

SECRET

copy no: 2 of 5

CCNO.

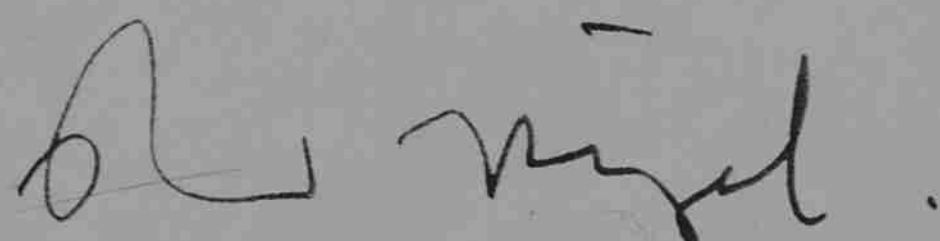
NAPM
AT 2/14

21

01 211 6402

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AG

23 April 1985



COAL INDUSTRY BILL

Thank you for your further letter of 16 April.

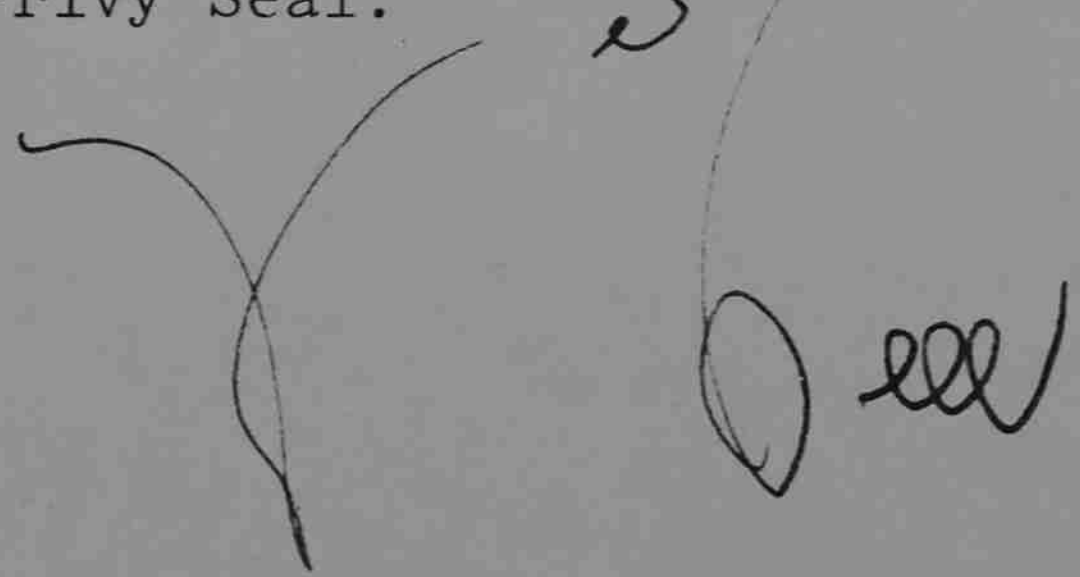
I have discussed the position with Ian MacGregor who has brought me up to date with his budgetary planning. I have made clear to him our desire to set an EFL as soon as an adequate foundation for this exists.

Once figures for this year have been set, Mr MacGregor will turn his attention to the medium term projections required for the IFR process. This should give us some outline corporate planning material by July, as you request, though the development of a full corporate plan will occupy the Board's planners through the summer and autumn.

Ian MacGregor understands that we will need to give a public indication of our financial expectations in introducing the bill. It would not, however, be helpful to him to have these spelt out so explicitly as to complicate his task of implementation.

As to the future of RMPS, I shall be discussing further with Ian MacGregor how to make best use of an announcement of a time-limit on the scheme's present terms, as the Prime Minister has proposed. As you know, the present terms are laid down in the Redundant Mineworkers and Concessionary Coal (Payments Schemes) Order, 1984, which in any case expires on 30 March 1986. I shall, as a minimum, take care in introducing the bill to give no assurance that these terms will continue beyond that date, even though the bill provides the legislative power to enable the Scheme to be extended to March 1987.

I am sending a copy of this letter to the Prime Minister, the Lord President and the Lord Privy Seal.



PETER WALKER

SECRET

NAT IND: coal: p. 17.

SECRET



18

CCAO

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

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

16 April 1985

*file with AT
17.4*

Stan Peter

COAL INDUSTRY BILL

attached

Thank you for your letter of 15 April.

As you point out, it is clearly important to establish Ian MacGregor's views on what we say when announcing the new limits on deficit grant and on the RMPS and I think it would be worth seeking them before we take a final decision.

You might also like to use the opportunity to urge Ian to provide figures for the EFL and corporate plan on the timetables I suggested. He should not be surprised by our concern on such matters. As regards uncertainties over the rate of power station restocking, I suggest he bases his figures on the objective we have already agreed. Clearly there are uncertainties about the level of restocking that will be achieved from NCB sources. But if in the event the outcome were significantly different from the figure assumed, it would have an equal and opposite effect on the EFLs of the NCB and ESI and I would be prepared to agree to offsetting adjustments.

I am copying this letter to the Prime Minister, the Lord President and the Lord Privy Seal.

NIGEL LAWSON

*Yours
Nigel*

WAT 100
Coat 1017

46 AUG 1985

11 12 1 2 3
10 9 8 7 6 5 4