



## SECRETARY OF STATE FOR ENERGY

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Prime Minister 2

DWS

8/9

5 September 1986

Mark Addison Esq  
10 Downing Street  
LONDON  
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Dear Mark,

## BRITISH COAL: PRESS CONFERENCE

I am writing to let you know that the new Chairman of British Coal, Sir Robert Haslam, will be holding a press conference on Monday 8 September, at which he intends to make a number of important announcements. As these are likely to provoke immediate union and media reaction, some of which could well be misleading, the Secretary of State has asked me to write to you and other colleagues with the facts and the background.

Sir Robert believes that there are two major issues underlying the considerable discontent in the coalfields: failure to pay the 1985 increase to all UDM members and to NUM members, especially those who worked for all or part of the strike; and dismissals. On both these Sir Robert believes that some action must now be taken in an effort to resolve current industrial relations problems.

British Coal made a pay offer, of £5.50 on basic rates plus an additional shift allowance, to the UDM towards the end of last year. This offer was accepted by the UDM in November and immediately paid with effect from 1 November to all mineworkers at pits where UDM members were the majority. The same pay offer was made to the NUM but was conditional on their acceptance that strikers would have to make contributions to the pension fund if their period on strike was to count towards their pensions. Although the NUM made clear they could accept the pay offer, they were not prepared to accept the pension condition. The offer was eventually withdrawn. The UDM leaders had meanwhile given their agreement to the principle that additional contributions should be made to the pension fund to cover strike periods.

Sir Robert now intends to impose on the NUM the wage increase as offered, to be paid with effect from 1 September 1986. For those NUM members who worked for all or any part of the strike, this increase would be back-dated, pro rata, to 1 November 1985. The





money not used for retrospective payments, where these have been withheld, will be set aside by British Coal pending resolution in the courts of a dispute over the meaning of the Pension Scheme rules in relation to strikes, so reaffirming British Coal's point of principle in relation to pension contributions. For those members of the UDM not yet receiving the wage increase, it will be awarded with full retrospection to 1 November 1985 in all cases, in recognition of the fact that UDM leaders had accepted the point of principle on the pension issue. This will be the grounds for defending this apparent discrimination in favour of the UDM.

On the issue of reinstatement, Sir Robert plans to announce a final internal review by British Coal at national level of certain outstanding cases. He will make it clear that there are certain categories of offence, including all those involving violence or wilful damage, which will not be reconsidered; also excluded will be cases where men have already accepted payment in lieu of reinstatement. Those mainly concerned, and the numbers are relatively small, will be men who chose not to go to Industrial Tribunals or who failed to do so within the prescribed timescale.

Both the Secretary of State and the Chairman are well aware of the risk that attempts may be made to portray these announcements as a sign of some softening on the part of British Coal top management. The Chairman will make clear that this is not the case. In particular he will stress that there will be no backdating of the pay award for NUM members on strike throughout the dispute and that British Coal maintains its position of principle on the Pension Scheme. He will also make clear that future wage offers will be based primarily on incentive schemes. Moreover the press conference will begin with a scene-setting which will stress the problems that still face the industry and the continued need to cut costs if it is to succeed in the market place. The Chairman may also give some indication of the need for further reductions in high-cost capacity: as the

Prime Minister and the Secretary of State for Scotland are aware, specific proposals will begin to emerge later next week.

I am copying this letter to Alex Allan (Treasury), Leigh Lewis (Employment), Robert Gordon (Scottish Office), Colin Williams (Welsh Office), Andrew Lamsley in Norman Tebbit's Office and Joan Naughton in the Lord President's Office.

*Yours,*

*Stephen*

S R SKLAROFF  
Private Secretary