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Prime Minister

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COAL STOCKS AT POWER STATIONS

I have seen Peter Walker's minute of 12 November.

Coal stocks at SSEB stations at 7 November were 1.84mt which exceeds the target level of 1.75mt for this time of year. Stocks will be run down to around 1.3mt by end March 1987. Given the substantial oil and nuclear generation capability within the Scottish system, the Scottish Boards regard the endurance of the Scottish system with no coal deliveries as virtually indefinite.

I am copying this to Peter Walker, Nigel Lawson and Sir Robert Armstrong.

MR

MALCOLM RIFKIND

NAT IND. Gal. P. 20





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10 DOWNING STREET

LONDON SW1A 2AA

28 November 1986

From the Private Secretary

COAL STOCKS AT POWER STATIONS

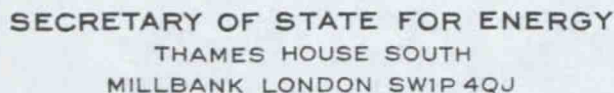
The Prime Minister was grateful for your Secretary of State's minute (undated) reporting the position on coal stocks at Scottish power stations.

I am copying this letter to Geoff Dart (Department of Energy), Alex Allan (HM Treasury) and Trevor Woolley (Cabinet Office).

David Norgrove

Robert Gordon Esq
Scottish Office.

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Robert Gordon Esq
Private Secretary to
The Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
London
SW1A 2AU

1 September 1986

Dear Robert,

British Coal have alerted us to some rationalisation of coal production in Scotland which is likely to become public knowledge during the week beginning 8 September. It is understood that the Scottish office has been given some indication of what is envisaged but this letter is to ensure that, in the absence of my Secretary of State, you nevertheless have all the details available to us.

The unions in the industry were told of the very serious situation British Coal faced in Scotland at the last Colliery General Review Meeting held on 24 June 1986. In particular, the newly appointed Area Director stressed the high costs of production and the extremely difficult marketing situation. Some tentative indications were then given of the rationalisation likely to be necessary.

At colliery level, there have been some discussions of possible intentions, colliery by colliery, at Consultative Committee Meetings. Final decisions having now been taken by Management, reconvened meetings will be held during the week beginning 8 September.

On Tuesday, 9 September, the Unions will be informed that Castlehill and Castlebridge Collieries, in the Longannet Complex, are to be made into one management unit and that any presence at Bogside is to be discontinued. British Coal judge that there should be no serious disagreement at this meeting.

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On the same day, a Reconvened Meeting will discuss the situation at Comrie. A serious roof fall took place on 24 August. With the agreement of the Unions, the work force has been redeployed to other collieries in Fife. The trade unions' own mining engineers have examined the difficulties. The Management's intention, on 9 September, is to announce the closure of Comrie. There will be no compulsory redundancies, here or at the other collieries mentioned below.

On 10 September, reconvened meetings will be held at Monktonhall and Bilston Glen Collieries. A plan will be placed before the Unions which will involve concentrating working at Bilston Glen only. The Area Director will undertake to recommend to British Coal that the shafts and other facilities at Monktonhall should be retained with the intention of driving an interconnection to Bilston Glen making the Monktonhall reserves available to Bilston Glen. Even so, the labour force will require to be reduced from 2230 to around 1400.

On 15 September, reconvened meetings will be held at Killoch and Barony Collieries. The Area Director will announce a plan to merge Killoch and Barony into one management unit, to discontinue mining operations at Killoch, and to produce coal with the residual labour force at Barony, with the coal being treated for the market at the Killoch preparation plant. A reduction in manpower from 1131 to 600 is involved.

Clearly these announcements will make a significant public impact. I am copying this letter to Mark Addison at No 10 in view of the Prime Minister's forthcoming visit to Scotland.

Yours Sincerely,

S R SKLAROFF
Private Secretary

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