

Prime Minister

*of the original
the Verbal*

in the letter -



I will set up a meeting with Mr. Hunt, 11 September 1981, the Chancellor, Mr. Howell and the Home Secretary. I think we also need the Attorney General and Mr. Hobs. Agree?

Yes, Mr.

PRIME MINISTER

VALE OF BELVOIR COALFIELD

At the request of your office I am putting forward my proposals on the Belvoir Coalfield decision in the form of this minute rather than as a paper to E Committee.

11/9

I have had before me for some time applications made by the National Coal Board under the Town and Country Planning Act 1971 for the development of a new coalfield in the Vale of Belvoir. The applications are for permission for the extraction of coal from under some 100 square miles of land mostly in North-East Leicestershire. Recoverable reserves are estimated to exceed 500 million tonnes, giving a total life for the coalfield of around 70 years. Three new mines would be constructed, which would employ 3,000 mineworkers and produce 7.2 million tonnes of saleable coal per annum. The NCB are planning that the first 2 mines (producing 5.2 million tonnes per annum) should be in full production 8 years after a permission enabling work to commence, with the third mine following 6 years later.

PUBLIC INQUIRY

A public local inquiry into the proposals has been conducted on my behalf by Mr Michael Mann QC, assisted by 2 assessors. The inquiry lasted from 30 October 1979 to 2 May 1980. Objectors at the inquiry included Leicestershire, Lincolnshire and Nottinghamshire County Councils, Melton Borough Council, the Countryside Commission,



the CPRE, and Country Landowners' Association, the National Farmers' Union, the Vale of Belvoir Protection Group, and the Parish Councils in the Vale of Belvoir (the last three appearing jointly as "the Alliance").

The Inspector has recommended that planning permission should be granted for the development of the coalfield and the construction of all three mines, but that permission should be refused for the construction of proposed spoil heaps at two of the mines.

THE QUESTION OF NEED

The Inspector was asked to examine the need for the proposed development and the case for preferring it to alternative locations. Exhaustive evidence was given on this point at the inquiry, and the witnesses included a representative of the Department of Energy. The Inspector concluded that "it is a somewhat more likely than not that there will be a need for a supplement to indigenous deepmine capacity at about the time (1995) the new coalfield could become fully operational" and that "such need as there may be for more indigenous deepmine capacity in the 1990s can be met only by the exploitation of this coalfield". He has been unable to refine his opinion by suggesting the year the need will arise or to provide a precise quantification.

The Inspector found that, because of the expected depletion of resources, national deepmined annual output capacity is likely to fall from 120 million tonnes in 1974 to about 108 million tonnes in 1990 and to about 91 million tonnes in 2000, unless new coalfields are developed. The development of Belvoir would increase these figures to 113 million tonnes in 1990 and 98 million tonnes in 2000.



The intended market for Belvoir coal is as fuel for electricity generation in the Trent Valley power stations. These power stations will reach the end of their current life in the late 1990s unless they are refurbished. The CEEB currently consumes about 70 per cent (or approximately 85 million tonnes) of the NCB's total output. The NCB and the CEEB have an understanding that the CEEB will take 75 million tonnes per annum up to 1984. Beyond this, however, estimates of demand for coal for electricity generation depend heavily on assumptions about rates of economic growth, comparative fuel costs, and the extent to which nuclear capacity comes on stream. The CEEB suggest that this demand could be in the low tens of millions of tonnes beyond 2000.

Estimates of other markets for coal are affected by the same uncertainties about rates of economic growth and comparative market shares. On the former, the Inspector assumed for the purpose of his conclusions that GDP would grow by 2.7 per cent a year on average to the year 2000. On market shares, NCB estimates depend critically on the speculative expectation that coal will make substantial in-roads into industrial markets, quadrupling its present share by 2000. Department of Energy evidence at the inquiry was that coal's share of future energy markets would depend on its price relative to other fuels. The Inspector took the view that NUI wage claims would not wipe out any price advantage over oil which coal would otherwise enjoy. It is clear that the NCB's strategy depends on greatly increased productivity at new collieries, and, at Belvoir, they are forecasting productivity four times the current national average.

The markets for coal in the 1990s and beyond are clearly highly uncertain. I therefore remain to be convinced of the need for an extra 5 million tonnes per annum capacity from Belvoir by 1990, increasing to 7.2 million tonnes per annum capacity by 1995.



The Inspector's hesitant acceptance of only a short-term need for the Belvoir coal indicates that at best need for this capacity may occur later than is predicted by the NCB and that perhaps it may not materialise at all.

