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MR MOORE  
MR TUKER  
MR MONAGHAN  
MR AGREU  
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R T J Watts Esq  
Private Secretary to the Chief Secretary  
HM Treasury  
Parliament Street  
LONDON SW1P 3HE

MBM

10 March 1980

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Dear Richard,

My Secretary of State mentioned in his letter of 21 February to the Secretary of State for Industry, copied to the Chief Secretary and the Chief Whip, that we needed an affirmative order before the end of March to increase our contribution to the Mineworkers' Pension Scheme, and that we were statutorily required to lay a statement on the NCB's finances at the same time.

The content of the order and the statement have been agreed between the Treasury and this Department but the Secretary of State has asked me to circulate a copy of the draft Statement. It is designed to say as little as possible on the Board's finances.

We hope to lay at the same time the draft Redundant Mineworkers and Concessionary Coal (Payment Schemes)(Amendment) Order, as agreed between the Chief Secretary and my Secretary of State in their recent exchange of letters.

We ought to lay these orders tomorrow to catch the meeting of the Select Committee on Statutory Instruments on Wednesday.

I am sending copies of this letter to the Prime Minister's Office, Secretary of State for Industry's Office, Chancellor of the Duchy of Lancaster's Office, Chief Whip's Office and to Sir Robert Armstrong's Office.

Yours ever,

Denis Walker

DENIS WALKER  
PRIVATE SECRETARY

Mineworkers' Pension Scheme  
(Limit on Contributions) Order 1980

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STATEMENT BY THE SECRETARY OF STATE FOR ENERGY

Laid before the House of Commons pursuant to Section 2(4)(c)  
of the National Coal Board (Finance) Act 1976

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The draft Mineworkers' Pension Scheme (Limit on Contributions) Order 1980, laid before the House of Commons with this statement, provides for the increase to £41.08m of the limit on the contributions which I may make under section 2 of the National Coal Board (Finance) Act 1976 towards expenditure incurred by the National Coal Board in reducing or eliminating deficiencies in the Mineworkers' Pension Scheme which relate to liabilities to and in respect of persons whose service in the coal industry was terminated before 6 April 1975.

Mineworkers' pensions were increased on 24 September 1979 by 11.4% ie for the majority of pensioners receiving £6.62 per week, an increase to £7.37 per week. These increases were made solely for the purpose of maintaining the real value of these pensions. The annual sum which would be required to eliminate over 16 years (the balance of the twenty year period over which the contributions may be paid under the 1976 Act) the resulting increase in the deficiency in the pension fund which is estimated to arise in respect of the pre-April 1975 pensioners is £4.60m. In order to reimburse the Board for this additional outlay, it is accordingly necessary to raise the limit of £18m. laid down in the 1976 Act, and subsequently increased by Orders in 1977, 1978 and 1979 to £36.48m to £41.08m.

I have reviewed the overall financial position of the Board. The present indications are that, based on unaudited actual results to the end of December 1979 and estimated results for January to March 1980, on a historical cost depreciation basis, and after payment of interest and taking credit for agreed Government social grants, the consolidated results from the Board and its subsidiaries are likely to show a deficit in 1979/80 substantially greater than the sum of £4.6m at issue in this Order.

I expect the Board still to require financial assistance next year. I take the view, therefore, that the financial deficit likely to be suffered this year and the prospects for next, offer no background against which to expect the Board to take on the additional contribution of £4.6m a year which will be necessary if the deficiency in the pension fund is not to increase.

Section 2 of the 1976 Act authorises but does not require me to make any payments, and if the fortunes of the Board improve beyond what can be foreseen at present, then consideration will be given to the possibility of limiting the actual grants paid.

Having regard to all these considerations, I have concluded that this Order should be made.