



SECRET AND PERSONAL

11

Prime Minister

You will also wish

to consider the line suggested

in Bernard's note to you

(Play A).

P.0878

PRIME MINISTER

Industrial action in the coal industry

BACKGROUND

MIS 27/10

The papers for your meeting at 9.30am on Thursday 28 October are the minute to you of 25 October from the Secretary of State for Energy, and the report by the Official Group on Coal (MISC 57) circulated under cover of that minute.

MAIN POINTS FOR DISCUSSION

2. At this stage, when the result of the miners' ballot is not known, there might be four broad areas for discussion:

i. the outlook for the ballot, insofar as that can be judged;

ii. the likely sequence of events in the immediate aftermath of an adverse ballot result;

iii. the matters raised in the MISC 57 report on which Ministers are invited to take a view;

iv. whether any further contingency planning should be put in hand at this stage.

OUTLOOK FOR THE BALLOT

3. Although you will not want to waste time on vain speculation, you might ask the Secretaries of State for Energy and Employment whether they have any "feel" for the likely outcome of the ballot, which will probably not be formally announced until next Monday or Tuesday but which will no doubt leak over the weekend.



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THE IMMEDIATE AFTERMATH OF AN ADVERSE BALLOT RESULT

4. You might then ask the Secretaries of State for Energy and Employment about the likely sequence of events following an adverse ballot result. It seems unlikely that the miners will immediately go out on strike. There will probably be some further exchange^s between the NCB and the NUM. These may be perfunctory if the majority in favour of industrial action is substantial. A vote of very close to 55 per cent for industrial action might however cause the NUM to seek more substantive negotiations. No Ministerial decisions are required at this stage, but Ministers may wish to give some initial consideration to the issues that might arise and the advice, if any, that they might wish to offer to the NCB.

5. Ministers will presumably wish the NCB to stand firm on the present offer and to avoid further important commitments on closures. A major objective for the NCB will probably be to preserve management authority, and this also points to standing firm. It will however be in the interests of the NUM to try and lay the blame for a strike on the intransigence of the NCB and the Government. They might even, if the ballot result was close, be keen to engage in genuine negotiation so as to achieve some minor victory under the threat of strike action, without running the risk of a strike which could crumble.

6. The judgements about tactics in the immediate aftermath of the ballot are therefore likely to be both difficult and crucial. It would be useful to know from the Secretary of State for Energy whether the ^{NCB}~~NUM~~ has considered any options which might be worth pursuing following an adverse ballot (for example forms of words about closures) ^{and} which might be relevant either to genuine negotiation or to ensuring that the blame for the strike lies clearly on the NUM rather than the NCB.

MISC 57 REPORT

7. The main purpose of the MISC 57 Report is to give Ministers the latest assessment of endurance both of power stations and of industry.



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Assuming no coal deliveries to power stations but replenishment of stocks of ancillaries other than lighting-up oil, power station endurance is estimated at 16-20 weeks. Within this range actual endurance will depend on success in replenishing lighting-up oil and the measures which the CEGB take (subject to decision by Ministers) to optimise the use of their stocks of both coal and lighting-up oil. The average endurance of coal-burning manufacturing industry is estimated at 6 to 8 weeks.

8. The report also takes the opportunity to draw attention to a number of matters on which Ministers will have to take a view before a strike begins. It is not essential that they should take decisions on all these matters now. In some cases it may be more sensible to defer decisions. Ministers should however be aware of the issues, which are listed in the last paragraph of MISC 57(82)23, ie:

the task which will fall to the police in dealing with picketing

the possible need to give advice to the Electricity Boards about seeking legal redress under the Employment Act

the possible need to use Servicemen to replenish ancillaries

the CEGB's operational strategy for optimising stocks of coal and lighting-up oil

the timing of measures marginally to reduce electricity demand

No decisions are sought about the police and Servicemen at this stage. Ministers may however like to have a preliminary exchange about the use of the Employment Act and to take decisions about two straightforward technical issues - the CEGB's operational strategy and the timing of marginal reductions in demand.



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Employment Act legal remedies

9. The issues are discussed in paragraphs 13 and 16-19 of the MISC 57 Report. The Secretary of State for Energy offers no recommendation on this question, but I understand that his view is that to invoke the legal remedies, certainly at the outset of a miners' strike, would play into the hands of the NUM, since it would enable them to present their dispute as being principally about the preservation of trade union immunities and therefore to gain greater cooperation than might otherwise have been forthcoming from the trade unions in other important industries. His view is that the right approach is to concentrate initially on trying to make the picketing less effective, by securing, with police assistance, the replenishment of ancillary materials including, if possible, lighting-up oil.

10. A final decision is not required at this stage on the principle of using legal powers in the context of a miners' strike. Although there are some strong arguments against doing so, circumstances could arise where it would be the right course to follow. Having noted the possible need at some stage to offer the Electricity Boards advice, Ministers might agree at this stage merely to tell the Electricity Boards that the Government would expect to be consulted in good time before the Board took any final decision to instigate legal proceedings.

