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10 DOWNING STREET

From the Private Secretary

13 May 1985

MEETING WITH MR MACGREGOR

The Prime Minister met Mr MacGregor today for about half an hour. He emphasised that, despite suffering a reverse in the recent strike, the NUM were regrouping for further challenges. The Prime Minister shared this perception. It was essential therefore to be prepared for further industrial disputes. The subsequent discussion covered the following issues.

(i) Closures and Redundancies

The Prime Minister urged Mr MacGregor to prepare a clear strategy for closures and redundancies. She feared that redundancies might be achieved without being translated into closures.

(ii) NACODS and the Review Procedure

Mr MacGregor described NACODS as the "chosen instrument" of the NUM for putting pressure on the Board. In the longer term, the solution was to change the legislation which enshrined the position of NACODS but this would take two years. The legislation was unsatisfactory as it defined how the NCB should carry out certain tasks rather than setting objectives and standards and leaving it for the Board to decide how to achieve them. The Prime Minister said it was essential for the Board to be seen to be implementing the agreement with NACODS on the review procedure. It would be fatal if the Government and the Board were perceived by the public to be backtracking. Mr MacGregor said he was pressing the idea of a single inspector but the unions still preferred a three-man review body - one of ours, one of theirs, and one acceptable to both.

He expected the result of the NACODS ballot to be a vote in favour of industrial action of 50-60 per cent, ie. over a majority but less than the two-thirds required in the rule book. There was likely to be strong support in the militant areas, matched by equally strong opposition in the working areas. He wondered, however, whether the Government legislation overrode the rule book. (I have since spoken to the Department of Employment who believe the position to be that an overtime ban would be industrial action in breach of

contract and hence within the scope of the legislation. This is, in effect, admitted by NACODS, who have referred to this on the ballot paper. A vote over 50 per cent would preserve the union's immunities but would not override the rule book. The latter does not refer specifically to overtime bans, merely to national strikes and stoppages. On the assumption that an overtime ban is a "stoppage", action to call such a ban with less than a two-thirds vote would be subject to challenge by NACODS members).

(iii) Management and Board Changes

The Prime Minister asked Mr MacGregor about his plans to strengthen the management and Board. Mr MacGregor said he had agreed with Mr Harrison that he should retire soon as Finance Director and as Chairman of Coal Products. This would allow Mr Cowan to retire as Deputy Chairman and take over as Chairman of Coal Products, a process which should be complete by July. He did not propose to appoint a replacement immediately but might appoint two or three Deputy Chairmen later in the year.

Mr Spanton would be retiring around September, though he would stay on as Chairman of NCB Enterprises. Mr Butler would take over as Finance Director and Mr Eaton would succeed Mr Spanton as Director of Personnel. The Prime Minister wondered whether Mr Stanton was the right person for NCB (E). Mr MacGregor said he would be supported by able young executives and would be assisted by two of the non-executives members of the Main Board.

Mr MacGregor explained the background to the establishment of the Executive Committee. Mr Northard was becoming Director of Operations and all the Area Directors would report to him. Mr Moses would be Technical Director. These two would form the centrepiece of the Board's operations. The Executive Committee met weekly, usually in the Midlands, though occasionally in London. It was agreed that the Prime Minister should meet the members of the Committee. I will be in touch to arrange how this might be done.

The Prime Minister asked Mr MacGregor for his thoughts on his own successor. Mr MacGregor suggested that Mr Roger Bexon, currently the Deputy Chairman of BP might be a suitable candidate. The Prime Minister asked whether there were any internal candidates as she felt that the issue of closures might be less contentious if presented by someone with a coal background. She suggested Mr Moses. Mr MacGregor's response was that Mr Moses would need considerable grooming for such a role.

(iv) Publicity

The Prime Minister felt that the Board had given NACODS too free a run and had only belatedly sought to present its side of the case. She urged that Mr Eaton should continue to present the Board's case, as he had done so successfully during the course of the strike.

(v) Coal Movements

Mr MacGregor said that movements, at 2 mt a week, were meeting the schedule agreed with CEGB. Substantial movements were now being achieved from stocks held at open cast sites. Nevertheless, he felt that CEGB should be urged to rebuild stocks at Rotterdam as a precaution against another dispute. The Prime Minister said she would ask the Department of Energy to consider this idea.

(vi) Open Cast

The Prime Minister asked whether open cast output could be expanded, eg. by increasing operations where planning consent had already been agreed. Mr MacGregor said he had discovered that there was an unwritten agreement (it was not clear who the parties were) to limit open case production to 13 mt a year. He recognised, however, the case for going beyond this. The Board proposed to develop open cast operations in Ayrshire in parallel with the run down of Barony and Killoch. Transferring men from the declining pits to the new operations faced the difficulty that a change of union would be necessary.

(vii) Working Miners

There was a discussion about NCB's policy towards those working miners who had played a prominent role in the back to work movement. Robin Butler will be writing separately about this.

ANDREW TURNBULL

Michael Reidy, Esq.,
Department of Energy