

Ref. A085/494

PRIME MINISTER

Cabinet: Industrial Affairs: Coal

You will wish to invite reports from:

i. the Secretary of State for Energy on:

the number of pits and miners working;

coal production and movements;

his meeting with NACODS;

TUC contacts with the NCB and NUM;

any developments following the South Wales NUM Area delegate meetings.

ii. the Secretary of State for Employment on his assessment of the prospects for a resumption of worthwhile talks between the NCB and NUM;

iii. the Home Secretary on current levels of picketing, particularly following the recent court injunctions restricting the numbers of pickets at five pits in South Wales and eleven pits in Yorkshire;

With NUM Executive

4 extra pits -> normal work

*930,000 tons
800,000 tons*

230,000 tons

*North
West
Yorkshire
SW. Area
Area*

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iv. the Attorney General on the progress of the case relating to the NUM's deposit of £27 million in Dublin, where judgment has now been reserved. ?

2. A meeting of MISC 101 has been arranged for 11.00 am on Monday 18 February.

RA

ROBERT ARMSTRONG

13 February 1985

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38A CC Fungy
(12/2/85)

POSSIBLE AMENDMENTS TO NCB DOCUMENT DATED 13.2.85

Paragraph 2 - delete last sentence.

Paragraph 5 - delete last sentence. Substitute: "These talks will be completed within one month. In the event of failure to reach agreement, the existing procedures will apply."

Existing paragraphs 6 - 8

Put existing paragraph 7 before existing paragraph 6 and amend existing paragraph 6 and 8 as follows*-

Existing paragraph 6 delete the words "will be closed" in the last sentence and substitute "will if requested by either party be reviewed under the Modified Colliery Review Procedure".

In Paragraph 8 add to the end of the first sentence the words "as to whether or not to close the colliery".

The final paragraph of the document is re-arranged and amended as set out in the sheet attached.

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CONSOLIDATED TEXT OF PARAGRAPHS 5-8, RE-ORDERED AND AMENDED

5. The existing Colliery Review Procedure has the objective of periodically reviewing at colliery and Area level the performance and future investment opportunities of pits with representatives of unions. The parties accept the need to modify the procedure. After a return to normal working, there will be urgent talks about the early establishment of modified procedure and about the constitution, membership and role of the independent reference body which is to be incorporated into the procedure. These talks will be completed within one month. In the event of failure to reach agreement, the existing procedures will apply.

6. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the national appeal stage to consider reference from any of the parties to the Procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the view of the proposed independent review body.

7. Proposals about the future of pits will then be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement. In the case of a colliery where there are no further reserves which can be developed to provide the Board, in line with their responsibilities, with a satisfactory basis for continuing operations such a colliery will if requested by either party be reviewed under the Modified Colliery Review Procedure.

8. At the end of this procedure the Board will make its final decision as to whether or not to close the colliery. The parties accept this is not intended to constitute a non-strike agreement.

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with some tax and public expenditure changes, economic growth averaging 3 per cent a year, with low inflation, was possible up to 1990.

The document said that to reverse Britain's declining share of world markets needed reduced government-imposed costs, realistic pay settlements and higher productivity plus improvements in non-price competitiveness through better marketing, quality, design, training, and management. "We require more enterprise and freer markets, including the labour market."

Will to Win laid down policies which the CBI said were essential to return the economy to prosperity by the middle of the decade. On unchanged policies unemployment, it said, could reach 3.5 million by the middle of 1985.

A total of 70 recommendations were made, including increased government spending on capital projects and unemployment, introduction of non-military youth national service, cuts in government revenue spending and new industrial policy.

● Private sector pay settlements are running at just over 6 per cent, according to latest confederation figures (Our Labour Correspondent writes). Its pay data bank shows average settlements of 6.2 per cent in each of the past three months, little change from last summer.

Birkenhead dies

Lord Birkenhead died suddenly at his Oxfordshire country home on Saturday. He was 88. He had a number of books published under the name of Robin Furneaux.

the matter. Later in the meeting, Mr Ponting says, he was allowed to talk to the department's head of personnel, Mr Richard Hastie Smith who said: "We're all sure that this is nothing to do with the Official Secrets Act. There are only two courses open.

Subsequently, according to Mr Ponting, Mr Hughes told him: "I've just been to see Sir Ewen Broadbent and he has just repeated again what I told you earlier. If you sign, that will be the end of the matter." Finally, after Mr Ponting said he

he told the Civil Servant "in blunt and straightforward terms, it might be a prosecution or they might deal with it by disciplinary". Mr Broome equally denied telling Mr Ponting that the matter could be dealt with by resignation or discipline.

questions to ask ministers.

If the police find discrepancies in Mr Ponting's evidence, papers may be referred to the Director of Public Prosecutions for a decision on new charges.

control over the NCB's erratic manoeuvres. She felt that she was not being kept fully informed. She was not seeing Mr MacGregor herself, and Mr Walker was not able to make up for that because he was not always kept totally in the picture either.

The difficulties between Mr Walker and the Prime Minister appear to have been resolved now that he has exerted his authority over the board. That is designed to prevent the kind of confusion that was earlier so evident over the board's conditions for reopening negotiations.

The coal peace plan the union rejected

The following is the text of Coal Board proposal conveyed to the NUM by Mr Norman Willis and rejected by the union.

1. It is of crucial importance for the parties concerned in the current dispute to concentrate attention on the future success of the industry and in so doing to commit themselves to reconciliation and restoration of relationships.

