's total now stands at 2,871.

Area attendances were as follows:-

			<u>Change on yesterday</u>
Scotland	(24 hr attendance)	3,865	+ 61
North East	(24 hr attendance)	5,329	+ 137
Yorkshire	(24 hr attendance)	4,923	+ 48
North Derbyshire	(24 hr attendance)	6,431	+ 184
Western	(24 hr attendance)	11,513	+ 327
South Wales	(morning shift)	335	+ 31
Kent	(morning shift)	137	None

Coal Movements

176,000 tonnes were moved yesterday.

42 coal trains ran.

Law and Order

Isolated incidents in Yorkshire but generally quiet.

SECRET AND PERSONAL

NUM

There were renewed claims today, from Labour party politicians amongst others, that the NUM wanted renewed talks without pre-conditions, and that the Government was obstructing this. But no sign from Scargill that he had changed his line on uneconomic closures. The NUM national executive meets tomorrow.

The TUC General Council met today and afterwards issued a statement saying that the Government and the Coal Board should respond positively to the NUM's "readiness" for further negotiations. Norman Willis suggested that this week's informal discussions between the Board and the NUM "provided the basis for substantive talks and an honourable settlement".

The TUC also expressed concern about the prospect of the Nottinghamshire breakaway group, saying that such groups would not be eligible for TUC affiliation. In an effort to stop the South Derbyshire executive from breaking away, Scargill today presented what was later described as a "peace formula". At the time of writing details had not been disclosed to the press. An attempt to launch a working miners' support group in Yorkshire ended in disarray this afternoon after strikers infiltrated the meeting hall.

BR

British Rail announced tonight that 20 railwaymen are to lose their jobs at two depots in Humberside as a result of the coal dispute. The job losses were caused by the refusal by ASLEF drivers at Immingham, in support of the miners, to handle iron ore and BSC's decision to make future movements by road.

SECRET AND PERSONAL

European Parliament

The Foreign Secretary has announced that HMG will not co-operate with the Parliament's inquiry, initiated by Labour Euro MPs, into the policing of the pits dispute.

Line to Take

As yesterday.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL



K2ADQ

10 DOWNING STREET

From the Private Secretary

23 January 1985

NUM: SEQUESTRATORS' ACTIONS

The Prime Minister has seen Henry Steel's letter to you of 23 January. She agrees strongly that our Ambassador in Luxembourg should make strenuous representations to the appropriate part of the Luxembourg Government.

I am copying this letter to Henry Steel (Law Officers Department) and Michael Reidy (Department of Energy).

ANDREW TURNBULL

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Ref. A085/240

PRIME MINISTER

Cabinet: Industrial Affairs: Coal

You will wish to invite reports from:

The Secretary of State for Energy on:

the number of pits and miners working;

coal movements;

the latest attempt to restart negotiations.

The Home Secretary on:

law and order.

The Secretary of State for Transport on:

pressure by BR on the rail unions to start moving coal.

The Attorney General on:

the latest developments on civil actions.

2. The next meeting of MISC 101 is at 4.15 pm on Monday 28 January.

RIA

ROBERT ARMSTRONG

23 January 1985

PERB



H. STEEL, CMG OBE
LEGAL SECRETARY

Prime Minister
The FCO will
proceed as at X /, provided
that you are content.

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

23 January 1985

Agree?

PERB

Yes

L. V. Appleyard, Esq.,
Private Secretary to the Secretary
of State for Foreign and Commonwealth Affairs,
Foreign and Commonwealth Office,
Downing Street,
LONDON, SW1.

Dear Gen,

NUM: SEQUESTRATORS' ACTIONS

/ I enclose a copy of a note prepared by Gerald Hosker, the Deputy Treasury Solicitor, on developments concerning the receivership and sequestration of the NUM's funds. What I say below will explain why I am copying it to you. If there is anything in it on which you need explanation, please let me know.

X You will see what the note says about the proceedings in Luxembourg. The Attorney General would be grateful if urgent consideration were given to instructing our Ambassador there to make strenuous representations to the appropriate Ministry that the Luxembourg Government should countermand their interference in this matter and that the transfer to the receiver of the NUM funds held by Novis Finance should be allowed to proceed unhindered.

So far as the proceedings in Ireland are concerned, the Attorney General thinks that it would be unwise of him to interfere with the sequestrators' judgment, based on the

.....

CONFIDENTIAL



H. STEEL, CMG OBE
LEGAL SECRETARY

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

-2-

advice of their own legal advisers, as to whether to
discontinue. The matter will therefore presumably take
the course described in the note.