The CEGB's operating strategy

11. Stocks of lighting-up oil and other ancillary materials stand at only 9 weeks. The CEGB are reasonably confident that they could achieve replenishment of ancillary materials other than lighting-up oil. This would require on average only one lorry load per power station per day. Replenishment of lighting-up oil would involve a further 5 to 6 lorry loads per power station per day in England and Wales and will thus be more difficult, although perhaps not impossible, to achieve. (In Scotland there is no problem as lighting-up oil can be delivered by sea.)



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12. Because of the uncertainties about lighting-up oil in England and Wales the CEGB has devised an operating strategy for power stations which would enable existing stocks of lighting-up oil to be made to last for 16 weeks. This involves less oilburn and more coalburn than previously planned; it is therefore half as expensive as the original strategy (£10-15 million per week as against £20-30 million per week). It also preserves flexibility. If in the event the replenishment of lighting-up oil proved possible, the operating strategy could, apparently, easily be revised to extend endurance further, perhaps to close to 20 weeks.

13. The alternative approach - to revert to the original strategy of maximising oilburn as a means of conserving coal stocks - assumes that somehow supplies of lighting-up oil would be made available. If this assumption were to prove correct, endurance would be 20 weeks. But if it were to prove false, endurance could well be very much less than 16 weeks, as discussed in paragraph 23 of the MISC 57 report, since supplies of lighting-up oil would have been seriously depleted.

14. The MISC 57 Report invites Ministers to endorse the CEGB's proposed strategy. The Secretary of State for Energy recommends that they should do so.

Marginal restrictions on electricity usage

15. Paragraphs 26 and 27 of the MISC 57 Report discuss whether very limited restrictions on electricity usage should be introduced from the outset of a miners' strike. MISC 57 concludes - and the Secretary of State for Energy agrees - that the best approach would be to delay such measures until after Christmas; only 2 or 3 days' endurance would be sacrificed by the delay.

FURTHER CONTINGENCY PLANNING

16. The Chancellor of the Exchequer may raise the question whether officials should do further urgent contingency planning. He might argue



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on the following lines. The Government's present strategy is to undermine the miners' will to continue with a lengthy strike by demonstrating that its effects are relatively slight and that, in particular, electricity supplies will not be interrupted for a very considerable period, during which time the miners will have lost thousands of pounds in earnings which they may never succeed in recouping. But the present assumed power station endurance, of 16 to 20 weeks, may not prove sufficient for this strategy to succeed. He may therefore suggest that further detailed work should be undertaken immediately by MISC 57 about the practicalities of moving pithead coal stocks to the power stations during a strike, thereby substantially increasing power station endurance.

17. A good deal of work was done on the problems of moving coal to power stations last year and was reported in MISC 57(81)33, circulated to Ministers by the Home Secretary under cover of his minute of 6 December 1981. Using Servicemen to move coal by rail was not thought practicable. Moving the coal by road through the use of Servicemen would be a formidable undertaking. To move $\frac{1}{2}$ million tonnes of coal per week - twice as much as was transported by road during the rail strikes earlier this year, when power stations were not picketed - would involve 4-5,000 lorry movements per day between pitheads and power stations continuously for 20 weeks. The law and order problems of coping with pickets not just at the power stations but also at the pitheads would be enormous, and these would arise from the very outset of the strike. One of the objectives of building up the present level of power station stocks has been to avoid this kind of crisis and confrontation in the early weeks of a strike. A major risk might be that power station workers would refuse to handle coal brought in by Servicemen in this way. Moreover even if the operation were to be totally successful (and this was not thought likely), power station endurance would still not be indefinite but would have been prolonged from around 16-20 weeks to 21-28 weeks.

18. If Ministers wish to pursue this option, despite the difficulties identified earlier, officials would need to be asked to up-date the previous



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work as quickly as possible. It is however unlikely that it could be taken much further unless consultations could be authorised with the NCB and CEGB and the Ministry of Defence were given the opportunity to examine access by roads to pithead dumps and power stations and to see how far the loading and unloading facilities, designed primarily for rail handling, would need to be adapted. Until a strike became inevitable, such consultations and activity would be highly sensitive.

HANDLING

19. You may like to suggest that the meeting might be structured on the lines proposed in paragraph 2 above, ie the outlook for the ballot, the aftermath of an adverse ballot, the points raised in the MISC 57 Report, and any other contingency planning issues. You will wish to invite the Secretary of State for Energy to open the discussion. Contributions will no doubt be offered by the Secretary of State for Employment on industrial relations matters, by the Home Secretary on the law and order implications, and by the Chancellor of the Exchequer on the overall strategy in relation to the dispute.

CONCLUSIONS

20. You will want to reach conclusions on the following matters:

i. tactics in the aftermath of an adverse ballot (if Ministers have any views at this stage);

ii. legal remedies under the Employment Act, ie whether the Government should offer any advice to the Electricity Boards at this stage or should merely ask to be consulted in good time;

iii. the CEGB's operating strategy, ie whether to endorse the strategy of conserving, at least initially, the stocks of lighting-up oil so that total endurance would be 16 weeks;



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- iv. marginal restrictions on electricity usage, ie whether these should be deferred until after Christmas;
- v. the need for any further contingency planning.

Pq

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27 October 1982