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10 DOWNING STREET

Prime Minister ①

Mr Walker gave us the impression at the restricted meeting that redundancies could not be secured in advance of, but only simultaneously with, a return to work. I asked David Pascall to investigate this.

He concludes that redundancy payments could be made, though a volunteer would not receive UB for the remaining duration of the strike. This would start when the dispute ended. But men would still be better off taking (i) and (ii) and waiting for (ii) than sitting at home on strike.

There are minor practical problems, but the main reason redundancy has not been offered is a tactical decision by the Board.

Agree this be raised in MISC 101?

Yes no

10/7/84

MR TURNBULL10 July 1984COAL - VOLUNTARY REDUNDANCY

There is no reason in principle why the NCB cannot make men redundant who wish to leave the industry during the present dispute. There are no legal barriers and it is not necessary for men to return to work before they can accept redundancy terms.

A man over 50 would receive a package of benefits:

- (i) - lump sums from both the state scheme and the RMPS scheme;

If the man is on strike the lump sum payments would be largely unaffected. The number of days on which he has been on strike would be subtracted from his period of continuous employment as the basis for calculating the awards. However, this would also be the case if the man deferred taking redundancy until he returned to work.

- (ii) - weekly state unemployment benefit for the first year;

The weekly unemployment benefit would not be paid during the duration of the dispute. This is a standard statutory provision designed to prevent abuse. If this rule did not apply it would be open for people on strike to take redundancy, receive unemployment benefit, and then be subsequently re-employed at the end of the dispute. They would therefore in effect receive strike pay financed by unemployment benefit.

- (iii) - further weekly payments under the RMPS scheme topping up earnings from one-third to one-half of previous earnings.

Until recently there was a difficulty with the top-up payments under the RMPS scheme which were linked to the payment of unemployment benefit. However, at the end of May, Peter Walker announced the Government's intention to lay an order under the Coal Acts amending this rule thereby enabling the RMPS payments to be made irrespective of whether unemployment benefit was being paid. He also announced that the order will enable compensation to be paid for loss of RMPS payments during the dispute.

An individual miner therefore has no financial incentive to delay taking redundancy during the dispute. However, at the moment it is the Board's policy only to offer redundancy to working miners.

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The argument for proceeding with redundancy is that it undermines the NUM's refusal to contemplate manpower reductions. This argument is weakened by certain practical constraints.

- Under Section 99 of the Employment Protection Act employers must allow 3 months for consultation with the union if more than 100 men are to be made redundant. Such consultation is likely to be difficult with the NUM at the present time. However, the NCB could ignore this provision. The worst that could happen would be an award by an industrial tribunal of compensation for the loss of 3 months' pay.
- Counselling. A miner can show an initial interest in voluntary redundancy by telephone but it is normal then to proceed to an interview with his employers during which the details of his redundancy package would be explained to him. Under present circumstances, it could prove difficult to prevent intimidation of men attending such interviews. There are also problems in drawing up the detailed redundancy package while many of the clerks in COSA (the white collar arm of the NUM) are on strike.
- More importantly, it is unlikely that the Board could handle more than 2,000 voluntary redundancies a month. Although this could probably be speeded up, it is unlikely to make any significant in-roads into the 20,000 target.

The argument for not proceeding with the redundancy programme now is that the men most concerned are likely to be a significant pressure group for a more general drift back to work.

On balance, these arguments have not led the Board to change their existing policy of only offering redundancy to working miners.

Conclusion

There are no reasons in principle against proceeding with a voluntary redundancy programme during the current dispute. However, the Board are operating a policy of only offering redundancy to working miners.

We recommend that this judgement should be reconsidered and that this question should be urgently discussed by MISC 101.

DLP.

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