I am copying this letter to Robin Butler at Number 10.

*Yours ever,
Henry*

H. STEEL

CONFIDENTIAL

84/289/Pt XII/GAH

NUM: SEQUESTRATORS' ACTIONS

I received a telephone call from George Staple of Messrs Clifford-Turner who said that there had been developments of a sensitive nature of which I would, no doubt, wish to be aware. I accordingly called upon him at his office this morning and he outlined what had happened.

2. The situation is as follows:-

(1) Luxembourg

(a) The receiver of the NUM had arranged for the transfer to him of the NUM funds held by Novis Finance in Luxembourg. The deal would have been completed in Brussels with the money in fact remaining in Luxembourg to support an indemnity given by the receiver to Novis in respect of any claims against or proceedings which might be brought as a result of Novis agreeing to the transfer.

(b) The Ministry of Foreign Affairs in Luxemburg heard about the proposed deal with the receiver and notified Novis that it could not countenance any transfer of funds in Luxemburg for the benefit of the Receiver. If Novis proceeded regardless of the Ministry's views, its banking licence would be withdrawn.

(c) No legal proceedings have been brought by the receiver in Luxemburg: he thought he had achieved his objective by means of the commercial deal which he had negotiated with Novis. The deal had been approved by Mr. Justice Mervyn Davies and Mr. Justice Nicholls.

(d) The NUM are free to withdraw their funds from Novis. However, the sequestrators have taken proceedings in Luxemburg to sequester the NUM funds but these proceedings have been in abeyance while the receiver discussed the terms of the transfer of the assets to him by Novis. The sequestrators' proceedings would have been discontinued if the receiver had been successful in obtaining the money.

~~CONFIDENTIAL~~

2.

(e) Other relevant points:

(i) A partner in Arthur Young & Co is the Receiver. Another partner in the same firm, but in the Luxemburg office, is influential in the legislature there but it is not known whether he is talking to the Ministry of Foreign Affairs about ^{their} intervention.

(ii) Messrs Lovell White & King are the solicitors who act for the Receiver.

(2) Ireland

(a) The trial of the action in Dublin has been fixed for the 31st January and 1st February next.

(b) The action was started by the sequestrators but the Receiver applied successfully to be joined as a party in November. There are now five plaintiffs, namely the four sequestrators and the Receiver. The defendants are the National Union of Mineworkers and the Bank of Ireland (Finance) Limited.

(c) The defence alleges that the sequestration order is penal and therefore ought not to be enforced by the Irish courts. It is also alleged that the Receiver's claim should also be rejected as he is an emanation of the sequestrators.

(d) Messrs Clifford-Turner believe that the sequestrators' claim will fail but the Receiver's claim should not because he was appointed in separate proceedings in the United Kingdom. He is independent of the sequestrators and is manifestly not seeking to enforce a penal order.

(e) Recently the NUM sought to obtain the release of money from the Bank of Ireland (Finance) Limited in order to pay for the defence of the proceedings. They furnished an affidavit in support of their application and this indicates part of the basis of their defence, namely:

(i) The Attorney-General said in the House of Commons that the sequestration order was a penal order and

(ii) The involvement of the United Kingdom Government in the process

~~CONFIDENTIAL~~

CONFIDENTIAL

of the court is evidenced by the indemnity given to the sequestrators.

(f) In the proceedings, the contacts between the sequestrators, the Attorney General and officials of HMG are very likely to be probed in cross-examination. Messrs Clifford-Turner think that it would be wise to avoid evidence being given on the subject, particularly as they have advised that the sequestrators will lose their claim any way.

(g) Messrs Clifford-Turner suggest that a tactical withdrawal should be made. If an application is made to the Irish Judge it will be for leave to discontinue. It would probably be granted on terms that:

(i) The sequestrators pay the costs of the NUM in the proceedings up to the discontinuance.

(ii) There should be an assessment of damages.

(h) The Receiver should win in respect of his action, according to Messrs Clifford-Turner. In the meanwhile however the interlocutory relief in favour of the sequestrators would fall if they withdraw. Therefore, there is no legal restriction on the Bank of Ireland (Finance) ^{acting on} ~~instructions~~ ^{interests} from the NUM in respect of the funds in the hands of B of I (F).

(i) Although in respect of the claim for damages, the NUM will probably allege that they could have invested the money in a particular way and were thus deprived of a considerable benefit, the sequestrators can show that they offered in writing to co-operate with the NUM in their investment of the funds while the interim order (as interlocutory relief) was in force.

