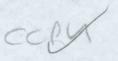
PAY IN CONFIDENCE

THE RT HON JOHN WAKEHAM MP





Department of Energy 1 Palace Street London SW1E 5HE 01 238 3290

NBM Rela volio

The Rt Hon Norman Lamont MP Chief Secretary HM Treasury Treasury Chambers Parliament Street LONDON SW1P 3AG

25 October 1989

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BRITISH COAL: MINEWORKERS' PAY

Last year British Coal and the Union of Democratic Mineworkers (UDM) concluded a two year pay deal. The second year increase is payable from 1 November and British Coal is arranging for this to be in the first pay packet after that date. This comprises an increase in the grade rate in line with the September RPI increase (7.64%), together with an increase of 25p per shift on the incentive rate for standard performance and an additional 20p per hour night allowance. The increase in the pay bill will amount to 6.9%.

Last year British Coal imposed the deal agreed with the UDM on members of the NUM. British Coal will be doing the same this year. The Corporation judges that this will help ensure rejection at ballot of any proposal for industrial action in support of a higher claim that the NUM Executive might seek to pursue, following a Conference decision in the summer to press for a £30 a week increase.

Given these automatic Stage Two settlements, the only negotiations concerning mineworkers' pay this year will be in respect of the Deputies, represented by NACODS. Last year NACODS were offered a two-year deal which they rejected, preferring a single year settlement. This year they have put in a claim for a package which includes a 16% increase in the basic wage. British Coal is at present considering its response. No date has yet been set for further discussions. British Coal would expect to settle on a basis close to that for the Stage Two settlements referred to above. It is unlikely that NACODS would expect to achieve much more than that.



I would regard such an outcome as satisfactory, particularly given other current considerations affecting the industrial relations climate in the coal industry. I have in mind in particular the implications of electricity privatisation for British Coal's sales to the generators, and the further restructuring and job losses in the coal industry that will ensue. NACODS are also currently unhappy with the new regulations for Mines Administration that the Health and Safety Commission are shortly to consider - regulations which will do away with the Deputies' statutory monopoly as regards oversight of safety in deep mines.

I am copying this letter to the Prime Minister, Members of E(PSP) and Sir Robin Butler.

JOHN WAKEHAM





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Treasury Chambers, Parliament Street SWIP 3AG Wil

The Rt Hon John Wakeham MP Secretary of State for Energy Department of Energy 1 Palace Street London SW1E 5HE

22 November 1989

BRITISH COAL: MINEWORKERS' PAY

Thank you for your letter of 25 October about pay in the coal industry.

- 2. I agree with you that it would be appropriate to impose the second stage of the two year UDM deal on the NUM membership. Separate negotiations with the NUM could easily lead to industrial action and undermine the moderate position of the UDM.
- 3. As to the pit deputies, I am broadly content with British Coal's declared intention not to settle for more than this year's UDM increase. But I should be grateful if we could agree the precise remit before the negotiations begin.
- 4. Lastly, I assume, of course, that all the proposed settlements are met from within British Coal's revised EFL of £1,143 million for 1990-91.
- 5. I am copying this letter to the Prime Minister, other members of E(PSP) and to Sir Robin Butler.

NORMAN LAMONT

NAT IND: Coal M21



THE RT HON JOHN WAKEHAM MP Prie Minke ? Good reus. Mily! Department of Energy 1 Palace Street London SW1E 5HE 01 238 3290 The Rt Hon Norman Lamont MP Chief Secretary HM Treasury Parliament Street LONDON 5 January 1990 SWIP 3AG Dea Norman I wrote to you on 27 November about British Coal's offer to the pit deputies, worth 7.2% on the wage bill. I can now report that, after a ballot, the deputies' union has accepted this offer. I am copying this letter to the Prime Minister, other members of E(PSP) and to Sir Robin Butler. JOHN WAKEHAM