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Sancho
Re setup meeting
①
— then EA.

(ii) please

PRIME MINISTER

PRIVATISATION OF BRITISH COAL AND BRITISH RAIL

Following your meetings at Chequers last weekend, there have been further developments on the privatisation of both BR and British Coal this week.

First, British Coal. I attach a minute from Mr. Wakeham setting out his proposals on timing. The sale of the successor companies to British Coal would take place in 1994.

Also attached is a minute from the Financial Secretary proposing a rather more accelerated timetable which would allow sale in 1992. Mr. Wakeham believes the "fast track" is impractical.

You will wish to think through the politics and practicalities of the alternative timetables. An early discussion is desirable.

Second, British Rail. There was a fairly disorganised meeting about the privatisation of British Rail between Treasury and the Department of Transport early this week (according to Policy Unit members who attended).

Handling

On both matters, I suggest you intervene to ensure matters are taken forward on a well-organised basis.

- i) Do you want to take both privatisations forward by means of early discussions (next month) at EA; or
- ✓ ii) Would you prefer a separate meeting to bring in the relevant Secretaries of State plus a Treasury Minister for an initial chat on coal and then on rail?

BHP

BARRY H. POTTER

28 March 1991

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PRIME MINISTER

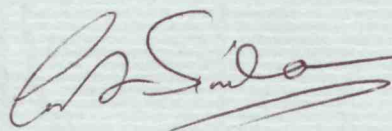
27 March 1991

BRITISH COAL

You have received notes dated 27 March from Mr Wakeham and Mr Maude on the timing of the privatisation of British Coal. You will recall that we discussed this issue at Chequers last Sunday.

Mr Maude is pressing for work on privatisation to begin quickly in order to keep open the option of an early sale, before the renegotiation of contracts with the Generators. Mr Wakeham is cautious essentially for political concerns about provoking controversy over the future of the industry prior to an Election.

The Policy Unit is strongly of the view that you ought to keep up the pressure on the privatisation timetable. Advisers should be appointed rapidly and asked for an immediate view on the feasibility of an early sale. Mr Wakeham should also be ensuring that Neil Clarke really is moving as fast as possible to push change within British Coal.



fn ALAN ROSLING

314.AR

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

5 April 1991

File
DSG
cc PU

Dear John,

PRIVATISATION OF BRITISH COAL

The Prime Minister was most grateful for your Secretary of State's minute of 27 March setting out his proposed way forward on the privatisation of British Coal. He has also seen the Financial Secretary's minute of 27 March on this subject.

The Prime Minister considers that the next step should be for him to convene an informal discussion with you, the Chancellor and the Financial Secretary to discuss the privatisation plans for British Coal.

I will be in touch shortly to arrange a suitable slot in the Prime Minister's diary.

I am copying this letter to Jeremy Heywood (H.M. Treasury), Philip Rutnam (Financial Secretary's Office) and to Sonia Phippard (Cabinet Office).

Yours ever,
Barry

Barry H. Potter

John Neilson, Esq.,
Department of Energy.

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