(j) The Receiver's claim does not seek the same interlocutory relief but he might ask B of I (F) to undertake not to transfer the funds pending the hearing of the court action. The Receiver is entitled to do this as he has been appointed by the High Court in London to act for the NUM and therefore he, under English law, is the owner of the funds which are at present in Dublin.

(k) If the Bank were to pay out to the NUM on the instructions of the Union's officials, the Bank would face the prospect of an action for damages

CONFIDENTIAL

CONFIDENTIAL

in England. The Receiver could ~~order~~^{sue} them here as they have an address for service in the UK.

(3) George Staple of Clifford-Turner is seeing Mr Justice Nicholls this afternoon and he may agree that a tactical withdrawal from the Dublin proceedings is appropriate. If the consequence is an order for damages against the sequestrators, the Judge may grant an indemnity out of sequestered funds. At the moment, the sequestrators have no spare money.

(4) (a) George Staple is to discuss with the Irish solicitors acting for the sequestrators what are the appropriate tactics to adopt in the proceedings. A meeting had been scheduled in Dublin tomorrow.

(b) If there is to be a withdrawal from the proceedings, two days prior notice has to be given. In order for there to be two free days before the trial starts next week, the notice would have to be served on the NUM lawyers on Wednesday afternoon or Thursday morning at the latest.

(c) The application for withdrawal would be heard in open court on Monday or Tuesday of next week.

(d) Mr Staple will be at the offices of Messrs McCann Fitzgerald Sutton & Dudley in Dublin on Wednesday morning. The partner there dealing with the matter is Mr David Clarke (0001765881).

G.A.H.

G A Hosker

22.1.1985

CONFIDENTIAL

Prime Minutes ②
 AT 6
 22/1

Daily Coal Report - Tuesday 22 January 1985

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	25
(iii) Some men present	76
(iv) On strike/picketed out	24

Ellington pit, the largest and most profitable pit in the North East, started turning coal today. Production at Herrington pit (also North East), which was suspended on 10 January because of mechanical problems, was also resumed today.

By 6.00 pm 642 new faces had reported back, compared to 580 last Tuesday. The week's total now stands at 2,489.

Area attendances were as follows:-

			<u>Change on yesterday</u>
Scotland	(24 hr attendance)	3,804	+ 169
North East	(24 hr attendance)	5,192	+ 96
Yorkshire	(24 hr attendance)	4,875	+ 393
North Derbyshire	(24 hr attendance)	6,247	+ 520
Western	(24 hr attendance)	11,186	+ 197*
South Wales	(morning shift)	304	+ 16
Kent	(morning shift)	137	None

* Change on last Tuesday.

Coal Movements

163,000 tonnes were moved yesterday of which 103,000 tonnes went to the CEGB.

34 coal trains ran, of which 32 went to the CEGB. Of some significance, these included the first two trains to run in Yorkshire and the North East.

Law and Order

Still generally quiet, although isolated incidents were reported from Yorkshire.

A six month jail sentence on a striking Yorkshire miner who attacked a policeman was upheld in the Appeal Court today.

NUM

There were claims today, by some NUM leaders and by Mr Kinnock, that the NUM was prepared to talk to the Coal Board without pre-conditions. However, there was no evidence from yesterday's discussion between the NUM and Coal Board officials that Scargill had shifted his position on uneconomic closures. As the Prime Minister pointed out in the Commons today there could be no point in talks resuming, only to fail because of the NUM's continued intransigence.

A statement issued today by the Coal Board is attached.

High Court

The High Court today refused to hear a claim by a striking miner that the Government was unlawfully cutting supplementary benefit to strikers' families. The Court said that, at this stage, the case should be brought through the statutory benefit appeals system.

SECRET AND PERSONAL

Line to Take

It is a total nonsense to suggest that the Coal Board have been unwilling to negotiate a settlement of this dreadful and unnecessary dispute. It is also totally untrue that there has been any pressure from the Government to stop negotiations.

The Government wishes to see the Board and the union achieve a settlement, but there can be no point in another round of talks whilst the NUM persist with their one impossible demand that every uneconomic pit should be kept going until the last tonne of coal is exhausted. We were disappointed that in yesterday's discussions between the NUM and Coal Board officials there was no indication that the NUM were prepared to face reality. We join with the Coal Board in hoping that, in the interests of miners, their families, their communities and the industry the NUM will quickly think again.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL



Public Relations

National Coal Board
Hobart House, Grosvenor Place
London SW1X 7AE
Telephone: 01-235 2020

"THINK AGAIN" CALL TO MINERS LEADERS

"Accept the realities of reaching a sensible settlement"

National Coal Board spokesman Mr. Michael Eaton today (Tuesday) called on miners' leaders to "think again" and accept the realities of reaching a sensible settlement, Mr. Eaton said:

"It is unreasonable for them to suggest that the Coal Board have been unwilling to negotiate a settlement of this damaging and unnecessary dispute. It is also untrue that there has been any pressure from the Government to stop negotiations taking place.

