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WTOW W. Walker Director

SECRETARY OF STATE FOR ENERGY
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File

BY HAND

Ian MacGregor Esq
Chairman
National Coal Board
Hobart House
Grosvenor Place
LONDON SW1

20 February 1985

I enclose the draft letter and revised statement as we agreed together this morning. I have communicated these drafts to the Prime Minister who agrees that this is the correct response to the TUC following the meeting that took place at Downing Street yesterday, and further confirms that it is correct that the Government and the Coal Board make it clear that this clarification of your original document constitutes the final wording that will be offered.

I presume you will have this delivered to Norman Willis between 2.00 and 2.30 pm in order that he can present it to the national executive of the NUM whose meeting is due to start at 2.30 pm.

PETER WALKER

DRAFT LETTER

The Secretary of State for Energy reported to me the points that you made in the talks at No 10 Downing Street with the Prime Minister.

The Secretary of State confirmed that it was the view of the TUC that the document that we had prepared subsequent to discussions with you was a document that, if agreed to, would for all of the matters dealt with in this document be the final agreement, and was in no way a document which would be an agenda or form the basis of any further negotiations.

We heard also that the TUC confirmed that the Executive of the NUM had accepted the Board's duty to manage the industry efficiently; had confirmed its acceptance of a modified colliery review procedure; and had accepted that the Board would take the final decision on closures after completion of all the review procedures.

The Secretary of State reported to us that you felt that our requirement in paragraph 5 that existing procedures should apply until a modified procedure was agreed was in some way a rejection of the agreement we had reached with NACODS. We in no way intend to reject the NACODS agreement, and indeed we confirm that it is our objective to put swiftly into operation the NACODS procedure. However, as I gather the Prime Minister and the Secretary of State explained, the Board could not accept a situation where if, for example, the NUM refused to agree to the detail of the independent body, no review procedures would exist. This might, in effect, result in the NUM frustrating any reasonable plans for closure. In order to clarify our objective, we have revised the wording of this provision so that it expresses our aim of seeing that the modified procedures are in place by the time they are needed and that existing procedures would continue to apply in the event of failure to reach agreement.

He also reported that you were concerned that Clause 6 of our proposals might be taken to imply that we had in mind closing collieries without the unions having had the opportunity to refer a case to the independent review body to be set up under the modified procedures. We have therefore re-ordered this part of the document in order to make clear that this has never been our intention.

We hope therefore that this clarification of our original document will meet fully the doubts which you expressed at the meeting with the Prime Minister. Having given careful consideration to your views, I wish to make it clear that this must now constitute our final wording. We hope that the NUM executive will accept this as a means of ending the present damaging dispute and allowing all sides of the industry to concentrate their attention on the future success of the industry.

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 recognise 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 recognise 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 all of its employees 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 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.
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 that has been operated by both parties for many years has the objective of periodically reviewing at colliery and Area level 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 a modified procedure and about the constitution, membership and role of the independent review body which is to be incorporated into the Procedure. Until then, existing procedures will continue to apply to closure proposals which are not disputed. In the case of a disputed closure proposal, as under the procedures that will be operating in connection with any such proposed closure, it will take more than three months before the point was reached where there was a need for either party to make a reference to the independent review body, all parties will endeavour to reach an agreement upon the details of its establishment before the first of June 1985. In the event of a failure to reach agreement on the independent review body by that date the existing procedures will continue to apply until agreement is reached.

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 before the Board takes its decision as to whether or not to close the colliery.

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.

NATIONAL COAL BOARD
HOBART HOUSE
GROSVENOR PLACE
LONDON SW1X 7AE

01-235 2020

CHAIRMAN
Ian MacGregor

20th February, 1985.

Mr. Norman Willis,
General Secretary,
Trades Union Congress,
Congress House,
Great Russell Street,
London, W.C.1.

The Secretary of State for Energy reported to me the points that you made in the talks at No. 10 Downing Street with the Prime Minister.

The Secretary of State confirmed that it was the view of the TUC that the document that we had prepared subsequent to discussions with you was a document that, if agreed to, would for all of the matters dealt with in this document be the final agreement, and was in no way a document which would be an agenda or form the basis of any further negotiations.

We note also that the TUC confirm that the Executive of the NUM had accepted the Board's duty to manage the industry efficiently; had confirmed its acceptance of a modified Colliery Review Procedure; and had accepted that the Board would take the final decision on closures after completion of all the review procedures.

The Secretary of State reported to us that you felt that our requirement in paragraph 5 that existing procedures should apply until a modified procedure was agreed was in some way a rejection of the agreement we had reached with NACODS. We in no way intend to reject the NACODS agreement, and indeed we confirm that it is our objective to put swiftly into operation the NACODS procedure. However, as I gather the Prime Minister and the Secretary of State explained the Board could not accept a situation where if, for example, the NUM refused to agree to the detail of the independent body, no review procedures would exist. This might in effect, result in the NUM frustrating any reasonable plans for closures. In order to clarify our objective, we have revised the wording of this provision so that it expresses our aim of seeing that the modified procedures are in place by the time they are needed and that existing procedures would continue to apply in the event of failure to reach agreement.

He also reported that you were concerned that Clause 6 of our proposals might be taken to imply that we had in mind closing collieries without the Unions having had the opportunity to refer a case to the independent review body to be set up under the modified procedures. We have therefore re-ordered this part of the document in order to make clear that this has never been our intention.

We hope therefore that this clarification of our original document will meet fully the doubts which you expressed at the meeting with the Prime Minister. Having given careful consideration to your views, I wish to make it clear that this must now constitute our final wording. We hope that the NUM Executive will accept this as a means of ending the present damaging dispute and allowing all sides of the industry to concentrate their attention on the future success of the industry.

Sincerely,

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 recognise 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 recognise 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 all of its employees 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 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.
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 that has been operated by both parties for many years has the objective of periodically reviewing at colliery and Area level 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 a modified procedure and about the constitution, membership and role of the independent review body which is to be incorporated into the Procedure. Until then, existing procedures will continue to apply to closure proposals which are not disputed. In the case of a disputed closure proposal, as under the procedures that will be operating in connection with any such proposed closure, it will take more than three months before the point was reached where there was a need for either party to make a reference to the independent review body, all parties will endeavour to reach an agreement upon the details of its establishment before the first of June 1985. In the event of a failure to reach agreement on the independent review body by that date the existing procedures will continue to apply until agreement is reached.
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 before the Board takes its decision as to whether or not to close the colliery.
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.

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. Discussion 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) Mobilisation 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.