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NOTE FOR THE RECORD

COAL INDUSTRY

Following the meeting of Cabinet on 16 May, there was a brief discussion of problems in the coal industry. Present were: the Prime Minister, Chancellor of the Exchequer, Secretary of State for Energy and Mr. Gregson.

The Prime Minister said she had pressed Mr. MacGregor to make progress in negotiating a modified Colliery Review Procedure with NACODS; to produce a clear strategy for redundancies and closures; and to complete the changes in management and Board appointments. Ministers should be looking ahead to the kind of person who would succeed Mr. MacGregor, as the forthcoming vacancy at Deputy Chairman level would provide an opportunity to bring forward a suitable candidate. In principle, she saw merit in an internal appointment as the next Chairman. Someone with a coal industry background might find it easier to carry through a programme of closures. The leading candidates of this kind were Mr. Moses, Mr. Northard and Mr. Eaton.

In discussion, it was noted that none of these internal candidates had significant experience at the national level, and appointment of any of them would involve an element of risk. The meeting then considered possible external candidates. One was Mr. Roger Bexon, currently Deputy Chairman of BP. He was described as lively and articulate, but his background was in gas rather than coal. Mr. Ken Durham had a number of excellent qualities, but it was thought unlikely he could be tempted from Unilever. Another possibility was Mr. Bob Haslam. He had proved an effective manager at BSC and had the advantage of having started his career as an engineer in the coal industry.

/ The Secretary

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The Secretary of State for Energy hoped the current round of management changes and Board appointments could be settled by end-June. He agreed to reflect further on the points made in the discussion.

AS

Andrew Turnbull

21 May 1985

cc: Mr. Michael Reidy, Department of Energy
Mr. Peter Gregson, Cabinet Office
Mrs. Rachel Lomax, H.M. Treasury

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