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10 DOWNING STREET

From the Private Secretary

BF

21 December, 1981

Withstanding a Coal Strike

The Prime Minister held a meeting on Thursday, 17 December at 1730 to discuss the Home Secretary's minute to her of 6 December, attached to which were reports by the Official Group on Coal (MISC 57) on withstanding a miners' strike in 1982; the minutes to her of 10 and 15 December from the Secretary of State for Energy, and of 14 December from the Secretary of State for Employment; and the letter of 16 December from the Chancellor of the Exchequer to the Secretary of State for Energy. Those present were the Home Secretary, the Chancellor of the Exchequer, the Secretaries of State for Defence, Scotland, Industry, Transport, Energy and Employment, Sir Robert Armstrong, Mr. Ibbs and Mr. Wade-Gery.

Ministers first reviewed the prospects for the present winter. They then turned to the question of maximising endurance by November 1982, and broadly endorsed the analysis contained in the MISC 57 reports. Except for the reservations noted in my next two paragraphs, they also approved MISC 57's specific recommendations, as set out in paragraph 40 of the Chairman's covering note and in paragraph 4 of the Home Secretary's minute.

Ministers agreed that the present accelerated level of coal deliveries should continue for the time being; and that, immediately the outcome of this winter's pay negotiations was clear, they would consider further whether this accelerated rate should be maintained throughout 1982 (thus leading to power station coal stocks of 23-24 million tonnes by next November) or whether they should opt for a super-accelerated rate of coal deliveries during the remainder of 1982 (with the aim of achieving power station coal stocks of as near 27 million tonnes as possible by next November). Ministers further agreed that the aim should be to have at the power stations by next November stocks of all the necessary ancillary materials at a level

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B/F(1) equivalent to 23-24 million tonnes of coal. Your Secretary of State also undertook to consider urgently and report on how stocks of ancillaries at the power stations might be increased by next February to match as nearly as possible the then likely level of coal stocks; the present cold weather was a sufficient reason for such action.

Ministers decided that there should be no consultations with senior management of British Railways about the possibility of Servicemen moving coal by rail.

B/F(2) It was agreed that MISC 57 should consider and report to Ministers on whether it might be possible to introduce a low-price scheme this summer for industrial and domestic coal users as a means of utilising the very high pithead coal stocks; and also the scope in the longer term for creating strategic stockpiles of coal away from the pitheads, preferably under the ownership of the Electricity Boards. MISC 57 was also asked to monitor and report to Ministers regularly on progress during 1982 in increasing power station stocks of coal and ancillaries.

Ministers agreed that the net extra costs involved in increasing endurance by November 1982, as set out in the MISC 57 reports, should be met from the Contingency Reserve; but that public announcements should so far as possible be avoided. It was left that the Chancellor of the Exchequer and your Secretary of State would reach separate agreement on the possibility of increasing the NCB's 1981-82 external financing limit, which was raised by your Secretary of State in his minute of 10 December to the Prime Minister and discussed in the Chancellor of the Exchequer's letter of 16 December.

B/F(3) After the meeting the Secretary of State for Employment referred to the possibility that naval vessels might be used to generate electricity during a miners' strike. I do not know if this is a practical possibility, but I am sure the Prime Minister would want it investigated, and I should therefore be grateful if MISC 57 could look into it and report in due course.

I am sending a copy of this letter to the Private Secretaries of Ministers present, plus the Lord President; and to David Wright (Cabinet Office). In view of the sensitivity of the issues involved, I should be grateful if you and they would arrange for these letters not be to copied further and not to be taken outside the offices to which I am sending them.

M. C. SCHOLAR

Julian D. West, Esq.,
Department of Energy

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10 DOWNING STREET

From the Private Secretary

21 December 1981

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POWER STATION OIL-BURN

I have written to you separately about the main decisions reached at the Prime Minister's meeting on 17 December about withstanding a coal strike. One other point raised during that discussion was whether it might be possible to increase power station oil-burn immediately as a means of conserving power station coal stocks during the period between now and February. It was noted that the cost of buying extra oil for this purpose would be about £130 million to achieve a week's extra endurance. This was agreed to be unacceptably high. But it was suggested that it might be possible to conserve coal to a certain extent by increased oil-burn based on running down existing power station oil stocks; and that this might also avoid creating problems of visibility. I should be grateful if you could arrange for this suggestion to be looked into urgently and for a report to be sent to the Prime Minister as soon as possible.

B/F
23/12/81

I am sending a copy of this letter to the Private Secretaries to the Chancellor of the Exchequer and the Secretary of State for Scotland; and to Sir Robert Armstrong and Mr. Ibbs. I should be grateful if you and they could ensure that it is handled in the restricted way proposed in my letter to you of today's date.

M/C SCHOLAR

J. D. West, Esq.,
Department of Energy.

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10 DOWNING STREET

From the Private Secretary

B/F 4/1/82

21 December 1981

TACTICS WITH THE MINERS

During the first part of the Prime Minister's meeting on 17 December to discuss withstanding a coal strike, Ministers considered the possibility of a strike early next year if the pit-head ballot in January rejected the National Coal Board's pay offer.

The point was made in discussion that it was extremely important for the National Coal Board to be considering now what its tactics would be in the period immediately after an adverse result of the pithead ballot; and for the Government also to be considering their tactics during that period and what they should say to the Coal Board so as to leave themselves the maximum possible room for manoeuvre.

*B/F
4/1/82*

It was agreed that your Secretary of State, in consultation with the Head of the CPRS and the No. 10 Policy Unit, should consider this question as a matter of urgency and report to the Prime Minister. I should be grateful if this report could reach us here early in the week of Monday, 4 January.

I am sending a copy of this letter to the Private Secretaries to the Chancellor of the Exchequer and the Secretary of State for Employment; and to Sir Robert Armstrong and Mr. Ibbs. I should be grateful if you and they would ensure that it is handled in the restricted way proposed in my letter to you of today's date.

M. C. SCHOLAR

J. D. West, Esq.,
Department of Energy.