ENVIRONMENTAL CONSIDERATIONS

As in all cases of this nature, I have to balance the need for the coal against the environmental consequences of working it. The Vale of Belvoir is a prosperous and largely unspoilt area of high quality farmland, a valuable productive area of mixed livestock and arable farming, one of whose products is Stilton cheese. It is also a tranquil and pleasant area, which is important to the East Midlands, a region not well endowed with attractive areas of countryside.

It is clear that coal-mining would totally change the character of the area. The mine buildings, which include winding towers up to 190 feet in height as well as massive processing buildings, would become a dominant feature. Leicestershire County Council estimate that an additional 5,000 dwellings would be required for incoming miners and their families, and other facilities would also be required for the additional population. There would be considerable extra road traffic, particularly during the construction phase, and new railway lines would be needed for the transportation of the coal once production had started. Noise would also be a significant problem for local residents during the construction phase. Over 4,000 properties are likely to be affected by subsidence, and farmers are apprehensive about the effects on land drainage.

The Inspector has given detailed consideration to the proposals for the tipping of colliery spoil at the three proposed mines. These tips would require some $2\frac{1}{2}$ square miles of land, and the largest tip would be almost 2 miles in length, and over 100 ft in height. The



Inspector has concluded that two of them would be totally unacceptable in visual terms, as well as involving the loss of high-quality agricultural land, and causing serious noise problems, and recommends that permission for their construction should be refused. My own view is that the case against the third tip on agricultural grounds is equally strong. The Inspector suggests that, if permission were to be given to mine coal in the Vale, acceptable alternative arrangements could be made. For example, the spoil might be used to reclaim disused brickclay pits in Bedfordshire, although the extra cost would be almost £12 million per annum at October 1979 prices. The Inspector dismisses the possibility of putting the waste back down the mines but I believe that this is a matter on which more research should be done and I understand that this is at present being considered by the Commission on Energy and the Environment. I am quite clear therefore that it would in any event be wrong to permit the development of the coalfield until acceptable arrangements for disposing of colliery waste, other than by local tipping, have been made.

CONCLUSIONS

On the basis of the inquiry evidence I have decided that I should refuse the NCB's planning applications. Provided satisfactory arrangements could be made for the disposal of colliery waste, the other environmental damage to the Vale of Belvoir might be acceptable if the case on need deployed by the Board was overriding but, as it is not, I consider that there is no justification for permitting the proposed development.

There are two matters which were not raised at the inquiry and on which I do not rely on reaching my decision.



First, while capacity is bound to decline without new development, the decline will be slowed by the decisions to defer pit closures. In any event, coal imports would almost certainly be cheaper than the development of new capacity, although there are questions of availability and transportation facilities to be considered. Moreover, I am far from convinced that there will be the market for coal that the NCB predict. When seasonal fluctuations are taken into account, coal stocks have been steadily increasing over the last 2 years, and at the end of April stood at over 39m tonnes, a higher figure than at any time at least since the 1974 miners' strike. At present they could on their own, provide a replacement for two-thirds of the coal that, even on the most favourable assumptions, would be produced from Belvoir up to the end of the century. Without better market prospects, I can see no reason to turn the Vale of Belvoir into a coalfield.

Secondly, I recognise that the applications have important implications for national energy policy. I fully accept the need to ensure that the nation has adequate and secure supplies of energy to meet prospective requirements and I am aware that the Department of Energy argued at the Inquiry that if the coal industry is competitive and based on efficient, high productivity capacity, it will have an essential and increasing part to play in meeting our future needs for energy. However, I am concerned that the fulfilment of this role appears to involve the development of new coalfields in a succession of rural areas some of which are highly sensitive from an environmental standpoint. Approval of the present application would represent at least partial endorsement of this strategy by the Government.

I recognise that the NCB may wish to submit new applications relating to this area in a few years' time if the need for the coal



has by then become better established, but I can see no harm in such a delay. Indeed, it would provide time for the Board to find an acceptable solution to the waste disposal problem, and to consider whether the environmental impact of the development might be minimised by reducing the area of the coalfield and the number of mines. A delay would also enable the Government and the Board to consider priorities for the development of new coalfields, so as to ensure that those proposals which are least unacceptable on environmental grounds are brought forward first.

I am copying this to those colleagues who I understand are to attend the meeting you have called - the Chancellor of the Exchequer, the Home Secretary and the Secretary of State for Energy. I understand that Sir Robert Armstrong and Mr Ibbs are also to be present, and copies go to them also.

In view of the intense public interest this case has provoked - and the series of damaging leaks about the Government's intentions - I ought to announce my decision as soon as possible. Therefore I propose to issue the decision letter during the recess and to put out a press notice on the same day. Accordingly I hope that your office will be able to arrange the proposed meeting very soon.

J P Channing

M H

*(approved by the Secretary of State
and signed in his absence)*