"The Coal Board have always sought a settlement which would give miners and the coal industry a sound future. We also want to ensure that any miner or mining community affected by the closure of an uneconomic pit would have better facilities, better conditions and better opportunities than has ever been offered when uneconomic pits have closed in the past.

"In seven rounds of negotiations lasting 175 hours the NUM have refused to move from their demand that every uneconomic pit should be kept going until the last tonne of coal is exhausted. The Coal Board cannot meet this impossible demand that would undermine the coal industry's future and provide no security for miners or for the children of miners in the years to come.

2/Cont'd...

"Our offer of no compulsory redundancies, guaranteed jobs, continuing major investment in the future of the industry, and pay increases really is the best deal for miners than anything that has been available since nationalisation.

"The Board want to achieve a settlement of this dispute, but we do not want another round of talks in which the NUM yet again persist with their one impossible demand leading yet again to failure.

"We hope, in the interest of miners, their families, their communities and the industry that they will think again and speedily come to a sensible settlement".

Press Office (1993)

January 22, 1985.

Notes of an Informal Meeting between Mr Ned Smith, Mr K Hunt,
Mr P E Heathfield and Mr R Windsor

1. There is as yet no firm understanding that there should be a resumption of discussions.
2. Representatives of both sides will "report back" and consider if discussions can be resumed in a meaningful manner.
3. The NUM's consideration of whether meaningful discussions can be undertaken will be concluded at their Executive Committee on 24 January. They will contact the Board immediately thereafter to indicate their position and ascertain the position of the Board.
4. If discussions are resumed it should be in the early part of the week commencing 28 January. Apart from the need for an early resolution if one can be achieved, an early date for a meeting would be of assistance to the NUM in considering the advent or otherwise of their Special Delegate Conference.
5. Both parties accepted that it was still understood that discussions would be held as early as possible to consider Plan for Coal and any necessary revision.
6. On the question of the March 6th proposals, the Board's representatives indicated that there were only two months effectively left of the year 1984/85 in which the proposals for the reduction of 4m tonnes were to be enacted. They informed the NUM, however, that they could not anticipate any public statement from the Board with regard to the withdrawal of the proposals. The Board's representatives said that so far as the industry's requirements in 1985/86 and the immediate future were concerned, these might only be determined following a return to normal working and a review of the production capability and marketing requirements following the strike. No doubt there would then be an early meeting with the Unions to consider whatever was necessary. The NUM's representatives took note.

/cont

7. On the question of the five pits, the NUM's representatives said that the Union's request that there should be a commitment for the pits concerned to be allowed to complete the objectives previously prescribed was based on the fear that, if this was not so, the Board's undertaking to leave the pits in operation for them to be considered within the Review Procedure might mean repeated proposals for closure within a very short time. The Board's representatives said that the Board had already made a major concession in agreeing that Polmaise and Herrington should continue in operation, subject to the Review Procedure in common with all other pits, and it was unlikely that the Board would change from this stance and treat the five pits exceptionally.

8. On the question of pit closures, the Board's representatives confirmed that it was Board policy that all colliery closures should be dealt with through the Colliery Review Procedure. They pointed out, however, that since the advent of Plan for Coal collieries had closed other than from exhaustion or safety reasons and that this process would need to continue within the Colliery Review Procedure to which had been added an additional stage of consideration, i.e. the Independent Advisory Body. The NUM's representatives pointed out that it had been Union policy for 40 years to oppose the closure of pits on economic grounds and they could not see the possibility of this policy being changed. The Board's representatives acknowledged that this was so but repeated that it had been the practice for pits to close other than by exhaustion or safety. Indeed, in the recent negotiations the Union had acknowledged that there should be a third category, the difficulty had been as to how this should be defined. A discussion ensued on how this de-facto situation might be phrased in any settlement.

Cost of production

9. The Board's representatives pointed out that there was a strong body of opinion that the strike was largely broken and would be ended by a return to work. The Union's representatives acknowledged that there was this view but pointed out that the main body of the strikers were still firm and that any policy directed toward an end to the strike on a return to work basis would result in a very protracted and bitter dispute situation.

10. Both parties agreed that if discussions were resumed there would need to be an understanding that a settlement must be reached quickly. Protracted discussions as had hitherto been the case would not be an acceptable route to either party.

