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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Peter Walker MBE MP
Secretary of State for Energy
Thames House South
Millbank
LONDON SW1

8 March 1985

Dear Secretary of State

MINERS REDUNDANCY PAY AND PENSIONS

I understand that your Department has sought the Treasury's agreement to amending the terms of the Redundant Mineworkers Payments Scheme so as to restore most of the benefits that would be lost by strikers made redundant in 1985-86. It goes against the grain to some extent to make good lost benefit incurred deliberately. I do not necessarily see the present policy of avoiding compulsory redundancy through generous payments as being the only approach in the long term. These arrangements were devised with an eye to avoiding a major strike. Now that the risks of another confrontation are reduced, we might be able to achieve pit closures at a lower cost to the Exchequer.

Nonetheless, I see the practical arguments in favour of restoring the higher level of benefit so as to get pit closures underway rapidly in 1985-86. On the understanding that the present redundancy policy will be thoroughly reviewed in the course of post-strike planning (with Treasury officials involved), I am content for the RMPS Amendment Order to be presented next week as you propose.

On a parallel issue, I was disturbed to hear that there is a possibility of miners being eligible for pension in respect of periods on strike (even though neither they nor the Board have paid contributions). The legal position has still to be finally clarified. In my view, it would be indefensible if this led to the taxpayer having to make good any resulting deficiency in the mineworkers pension scheme. I hope officials can explore all avenues for avoiding such a situation arising, recognising that we will be taking legislation on the NCB's finances after Easter.

It occurs to me that the restoration of benefits under the RMPS scheme could readily be presented as magnanimity on the Government's part. In presenting the Order to Parliament, your colleagues might take the opportunity to make clear (if legal advice has gone against the Board) that the Government will take steps to avoid any burden falling on the taxpayer from defects in the pension scheme.

I am copying this letter to the Prime Minister

Yours sincerely
Peter Rees
for PETER REES

Approved by the Chief Secretary
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