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SECRETARY OF STATE FOR ENERGY
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CONFIDENTIAL

The Rt Hon Leon Brittan QC MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
London
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8th March 1983

Dear Chief Secretary

PROPOSED IMPROVEMENTS IN REDUNDANCY TERMS FOR MINeworkERS

Thank you for your letter of 24 February in reply to mine of 17 February. I have also received Norman Tebbit's letter of 24 February and Patrick Jenkin's letter of 1 March. Obviously developments in the last few days may require a change in the timetable of these terms, but I thought it best to write now to clear up the points you have raised.

I confirm my agreement to your points (i). I accept that the extra cost of the improved terms and higher level of redundancies in 1983-84 should be offset by an improvement in BGC's EFL. In view of the inevitable uncertainty in the estimated cost, I am prepared to revise the figure to £17m to match what is available from the improvement in BGC's EFL to -£31m. If in the event the cost should prove to be £18m, I will find some offset to the extra £1m. I note what you say about treating the extra cost in later years as an additional bid. However, you will appreciate that there is no firm baseline for finance for the coal industry in the later years.

Patrick Jenkin has now confirmed your point (ii). I will stress to Norman Siddall the importance of holding down recruitment, as you ask in your point (iii). At the same time, I will say that arrangements to monitor recruitment, and also to ensure that the full costs of redundancy are taken into account at Area Level, are set up. On the wider questions of incorporating the RMPS into the NCB's EFL, I agree that our officials should look at the issues further.

I had intended to lay before the House as soon as possible the Statutory Instrument which gives effect to the improvements. However, the period in which men are considering whether to strike is evidently not the time to do this. Once we know the outcome of the national ballot, on Thursday, I shall review the position.

I am copying this letter to the recipients of earlier correspondence.

Yours sincerely
Nigel Lawson

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