/cont

11. The NUM's representatives said that if discussions took place their full Executive would attend.. They recognised the difficulties of negotiation in a large forum, and would advise the Board on how they thought these discussions might be arranged from their point of view.

12. The NUM's representatives said that they thought that part of any settlement would have to be related to discussions on an amnesty. The Board's representatives said that this would not be acceptable to the Board. Their intention would be that a resolution to the dispute on closures should be achieved followed by immediate discussions on other related matters, e.g. dismissals and wages. The Union's representatives asked the Board's representatives to take further soundings on this point.

21.1.85

MR REDWOOD

21 January 1985

~~102~~
4COAL DISPUTE

It is easy to look at weekly snapshots and lose sight of the trends. To put the current position into perspective, I had a discussion last Friday with Sandra Browne, Department of Energy Coal Division. The picture is encouraging, for example:

Status of Pits

	<u>Working</u> <u>Normally</u>	<u>Turning</u> <u>Coal</u>	<u>Some Men</u> <u>Present</u>	<u>Strike-bound</u> <u>Picketed Out</u>
01/04/84	40	7	9	120
01/09/84	45	9	14	106
01/11/84	45	10	24	95
18/01/85	47	25	75	27
21/01/85	49	24	77	24
22/01/85	49	25	76	24

Today's figure of 1,774 "new faces" reporting for the day shift compares with 935 this time last week and 800 the week before. The wider perspective for that is the following table:

<u>Week ending</u>	<u>NUM members</u> <u>not on strike</u>	<u>'New faces'</u> <u>(for the wk)</u>	<u>Nos. rejoining</u> <u>strike</u>
Nov 02	53,259	365	10
Nov 09	55,431	2,201	22
Nov 16	60,409	5,032	98
Nov 23	66,227	5,959	123
Nov 30	68,288	2,159	194
Dec 07	68,763	667	79
Dec 14	69,264	521	34
Dec 21	69,422	174	Nil
Dec 28	holiday	-	-
Jan 04	70,026	712	61
Jan 11	71,797	2,365	2
Jan 18	74,667 (Prov)	2,870	N/A

NCB estimate that the true NUM membership of working and non-working miners is now about 182,000

The pattern which seems to be emerging is for a "bridgehead" to be established at a strikebound pit; perhaps 50 or more of those most anxious to return will go in together, often on a Thursday or Friday, when their action attracts less attention. Thereafter, things can move fast. For example, at Kiveton Park in South Yorkshire 150 new faces reported for today's morning shift. With nearly 350 men present, Kiveton Park is beginning to turn coal.

Production figures are slower in coming, but the trend is evident.

Production 1000 tonnes/week

	<u>Deep-mined</u>	<u>Open-cast</u>	<u>Licensed</u>	<u>Total</u>
Mid-October	530	285	20	835
End-November	590	265	20	875
Mid-December	650	260	25	935

Early in the dispute around 65% of UK coal production potential was shut in. Now the figure is likely to have dropped to little more than 50%. Thus, on an annual basis, the current production rate is likely to be at least 50 million tonnes. Normally, the CEGB has been consuming 70-75 million tonnes and Scottish power stations about 5 million tonnes. However, with new nuclear power stations coming onstream, the demand for coal as a feedstock for power stations is falling and some scenarios put the future demand for coal to all UK users as low as 80 million tonnes per annum.



JOHN WYBREW

Prime Minister (2) *WPA*

Daily Coal Report - Monday 21 January 1985

3 AF 21/1

	<u>Number</u>
(i) Working normally	49
(ii) Turning some coal	24
(iii) Some men present	77
(iv) On strike/picketed out	24

WPA

Wolstanton and Holditch (Western area) have moved into category (i). Denby Grange (Barnsley) has moved into category (ii). Markham (South Wales), Cadeby and Kilnhurst (South Yorkshire) have moved into category (iii).

The return to work accelerated sharply today. By 6.30 pm 1,847 new faces had reported, compared to 1,329 last Monday. Although not quite a record - 2,282 returned on Monday 19 November - the figure exceeded Coal Board expectations. Predictably, the NUM leadership returned to the charge that the Board were falsifying their figures.

The significant increase in attendances in the North East and Yorkshire brings nearer the prospect that further pits may soon start turning coal. Ellington pit in the North East is thought to be close to this.

