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The Rt Hon John MacGregor OBE MP  
 Chief Secretary  
 HM Treasury  
 Treasury Chambers  
 Parliament Street  
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29 November 1985

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**REDUNDANCY TERMS FOR MINeworkERS**

The existence of generous redundancy benefits for mineworkers under the Redundant Mineworkers Payments Scheme played an important role during the miners' strike in convincing the public that the miners were being offered a fair deal, and enabled us to focus attention on the unreasonableness of the NUM's demands. Since the end of the strike the terms have been central in allowing the NCB to find the volunteers to push forward with the restructuring necessary to achieve the target of breakeven without deficit grant in 1987/88 while meeting our commitment that all redundancies would be voluntary. Nearly 29,000 men left the industry this year or were under notice to do so by 22 November, as a result of which the Board have been able to close 19 pits.

Because many mineworkers failed to pay sufficient national insurance contributions during 1984/85 to qualify for contributions-based social benefits during the 1986 benefit year, and because under present rules it is a requirement for new redundants that they must meet the conditions for these if they are to qualify for weekly RMPS benefits, the level of redundancy benefits available will fall sharply after 5 January 1986, particularly to many older men. The effect will be particularly marked because many of the men the Board need to shed are in areas where the strike was most solid.

In order to avoid a situation in which men who left on unfavourable short notice terms to avoid being caught by the contributions rule could claim that they were in any sense misled I do not propose any changes to the present Scheme, which expires on 29 March 1986. However, despite the considerable progress that has been made this year, a substantial number of further redundancies and closures will be necessary during 1986/87 if the coal industry is to achieve the financial target we have set it and keep itself on the road to a profitable future. NCB advise that at least a further 17,000 redundancies will be necessary next year many of which will need to come from those areas which were on strike for the longest periods; and that this will be impossible to achieve



without compulsion unless total redundancy benefits are at levels comparable to those now on offer. I therefore propose a new Scheme to cover the financial year 1986/87 offering a level of total weekly benefits post redundancy for men aged 50 or over similar to that available during the current calendar year. The scheme lump sum benefits, if any, of those men who failed to pay sufficient national insurance contributions to qualify for full rate unemployment benefit will be reduced to take account of the national insurance contributions they missed. Existing rules would continue to apply to men aged under 50. An outline of the proposals which it is my intention to announce during the week beginning 16 December is attached to this letter.

Because the primary effect of my proposals is to continue existing levels of benefit the implications for RMPS expenditure next year compared to the existing PES baseline are modest. To the extent that making good the total weekly benefits to men who do not qualify for full unemployment benefit during their first year of redundancy exceeds the deduction from lump sums to reflect missed national insurance contributions there may be a slight increase in expected expenditure of some £350 per redundant aged 50 or over; ie of the order of £4 million for the estimated 17,000 RMPS redundancies in 1986/87 referred to above. This will, however, be more than offset by the reduction in expected 1986/87 RMPS expenditure compared to baseline as a result of the lower numbers of men now expected to leave next year.

I should welcome your agreement to these proposals. I am copying this letter to the Prime Minister, Norman Fowler, David Young, Leon Brittan, Nicholas Ridley, George Younger, Nicholas Edwards, John Biffen, and to Sir Robert Armstrong.

A large, stylized handwritten signature in black ink, appearing to read 'Peter Walker', is written over the typed name.

PETER WALKER

OUTLINE OF PROPOSED REDUNDANT MINeworkERS PAYMENTS SCHEME  
FOR 1986/87

Proposals

- Levels of basic weekly benefit for men aged 55 plus continued on present basis, with existing ceiling of £160 per week on maximum allowable pre redundancy earnings for benefit purposes maintained.
- Level of weekly pension plus pension supplement for men aged 50 to 54 maintained at £35 per week.
- Eligibility for above weekly benefits becomes dependent on meeting conditions for receipt of national insurance credits as a result of unemployment or sickness, rather than, as at present, on entitlement to unemployment benefit or sickness benefit.
- Rules governing payment of RMPS unemployment benefit equivalent amended to enable payment through RMPS to men aged 50 or over of such sums as will with any unemployment benefit or sickness benefit actually received equal the standard rate of these benefits.
- Present levels of RMPS lump sum benefits maintained, but with a deduction of a sum approximately equal to the level of national insurance contributions not paid from those men aged 50 to 59 who failed to qualify for full rate unemployment benefit and receive increased payments under the amended rules governing unemployment benefit equivalent in consequence.

Effect

- (i) For men aged 50 plus on redundancy

Total weekly benefits (unemployment benefit and RMPS benefits combined) continue at approximately their present levels,

irrespective of the mans personal national insurance contribution record during 1984/5. There is no increase in the RMPS basic benefit or pension supplement to reflect inflation, however.

RMPS lump sum benefits (if any) remain at their present levels for men who paid sufficient national insurance contributions in 1984/5 to qualify for standard rate unemployment benefit, but are reduced by £550 to £600 for men who qualify for reduced rate or no unemployment benefit.

(ii) For men aged under 50 on redundancy

As under present rules no RMPS weekly benefit is payable to this group, whose entitlement to unemployment benefit will depend upon their national insurance contribution record.

RMPS lump sum benefits continue at present levels.

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26 November 1985