



SECRETARY OF STATE FOR ENERGY

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The Prime Minister
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COPY NO **1** OF **11**

9 September 1987

*Dear David,**Prime Minister!
You plan to raise this
with Mr. Parkinson in the margin
of Cabinet tomorrow.**SEN
9/9.*

POWER STATION ENDURANCE

Thank you for your letter of 8 September. I attach a note giving the Department's assessment of the current state of negotiations between the coal mining unions and British Coal on the new Code of Conduct and on the outlook for power station endurance in the event of industrial action. As you will see, the Department's current view is that given the CEGB's assurances on current endurance levels and stock building capacity in November it does not seem necessary at present to take additional action.

*Yours,**Stephen*

S R SKLAROFF
Private Secretary



BC INDUSTRIAL RELATIONS AND POWER STATION ENDURANCE

NUM/UDM POSITION

1. Employers generally are under a statutory duty to ensure that their employees are made aware of disciplinary procedures. As long ago as 1981 British Coal produced a draft Code, basically similar to the present one. The NUM refused to discuss the draft. For some years it was left in abeyance, though it was operated, to varying degrees in different Areas, after May 1984, with little or no protest from the NUM.

2. The emergence of the UDM after July 1985 meant that BC had to resort to the matter of a disciplinary code suited to the existence of two unions representing mineworkers. BC produced the present Code, to which the UDM raised no objection. The Code was sent to the NUM on 6 March 1987. There were no new approaches to BC from the NUM for a discussion of the Code, or any aspect of it, even though it was being operated by management.

3. The present Code is thus largely derived from documents which have been available to the NUM for years, and to which they raised no objection until very recently, when Mr Scargill saw an opportunity for making mischief. The points to which he has objected could all have been discussed at any time between BC and the NUM, if the union had so requested.

4. The latest position is that following the invitation by BC to the Arbitration, Conciliation and Advisory Service (ACAS) to mediate, there have been meetings between ACAS, each of the two unions involved, and BC. BC's Director of Industrial Relations has written to the General Secretary of the NUM proposing to amend the Code in some respects:

- employee's representatives at disciplinary hearings;
- timetable for disciplinary action;



- the period for which formal warnings are retained on a man's record;
- the possibility of reinstatement (at a different pit) to a dismissed miner who wins his case at an Industrial Tribunal.

The letter also offered clarification on a number of points criticised by the NUM. These are changes of a nature which would no doubt have been made in discussion with the union under more normal circumstances.

5. The changes appear to have had some effect on opinion within the NUM Executive. However, the Executive is pressing for more, and particularly for the restoration of the system (which in practice had largely fallen into disuse) of binding arbitration by an independent pit umpire. BC are strongly opposed to this, as are the Union of Democratic Mineworkers (UDM). BC are to meet the UDM on Friday 11 September and the NUM on Monday 14 September. Sir Robert Haslam is keeping the Secretary of State fully informed of developments.

6. The NUM's position is that if BC fail to satisfy its demands it will take industrial action from 21 September. This would most likely take the form of an overtime ban (the union has no authority to call a strike). BC do not expect it to do much damage to production or to be long sustained. In Yorkshire, the main centre of discontent, the Area Executive has postponed the start of the overtime ban on which it previously decided from 14 to 21 September. The Area Executive has also taken the very unusual step of offering to maintain safety cover, which would much reduce the effects of the ban. Unofficial efforts to provoke industrial action on behalf of Mr Scott (the NUM Branch



official dismissed from Stillingfleet but offered re-employment at another colliery) have failed. In fact, during recent weeks less output has been lost through industrial action in Yorkshire than on the earlier part of the financial year, where there was an upsurge in the number of "ragouts". A further important factor is that the more determined the NUM become to take action on the Code, the more determined the UDM will become to minimise the impact of NUM action.

ENDURANCE

7. The latest report on endurance is attached.

8. The CEEB's estimate of up to a 1.5 million tonnes shortfall in reaching the autumn stocking target of 27 million tonnes has been discussed further with the Board. The slippage is due to higher consumption to cover lost output from the Advanced Gas Cooled Reactors and above average demand (particularly from industry).

9. Deliveries from BC are already running at some 1.7 million tonnes above planned levels and it is understood that there is not the capacity to handle a further 1.5 million tonnes deliveries to stock before the end of October without taking special measures. However, BC estimate that they have the capacity to make good the shortfall by the end of November, assuming the CEEB are willing to buy the coal.

10. Three steps could be taken to secure stock of 27 million tonnes by the original target date of the end of October: increase oil burn; increase coal imports; or take special measures to increase British Coal deliveries. All could attract NUM attention and heighten tension in the pits. The first two would result in a loss of revenue to British Coal of about £60 million.

11. The CEEB have, however, recently completed a review of operational flexibility and have indicated that the agreed endurance level of 9 months (given a complete stoppage of coal



deliveries) can be maintained with only some ~~25~~ 25.5 million tonnes of stocks. On this basis, the Board has assured the Department that the shortfall in autumn stocks will not weaken endurance; they are in a "very robust position". The Department will be considering the review with the Board shortly. The Secretary of State will also be seeing Lord Marshall tomorrow when he will discuss endurance.

12. In view of the CEGB's assurance that current endurance levels are not weakened and that there is a capability to build stocks to 27 million tonnes during November and the fact that it may prove possible to increase deliveries to stock before the end of October without attracting undue attention it does not seem necessary to take any additional action at this stage.

Department of Energy

9 September 1987



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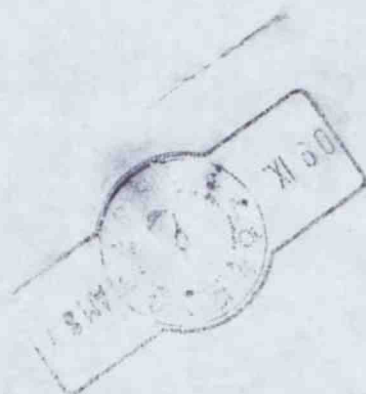
ENDURANCE: FORTNIGHTLY REPORT TO 4 SEPTEMBER

1. Coal stocks at power stations are 24.1m tonnes as at 1 September 1987.
2. The CEGB estimate these stocks to be equivalent to 9 months endurance given a complete stoppage of coal deliveries to power stations and 24 months given a partial (ie UDM production maintained) stoppage.
3. Stocks have built by only 200,000 tonnes over the last fortnight. Although deliveries from pits are up increased coal burn (as a result of AGR outages and higher than average demand) and earlier production losses have reduced the supplies available for stock build. CEGB estimate that stocks are now likely to be 1-1.5m tonnes below the target level of 27 million tonnes at the end of October/beginning of November. Even with this lower level of stocks, CEGB are confident that they can continue to meet demand for 9 months given a complete stoppage.

EL1A

4 September 1987

Nat Ind: Coal PT 20.



SECRET



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

8 September, 1987.

POWER STATION ENDURANCE

Bf. You will wish to be aware that the Prime Minister aims to have a word with your Secretary of State in the margins of Cabinet on Thursday about the prospect of industrial action by the NUM. It would be very helpful if I could have for the Prime Minister's box tomorrow evening, Wednesday, an assessment of the position with the NUM and UDM and of the outlook for power station endurance in the event of industrial action.

The Prime Minister is aware that the CEGB may miss the 27 million tonne target for power station stocks this Autumn and she will wish to discuss with your Secretary of State, among other things, whether it would be sensible to increase oil burn temporarily in order to secure larger stocks before the winter.

(David Norgrove)

Stephen Haddrill, Esq.,
Department of Energy.

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