Area attendances were as follows:-

			<u>Change on</u> <u>last Monday</u>
Scotland	(24 hr attendance)	3,635	+ 633
North East	(24 hr attendance)	5,096	+ 934
Yorkshire	(24 hr attendance)	4,482	+ 666
North Derbyshire	(24 hr attendance)	5,727	+ 456
Western	(24 hr attendance)	6,412	+ 43
South Wales	(morning shift)	288	+ 94
Kent	(morning shift)	137	+ 13

Coal Movements

865,000 tonnes were moved last week, of which 555,000 went to the CEGB. Although lower than of late, these figures mainly reflect operating difficulties caused by bad weather. Only some 10,000 tonnes were lost because of the rail dispute.

163 coal trains ran last week.

Law and Order

Generally quiet.

NUM

NUM leaders had informal talks with Coal Board officials today. There was no evidence that the union was now prepared to negotiate constructively on the crucial issues, and therefore no progress. Scargill, Heathfield and MacGahey later met the TUC.

Mr Kinnock said today that the Labour Party would continue working together with TUC officials to try and get talks re-opened.

High Court

The hearing has opened into the claim by a striking Notts miner that the Government has acted unlawfully in cutting supplementary benefit payments to strikers' families.

Line to Take

The return to work has significantly accelerated. There could be no clearer sign that miners are rejecting Scargill and all he stands for. Those miners remaining on strike should consider

SECRET AND PERSONAL

carefully how much more they stand to lose by this, and how much they and their families could gain by an immediate return to work.

Distribution: Members of MISC 101, Paymaster General
Sir Robert Armstrong, Mr Gregson (Cabinet Office)

Enquiries: Michael Reidy, PS/SOS for Energy, Tel: 211 6070

SECRET AND PERSONAL

COVERING SECRET

Copy No 1 of 4



2 AB

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

A handwritten signature in blue ink, appearing to be 'M', located to the right of the recipient's address.

21 January 1985

Dear Andrew

I attach the latest weekly report on coal and power station statistics.

Copies also go to Margaret O'Mara and Richard Hatfield.

Yours ever

A handwritten signature in black ink, appearing to be 'John', located below the closing.

J S NEILSON
Private Secretary

COVERING SECRET

18 January 1985

11/14

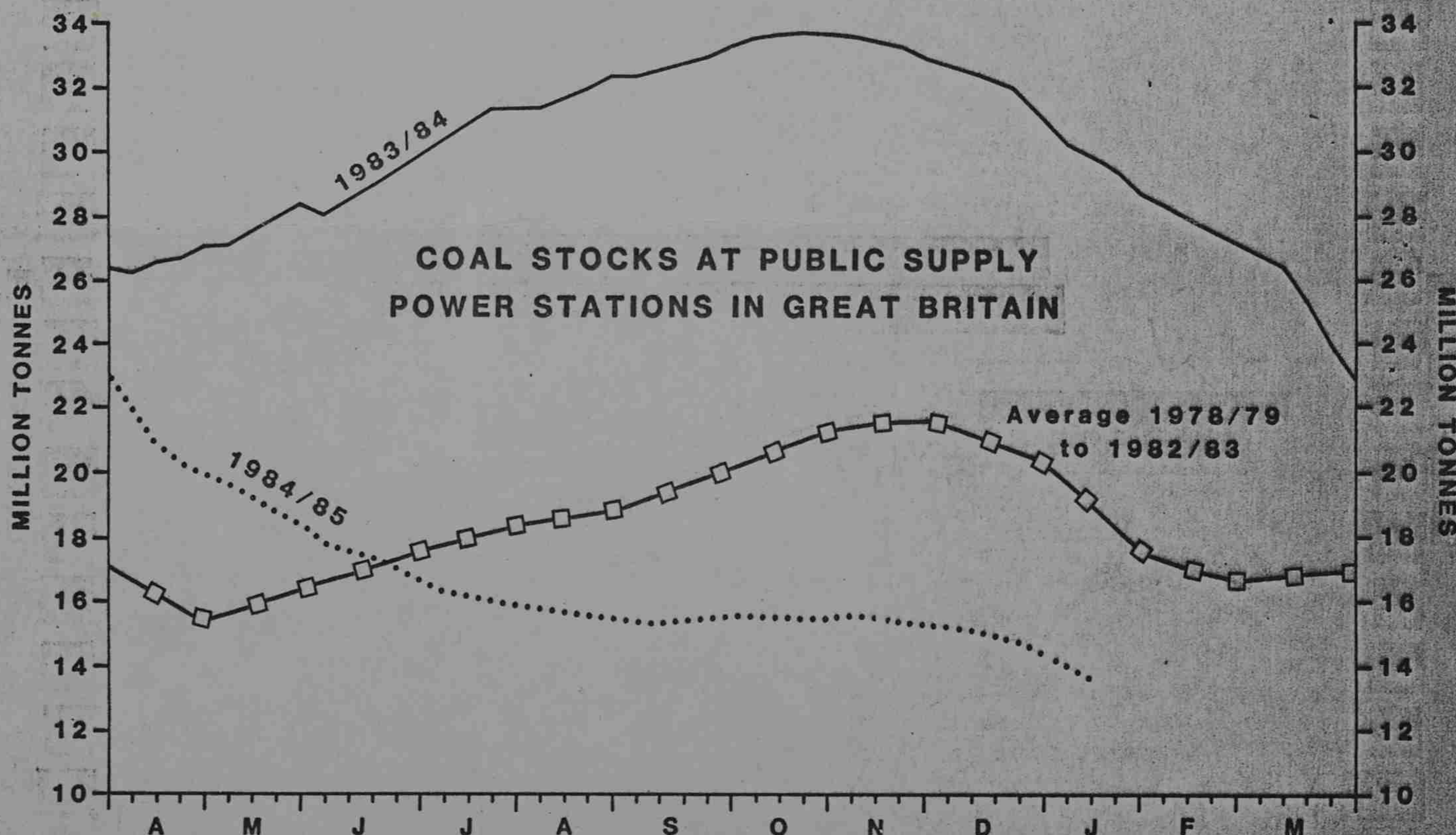
WEEKLY COAL AND POWER STATION STATISTICS (1)

