

ANDREW TURNBULL

COAL ISSUES

When the Prime Minister saw the Secretary of State for Energy this afternoon she mentioned a number of points drawn from your minute of 23 April and agreed some action which I should be grateful if you would follow up:-

(1) Replenishment of power station stocks

The Prime Minister said that she was doubtful whether 23m tonnes were enough. She also referred to the need to increase the capacity of the interconnector as quickly as possible and to remove the obstacles to the approval of open cast. The Secretary of State recalled that the previous agreement had been for 23m tonnes and pointed out that the increase in the capacity of the interconnector would cost money. He said that it would be useful if the Prime Minister, the Secretary of State for the Environment and himself had a word about the acceleration of open cast approvals.

(2) Future of the Coal Board

The Secretary of State said that Mr. MacGregor had assured him - and Mr. Walker had confirmed the understanding in writing - that Mr. Cowan would have left his post as Deputy Chairman by the end of June and would have become Chairman of Coal Products. Mr. Walker said that Mr. MacGregor was still being difficult about Michael Eaton. Mr. Walker added that he regarded the candidates for Mr. MacGregor's successor within the Coal Board as being Mr. Moses, Mr. Edwardes and Mr. Eaton: while he had also had a high regard for Mr. Wheeler,

Mr. Wheeler had become a very unpopular figure as a result of the way in which he was reputed to have run the industry in Scotland.

(3) NCB closure/redundancy programme

Mr. Walker said that Mr. MacGregor had been very hazy about the reduction which would occur in the NCB's manpower. He had at first told Mr. Walker that it would be 19,500 by the end of the year. He had subsequently reduced the number to 14,500, and on further pressure to 9,500. Mr. Walker suggested, and the Prime Minister agreed, that they might jointly meet Mr. MacGregor, and Mr. Walker said that he would first brief the Prime Minister on the points to be put to him.

(4) Meeting with the NCB Executive

Mr. Walker said that he was planning to give a dinner in the Department for the NCB Executive and suggested that the Prime Minister come round for a drink beforehand at which she could meet and form an impression of the people concerned. The Prime Minister agreed to do so.

(5) NUM change of rules

Mr. Walker said that the Daily Mirror would be running an expose of Mr. Scargill's plans for rule changes tomorrow.

There are three specific bits of bollow-up action arising from this:-

- (1) We should arrange a meeting for the Prime Minister and Mr. Walker with Mr. MacGregor, and for Mr. Walker to brief the Prime Minister beforehand on the points to be raised.

(2) Please will you liaise with the Department of Energy Private Office about the date of the Secretary of State's dinner for the NCB Executive and the arrangements for the Prime Minister to look in for a drink beforehand.

(3) Please could you consider whether we need a short meeting between the Prime Minister, Mr. Walker and Mr. Jenkin about approvals for open cast mining.

F.E.R.B.

24 April 1985

(2)

PRIME MINISTER

COAL ISSUES

There are several issues outstanding after the strike.

i) Replenishment of Power Station Stocks

CEGB have now worked out a programme of deliveries which is set out in the attached charts. Progress will need to be monitored regularly. You will notice that deliveries are currently about 1.75mt a week, building up to just under 2.0mt a week. This should produce the 23mt in October which was agreed at an earlier meeting.

*we need
28 mt ton*

ii) Acceleration of Open Cast Development

There are two issues here. First, how can we secure adequate planning consents? Sir Robert Armstrong will be minuting on the division of functions between the Department of Energy and the Department of the Environment. Mr. Walker does not think the power should be returned to his Department but suggests a meeting with Patrick Jenkin to ensure that his Department is fully aware of the need for a steady flow of planning consents. The second is whether NCB itself is giving adequate priority to the expansion of open cast. Are they still not issuing contracts for developments which already have planning consents?

iii) Lessons of the Strike

Peter Gregson's report should be ready by about 20 May. This can be discussed by the core of MISC 101. The report is unlikely to produce answers itself but will identify further areas where action is needed in the rest of Whitehall.

iv) Further Extension of Endurance

The CEGB are currently studying a number of options eg still higher coal stocks, improved access to alternative coal supplies, expansion of inter-connectors, dual firing (oil or gas) and the expansion of mixed firing which proved so successful during the strike. You suggested that this might be discussed at a meeting during the Whitsun Recess. I understand, however, that the CEGB will not have completed the substantial technical work involved until the first or second week in June. I think Walter Marshall may be away for several weeks between now and then.

v) NCB Closure/Redundancies Programme

How does the Board intend to go about securing closures and redundancies over the next two years? Have any collieries been put into the early stages of the review procedure? What progress is being made towards establishing the modified procedure? Has the management structure of the Board been satisfactorily resolved? Who will have responsibility for presentation of the NCB's case when Michael Eaton becomes the Director of Personnel?

vi) Longer Term Plans for Restructuring the Industry

The Coal Bill which is about to be introduced provides finance for the next couple of years for the industry in its present form. What work is being done on the options for restructuring eg hiving off open cast, regionalisation, privatisation, joint ventures for new developments?

Agree Mr. Walker be asked to provide a timetable for considering each of these issues?

Yes not AF



10 DOWNING STREET

Prime Minister (2)

In the latest reported week
coal stocks continued to rise
slowly and oil consumption was
sharply cut back. But as the
week included Good Friday
the figures may not be
representative. →

AT

22/4

mf