

Fes.

MR UNWIN

cc Sir A Rawlinson  
 Mr Ryrrie  
 Mr Middleton  
 Mr Bridgeman  
 Mr Battishill  
 Mr Burgner  
 Miss Brown  
 Mr Neuburger  
 Mr Allen  
 Mr Folger  
 Mr Wren-Lewis  
 1. Ms Henderson  
 2. PECS

23 FEB 1981

## FINANCIAL IMPLICATIONS OF THE NCB DECISION FOR THE BUDGET

Our conversation earlier this morning and your minute on this subject.

2. First, the state of play on the figures for the NCB decisions. The Department of Energy's private estimates of this morning, not based on any formal calculations, so far as I am aware - and not to be repeated back to them - put the increase in the NCB's EFL in 1981-82 at somewhere between £300m-£400m (cash). This is a much higher figure than I would have guessed. To it must be added some £20m-£50m for the cost of improved redundancy benefits.
3. The Department tell me, again privately, that they are seeking Sir Donald Maitland's authority this morning for themselves and the Treasury to discuss this afternoon the costings with the NCB. If that authority is not forthcoming, I propose to ask Mr Ryrrie to telephone Sir Donald Maitland to say that the Budget calculations require some reasonably accurate figures and that discussions should begin immediately between the Treasury, Department and the Board to calculate them. (Authority now given - meeting arranged for this afternoon.)
4. The Department will also have to be asked to produce figures for the later years. These are even more of a problem. My guess at the moment is that we should be thinking of an extra £0.5bn (in 1980 Survey prices) for public expenditure for the NCB by 1983-84 and probably increased amounts thereafter.
5. It is possible that we might be a little clearer on the coal figures after this morning's E.
6. On the Eighth Round licensing proposals, you will see from

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Mr Howell's letter of 20 February that the Department are adamant that it would not be wise to count on premium payments in the Budget PSBR. Mr Middleton is making a further attempt this morning to persuade them to be more forthcoming.

7. I am unsure about the status of the electricity and gas price proposals which amounted to some £110m (cash). I presume that the Chancellor's initial inclination to raise this package to £200m, if the money could be found, is no longer a starter in view of the developments on coal.

8. I am ready to join in a meeting if that would be helpful.

N.L.U.

N L WICKS  
23 February 1981