EcS Division, Dept. of Energy, Thames House South, Millbank SW1P 4QJ. Phone: 01-211-6928

Week ending 14.1.84 : 22.12.84 24.12.84 5.1.85 12.1.85

COAL	PRODUCTION (m. tonnes)	deep mines+	1.79 :	0.58	0.05	0.34	0.66
		opencast+	0.32 :	0.28	0.01	0.02	0.28
		TOTAL	2.11 :	0.86	0.05	0.35	0.94
COAL	PRODUCTIVITY(2) (tonnes/manshift)	'overall' o.m.s	2.35 :	0.0	0.0	0.0	0.0
		'production' o.m.s	9.88 :	0.0	0.0	0.0	0.0
UNDISTRIBUTED STOCK (m. tonnes)		TOTAL	23.86 :	20.74	20.75	20.76	20.70
STATIONS	COAL STOCKS (m. tonnes)		29.91 :	14.81	14.40	14.01	13.70
	COAL CONSUMPTION	"	1.91 :	0.83	0.46	0.77	1.01
	COAL RECEIPTS	"	1.58 :	0.66	0.06	0.37	0.69
STATIONS	OIL STOCKS(3)	"	1.35 :	1.33	1.35	1.43	1.21
	OIL CONSUMPTION(3)	"	0.06 :	0.59	0.53	0.56	0.61
	OIL RECEIPTS(3)	"	0.05 :	0.68	0.50	0.60	0.34
POWER	ELECTRICITY SUPPLIED (4) (GWh)		:				
	Nuclear	"	928 :	1,105	1,098	1,184	1,220
	Other Steam	"	4,520 :	4,214	3,195	3,877	4,740
	TOTAL	"	5,447 :	5,319	4,293	5,061	5,959
	TOTAL - temperature corrected	"	5,218 :	5,319	4,185	4,991	0.0

