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SECRETARY OF STATE FOR ENERGY  
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R Butler Esq  
Principal Private Secretary  
to the Prime Minister  
10 Downing Street  
LONDON SW1

21 June 1985

*Dear Robin,*

NCB EXECUTIVE COMMITTEE LUNCH

As requested, I enclose suggested questions for the Prime Minister to raise with the Board's representatives, both specific to individuals and general topics.

My Secretary of State has asked me to let you know that he intends to brief the Prime Minister on the current situation in the industry when they meet at Chequers on Sunday.

I am copying this letter and enclosures to John Lavin in David Hunt's office.

*Yours ever,*

G S DART  
Private Secretary

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## DISCUSSION WITH NCB EXECUTIVE COMMITTEE

PART 1

Questions specific toMr Eaton (Director designate for Personnel and Area Director N Yorks)NUM Split

1. Do you want to see the NUM split? Will this follow from national adoption of the proposed NUM rulebook changes? Is it important that the moderates should be expelled, rather than withdraw?

NACODS

2. What steps should the Board and the Government take to contain the power of NACODS?
3. What are the prospects for a satisfactory conclusion to the negotiations on a new colliery review procedure?

Mr Edwards (Director General, Marketing)Coal Sales

4. At what level will sales of coal be taking place on an economic basis? Can he see any profitable export markets?
5. What is the scope for industrial conversion without Government grants?

Cheap coal-based electricity

6. You advocate cheap coal supply ("third tranche" coal) to the electricity industry to support lower electricity charges to large industrial users. Will this sustain volume of sales at the expense of higher financial losses by the Board? How is that justified, over the longer term, in preference to additional closures, if necessary?

Mr Moses (Technical Director, with responsibility for planning)Capacity Reduction

7. The Board's estimates show substantial manpower rundown this year and next. What volume of new production capacity (measured in relation to output in, say, 1982/83) needs to be eliminated in the same period in order to meet the Board's financial target? Is this going to be achieved?

Opencast

8. Is there any continuing justification for NCB ownership and licensing of opencast production? Why should not opencast coal production be licensed, like oil and gas, by an independent third party?



Mr Northard (Operations Director)

Output

9. The Board is aiming to stabilise deep-mined output at 90 mt pa. Would you hold to that target even if NCB stocks began to mount again as a result?

Mr Butler (Director General, Finance)

NCB "Culture"

10. Has there been a change of culture in the NCB since the Ezra era, from output/marketing at the prime measure of success to financial performance? Is this reflected in greater authority for the Finance Department in Board affairs?

Financial Target

11. What form of financial target should the Government set once financial breakeven has been achieved?



General Questions

1. Redundant Mineworkers' Payments Scheme

Will the Board be ready to assume financial responsibility for its own scheme for payments to mineworkers made redundant after the substantial rundown this year and next? If not, why not?

2. Privatisation

Assurances have been given that no plans exist for privatising either deep-mined or opencast coal. But coal is no natural monopoly. Who has ideas for future privatisation? How soon will a start be practicable?

3. Overseas Activities

What justification is there for continued NCB investment in coal production overseas (as opposed to supporting overseas ventures by British consultants and equipment manufacturers?)

4. Board Composition

If you were chairman of the NCB, what executive functions would you want to see represented by Members on the main Board?

5. Board Pay

If you had the responsibility in Government for determining Board pay, how would you resolve the political dilemma of authorising payments sufficient to match private sector analogues and create proper internal differentials?

DRAFT SEATING PLAN FOR LUNCH ON MONDAY, 24 JUNE WITH NCB EXECUTIVE AT 12.30 PM

(A)

Mr. A. Turnbull	Mr. M. Eaton Director/Personnel Designate	Mr. I. MacGregor Chairman	PRIME MINISTER	Mr. J. Cowan Dep. Chairman	Mr. M. Butler Finance Director Designate	Rt. Hon. Peter Walker
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Mr. David Hunt	Mr. F. Harrison Finance Director retiring shortly	Mr. M. Edwards Commercial Director	Mr. K. Moses Technical Director	Mr. J. Northard Operations Director	Mr. D. Brandrick Secretary	Mr. Robin Butler
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ENTRANCE

*Agnew*

## SPECIFIC

### 1. Eaton

- NUM split? Rulebook
- Power of NACODS
- Colliery Review Procedure

### 2. Edwards

- Economic market for coal? Profitable exports?
- Conversion without grants
- Third tranche coal

### 3. Moses

- Manpower reduction
- Desirable capacity
- Opencast

4. Northard

90 mt deep mined target

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5. Butler

- NCB financial culture
- Achievement of breakeven
- Financial target

## GENERAL

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1. Responsibility for RMPS
2. Privatisation
3. Overseas activities
4. Functions represented on Board
5. Board pay
6. Working miners