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PRIME MINISTER

31st January 1992

AMELIORATION OF THE CONSEQUENCES OF COLLIERY CLOSURES

You asked John Wakeham to review how the impact of pit closures might be mitigated, and he has now sent in a paper. His conclusion is that the scale of future closures and their relatively dispersed nature should not necessitate any grand new initiative or organisation. Instead, we should concentrate on gearing up the existing development agencies to address the problems of redundant BCC employees, and ensure that the various Government schemes are correctly co-ordinated.

We are fortunate in having British Coal Enterprise as the development arm of BCC. Founded in 1984, BCE has an excellent reputation and track record, having 'created' 76,000 jobs so far. BCE could be encouraged to enhance its activities in conjunction with other organisations. The paper mentions a figure of £1 million per year extra, plus £10 million in 1992-3 some of which should presumably come from RECHAR.

Mr Wakeham is concerned that any early announcement of a package of measures for the coal areas would only re-ignite speculation about the future of the industry, which has quietened in recent weeks. There are only one or two impending closures in the coming months, none in the East Midlands. In any case, our first priority should be to unlock the EC RECHAR funds.

While there is much sense in this argument, it should not stop us from:

- i) triggering the establishment of a Regional Development Organisation in the East Midlands through a private sector initiative. There already exists an East Midlands Investment company organised by the private sector that could be the basis of an RDO. You are due

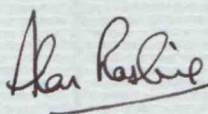
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to visit the area in three weeks; it might be nice for an announcement on an RDO to coincide, though that would present John Wakeham with a daunting timetable.

- ii) holding a meeting of colleagues to agree how the other proposals should be progressed. As ever with regional policy, co-ordination of effort is the most difficult trick. But in this case there is also the need for political co-ordination. At present the coal issue has gone quiet, but it could easily jump back into the headlines during the coming weeks. If it were to do so, we would want to be able to articulate a clear policy on assisting coal-mining areas.

Conclusion

1. John Wakeham's paper identifies what should be done, but I am uncomfortable with his presumption that we should be wary of progressing matters in the next few weeks.
2. We should ask Mr Wakeham to trigger the establishment of an RDO, with the co-operation of DTI (which having talked to the Regional Office, I am sure would be forthcoming);
3. You might ask Mr Wakeham to invite colleagues to a meeting to discuss the other policy questions, raised by his paper and co-ordination of our efforts in the coming weeks.



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