

Meeting on 1 NOV

PA

MIS 23/9

0930

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Prime Minister 12

I believe that X on p 3 is very important.

P.01101

MR SCHOLAR

cc Sir Robert Armstrong Agree to the meeting

COAL

and arrangements in para 5?

I suggest that you get

In the light of the Prime Minister's meeting with the Secretary of State for Energy on 15 September I have been considering: Peter

i. what further meetings the Prime Minister might need ⁱⁿ oral to have on coal matters;

ii. how to arrange these meetings so that as little as ⁱⁿ paper possible of the more sensitive aspects is committed to and then paper.

2. The outstanding matters are:

decide whether to go with the strategy meetings in para 6.

a. projections about the NCB's future financing needs (eg for the 1984-85 EFL, for the Public Expenditure Survey Agree? covering the years up to and including 1986-87, and for deciding on appropriate statutory financial limits for inclusion in the Coal Bill shortly to be introduced); MIS 22/9

b. decisions on whether further measures should be taken to increase power station endurance in future years in the light of the MISC 57 Report circulated by Sir Robert Armstrong on 21 July; Yes - we could have the

c. the need to ensure on a continuing basis that the NCB's strategy is acceptable to the Government. Small group

Done

meeting at Chevening on a Friday afternoon.

i.e. when we needed to see Mr. Deane, etc

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Financial matters

3. So far as a. is concerned, I see no problem. I would expect the Secretary of State for Energy and Treasury Ministers to be able to agree on satisfactory figures for these purposes without the benefit of any explicit, precise or final decisions on coal strategy and without involving the Prime Minister.

Power station endurance

4. So far as b. is concerned, it would be easier for Ministers to take these decisions against the background of an agreed explicit strategy for closures and, in the light of that, some judgement about the dates at which the risk of industrial action might be judged to be greater. Ministers can however take the necessary decisions without a strategic discussion, if need be. The discussion could start from the commonsense assumption (unrelated to any particular strategy) that it would be prudent to plan for a strike occurring at any time over the next three years or so and that we ought to concentrate on options which might yield some benefit within that timescale, rather than the longer term options (particularly bearing in mind that we shall be getting some benefit from the nuclear stations from 1986-87 onwards). That approach will in practice identify only one or two options as worth pursuing, on which Ministers should not find it difficult to take decisions.

5. I suggest therefore:

Misc
i. that we go ahead with a meeting on power station endurance in the medium term in late October, to be attended by the Ministers who received the MISC 57 Report (ie the Home Secretary, Chancellor of the Exchequer and the Secretaries of State for Energy, Defence, Scotland, Employment and Trade and Industry);

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ii. that no other papers should be circulated for that meeting (apart from the MISC 57 Report already circulated on 21 July) and that discussion of coal strategy at that meeting should be avoided on the lines of paragraph 4 above;

iii. that I should let the Prime Minister have a written brief for that meeting in the normal way, but avoiding the more sensitive aspects and that I could cover the latter, as you suggested, in a short oral briefing, if the Prime Minister would find this helpful.

Strategy

6. This leaves the question of further discussions about strategy, bearing in mind that on 15 September the Secretary of State for Energy reported only Mr MacGregor's preliminary thoughts and left some important aspects unclear. If there is to be nothing in writing which clarifies the understandings about strategy which exist between Mr MacGregor and the Secretary of State for Energy and between the latter and his senior Ministerial colleagues, we shall need to find some other way of ensuring that misunderstandings do not occur. Misunderstandings might lead to problems in either of two directions, ie progress not fast enough, or progress faster than was acceptable for some reason, leading to some awkward drawing back. I would suggest that, in the absence of written material, the best way of reducing the risks of such misunderstandings, would be for the Prime Minister to have further meetings of the small group who met on 15 September (Chancellor of the Exchequer, Secretary of State for Energy and the Secretary of State for Employment) at regular intervals. At particularly crucial stages it might be necessary to call in Mr MacGregor as well (as inconspicuously as possible) to avoid failure in communication. The need to put

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other Ministers in the picture at appropriate stages (eg the Secretaries of State for Scotland and Wales) would have to be kept in mind as the situation develops.

7. If this approach is accepted, it might be a good idea to have a further meeting of the small group to talk about strategy in the second half of November (bearing in mind that the Secretary of State for Energy will be visiting China and Hong Kong in the period 2-11 November). Mr Walker might then be asked to talk about Mr MacGregor's more considered thoughts on strategy, in the light of developments by that time on this year's pay offer.

PLG

P L GREGSON

21 September 1983

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