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*From the Private Secretary*

25 June 1985

**PRIME MINISTER'S LUNCH WITH NCB EXECUTIVE**

I enclose a record of the discussion at the lunch yesterday. I would be grateful if it could be given only limited circulation.

I would be grateful also for advice on the way in which the NUM is being financed by other unions.

(Andrew Turnbull)

Geoff Dart, Esq.,  
Department of Energy.

JB

NOTE FOR THE RECORD

RECORD OF DISCUSSION AT LUNCH GIVEN BY THE PRIME MINISTER FOR  
THE NCB EXECUTIVE ON 24 JUNE 1985

Present:

Prime Minister	Mr. MacGregor
Secretary of State for Energy	Mr. Cowan
Mr. Hunt	Mr. Moses
Mr. Butler	Mr. Northard
Mr. Turnbull	Mr. Edwards
	Mr. Harrison
	Mr. Brandrick
	Mr. Eaton
	Mr. Butler

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Capacity and Manpower

The NCB representatives said that good progress had been made since the strike had ended towards eliminating uneconomic capacity. 28 pits had been identified for closure, of which 17 had so far been announced and put into review procedure. The aim was to reduce capacity to 90 mt of deep-mined coal. At the start of the strike there had been 190,000 men on colliery books. The current figure, taking account of men for whom redundancy had been agreed, was 156,000. By the end of the year the figure should reach 149,000, going down to 130,000 by the end of 1986.

Movements

Mr. Edwards said the Board was on track to reach the target agreed with CEGB of stocks of 23 mt by October. In the current week movements would be 2.4 mt, the highest since 1979. Power station stocks could be increased to a maximum of

30 mt in 1986. The Prime Minister repeated her view that the 23 mt target was insufficient. Mr. Edwards argued that it was the maximum which could be achieved.

#### Opencast Coal

The Prime Minister said it was strange that the Board should deliberately limit its most profitable tranche of production. She also argued that it was wrong for the Board to have the power of licensing private sector opencast operations. Mr. Cowan accepted that in the past the Board had sought to cut back opencast production to around 12 mt. He was now anxious to build it back to 15 mt and would like to go further to 16 or 17 mt. In discussion, it was suggested that the figure of 15 mt was endorsed by the Flowers Report and that local authorities took this into account when considering planning applications. Mr. Walker said it was illogical for a local authority considering the environmental impact in its area to take account of production elsewhere in the country. The Prime Minister said the figure in the Flowers Report had no statutory force and she hoped the Board would quickly appeal if local authorities rejected its applications or had given no answers within two months. Mr. MacGregor said the expansion of opencast coal could be controversial and he gave the example of the proposed closure of two deep-mine pits in Ayrshire - Killoch and Barony - and the opening of opencast capacity in the same area. This would reduce NUM jobs while expanding TGWU jobs.

#### Colliery Review Procedure

The Prime Minister said she had been disturbed by reports that in the negotiations for a new Colliery Review Procedure the unions were still seeking to delete references to the closure of uneconomic pits. Mr. Cowan said there was no question of the Board conceding this point. There was also a dispute about the nature of the independent assessor. The Prime Minister said the Board's obligation was to show that it had sought a revised Procedure which was fully in accordance

with the agreements it had struck during the course of the dispute, but if no agreement were reached the Board should continue to make closures under the existing Procedure.

Mr. MacGregor said the Board would be making an announcement the following day and he promised to send the Prime Minister a copy of the statement.

Industrial Relations

The Prime Minister took the view that the NUM leadership would seek another strike. While this was unlikely this year, it could well happen next year. Mr. Eaton (though clearly this was not shared by all his colleagues) thought the miners had learnt a lesson from the strike and would be less ready to follow the NUM leadership. The Prime Minister repeated her view that the Board should do everything it could to support the miners who had worked during the strike. She suggested that recruitment at Selby should come from the working miners. Mr. Eaton said that while some transfers could be arranged, it was not possible to devote Selby entirely to the working miners. This would be counter-productive and turn Selby into a target for disruption. Some of the jobs at Selby would have to be given to miners from West Yorkshire pits which were closing. Mr. Eaton said that the Board should never again allow the NUM to monopolise the channel of communication between the Board and the miners. The Prime Minister urged the Board to make full use of modern techniques of communication. Mr. MacGregor said it was not clear whether the new NUM rule book would be adopted. It might be defeated if both Notts and Wales voted against, but the Board was still considering whether to encourage the Notts area to vote or whether to abstain and go its own way. The NUM was thought to be very short of funds and to be dependent on help from the TGWU, though there was some doubt as to whether financial assistance could be paid direct to the Union, or whether any income to the NUM should legally go to the sequestrator.

NCB Enterprises

The Prime Minister and Mr. Walker both expressed disappointment at the progress made so far in developing NCB(E). If the Board were progressing rapidly with closures it should at the same time be giving priority to the creation of new jobs in mining areas. Mr. MacGregor argued that NCB(E) was making good progress and had provided some 300 jobs (Mr. Walker pointed out that 250 of these had come from one project). When told by Mr. MacGregor that Mr. Spanton wished to continue as Chairman of NCB(E) following his retirement from the Board, the Prime Minister said it would be better to bring in someone from outside with experience in setting up a business.-

Markets

Mr. Edwards said the target of 90 mt of deep-mine capacity was based on a view of what the Board could sell. He preferred to seek markets at home rather than pursue loss-making exports. He doubted whether industry would continue to convert to coal if the grants scheme were withdrawn. The Prime Minister said the coal industry had a good future provided it adopted a commercial approach and was prepared to change its working practices.

24 June 1985