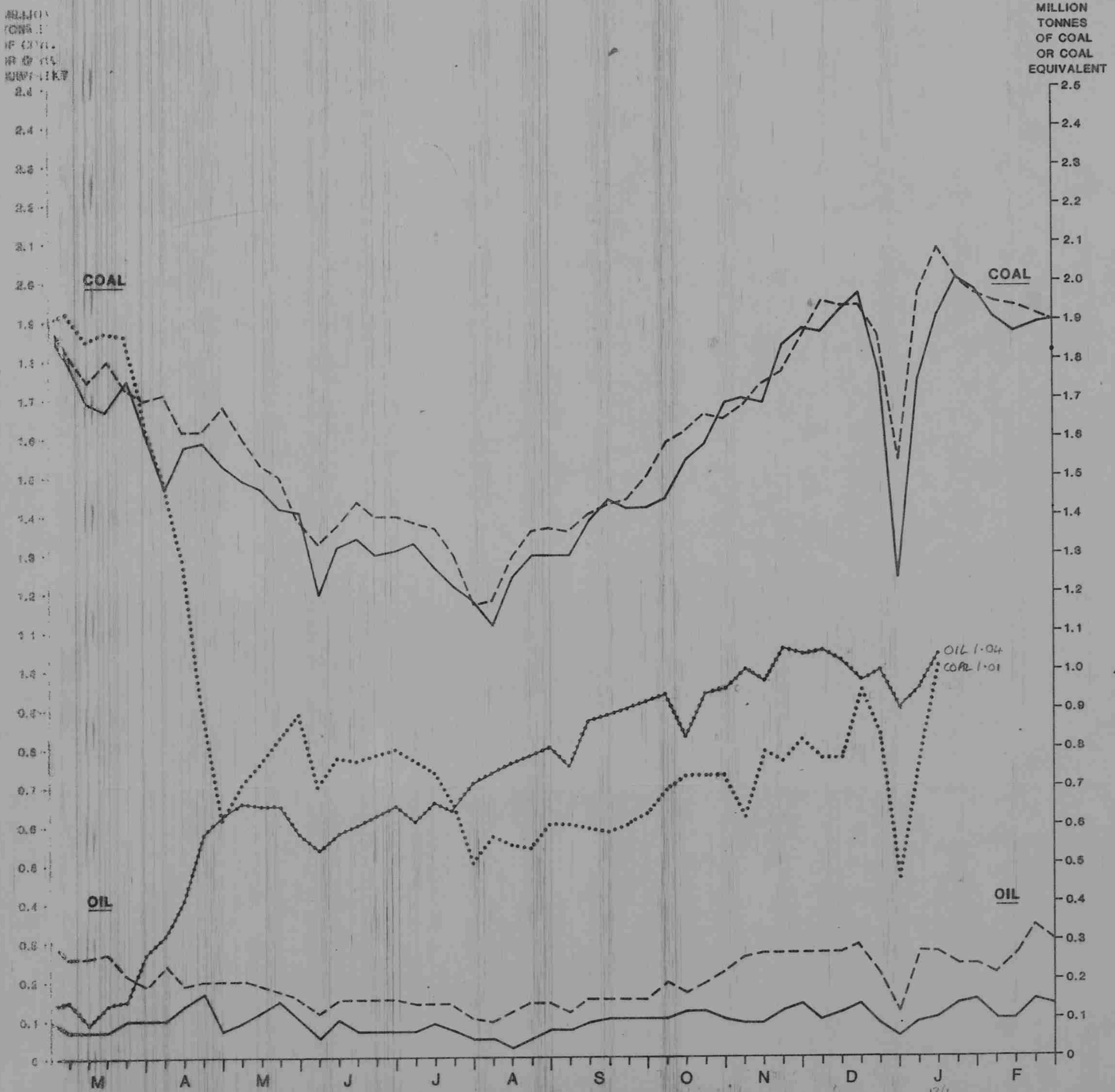
(1) Great Britain unless otherwise stated. All latest figures are subject to revision.
 (2) NCB mines only. (3) Oil-fired boilers only. (4) Steam stations only.
 .. data not yet available. + includes licensed production.



COAL CONSUMPTION AND OIL CONSUMPTION (OIL FIRED) AT PUBLIC SUPPLY POWER STATIONS IN GREAT BRITAIN

Key

- COAL } March 84 to February 85
- OIL } March 84 to February 85
- March 83 to February 84
- Average 1977/78 to 1981/82





10 DOWNING STREET

From the Private Secretary

Prime Minister

Mrs Irene MacGibbon rang earlier this afternoon about the announcement of "talks about talks". She said her telephone had not stopped ringing with working miners expressing their concern. They fear

- (i) the return to work will dry up
- (ii) the Government / NCB could allow victory to be snatched from them at the last minute and the working miners will be sold short.

I told her NCB (Michael Eaton) had frequently stated that negotiations could not be restarted without clear proof of a change of attitude by the NUM. I explained that the purpose of the talks was to establish if there was such a change of heart. She made the valid point that if no basis for restarting talks was found, the NCB should say so quickly and publicly.

AT 21/1

Ref. A085/193

MR BUTLER *EBB*

Thank you for your minute of 16 January regarding reports relating to the coalminers' strike.

2. I can confirm that those responsible for producing these reports are well seized of the need to be alert to the opportunities for follow-up action, where it can be taken without compromising the sources of the information. A particular watch is kept for information which may be of assistance to the sequestrators and a channel is available to pass such information to them.

3. The events described in the report to which you refer are being closely monitored and there may be an opportunity to take some action in connection with the WFTU initiative.

R
R P HATFIELD

21 January 1985

NAT IND

Coal Pt 15



PART 15 ends:-

TF to AT 20-1-85,
~~cc(85) 2nd. conc. min 4-18-1-85~~

PART 16 begins:-

R. Hatfield to FERB 21-1-85.