2. The NUM recognize that it is the duty of the NCB to manage the industry efficiently and to secure sound developments in accordance with their responsibilities and the NCB recognize that the NUM represents and advances the interests of its members and their employment opportunities. In this regard the NCB is firmly of the view that the interests of the membership of the NUM are best served by the development of an economically sound industry.

3. The parties undertake that immediately upon a return to normal working, discussions will commence upon the revision of the Plan for Coal, such revision to be completed within six months. In order that this programme, which is of vital importance to the industry, the mining communities and the country, is carried through with the utmost effectiveness the parties specifically and mutually commit themselves to giving maximum priority to this period of conciliation and reconstruction and providing the necessary resources. The TUC undertake to provide assistance if called on by either the NUM or the NCB. The issues that could be included in discussions are attached as an annex. Nothing in this paragraph will prevent any

party from referring collieries to the Review Procedure.

4. The parties accept that it is of value to outline, at this stage, the procedures that flow from a commitment to modify the Colliery Review Procedure.

5. The existing Colliery Review Procedure has the objective of periodically reviewing at colliery and Area level the performance and future investment opportunities of pits with representatives of unions. The parties accept the need to modify the procedure. After a return to normal working, there will be urgent talks about the early establishment of modified procedure and about the constitution, membership and role of the independent reference body which is to be incorporated into the procedure. Until such time existing procedures will apply.

6. Proposals about the future of pits will be dealt with through the modified Colliery Review Procedure. In accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement and in the case of a colliery where there are no further reserves which can be developed to provide the board, in line with their responsibilities, with a satisfactory basis for continuing operations such a colliery will be closed.

7. Under the modified Colliery Review Procedure the independent body will constitute a further consultative stage after the national appeal stage to consider reference from any of the parties to the Procedure where agreement is not reached in the usual steps at colliery and Area level. All parties are committed to give full weight to the

view of the proposed independent review body.

8. At the end of this procedure the Board will make its final decision. The parties accept this is not intended to constitute a non-strike agreement.

Annex

1. Parties to the dispute have already been prepared to agree that, with a view to establishing a developing and expanding coal industry equipped to meet future energy requirements, they will jointly discuss Plan for Coal and any proposed revision.

2. The parties undertake to commence talks urgently after a return to normal work on Plan for Coal and any proposed revision. The parties will agree before the return to work on a target date of six months by which time this plan will be completed. The parties will be ready to hear the views of other interested parties on Plan for Coal.

3. Discussions about Plan for Coal will include the following but is not thereto limited.

Market and output prospects, national energy needs and increased sales of coal.

(1) To existing markets.

(2) New markets. (a) industrial markets; (b) conversions from other fuels; (c) Support for industrial conversion plans; (d) domestic uses and equipment development.

(3) New uses for coal: (a) liquefaction; (b) gasification.

(4) Marketing programmes: (a) Plans for marketing; (b) Programmes to support marketing by NUM.

(5) Reserve Position: (a) Exploration programmes; (b) Development and expansion of existing pits where market and production opportunities are identified.

(6) Productivity: (a) Improvement in performance at pits; (b) Investment in equipment for improved safety and performance.

(7) Closure and Community Responsibility: (a) Mobilization of local authorities and industry as well as MSC NCB Enterprise Company to develop retraining and new job creation; (b) UK and EEC restructuring resources and how obtained; (c) Programmes for voluntary redundancy and early retirement and the terms available; (d) Transfer and relocation allowances; (e) Retraining programmes.

The NUM demanded two amendments to the document. It sought to delete the last sentence of paragraph two: "In this regard the NCB is firmly of the view that the interests of the membership of the NUM are best served by the development of an economically sound industry".

The NUM wanted to delete the last sentence of paragraph five.

In paragraph six the union wanted to delete the last part of the paragraph, and insert words of its own. The NUM formula would have read: "Proposals about the future of pits will then be dealt with through a modified colliery review procedure in accordance with past practices, those pits which are exhausted or facing severe geological difficulties will be closed by joint agreement. Any other colliery will be considered within the modified colliery review procedure".

Government and board unclear

That particular problem developed after last month's meeting between Mr Ned Smith, for the NCB, and Mr Peter Heathfield of the NUM. When ministers heard of the proposals that were to be put to the NUM executives they were upset.

It was to placate ministerial anger that Mr MacGregor suddenly introduced the new demand that the NUM should accept in writing the principle that pits could be closed for economic reasons. Mrs Thatcher might not have insisted upon such a condition herself, but she concluded that it was better to support the board publicly.

It was not a necessary condition. The NCB's position would have been equally strong in substance if it had simply insisted that a satisfactory procedure for the closure of uneconomic pits would have to be part of any agreement, and that it would therefore have to be top of the agenda in any negotiations.

But it would still have been all right if the Government

Fight to save Manchester Ship Canal

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3. The parties undertake that immediately upon a return to normal working, discussions will commence upon the revision of the Plan for Coal, such revision to be completed within 6 months. In order that this programme, which is of vital importance to the industry, the mining communities and the country, is carried through with the utmost effectiveness the parties specifically and mutually commit themselves to giving maximum priority to this period of conciliation and reconstruction and providing the necessary resources. The TUC undertake to provide assistance if called on by either the NUM or the NCB. The issues that could be included in discussions are attached as an annex. Nothing in this paragraph will prevent any party from referring collieries to the Review Procedure.
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8. At the end of this procedure the Board will make its final decision. The parties accept this is not intended to constitute a no strike agreement.

13.2.85.

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