



Department
for Business
Innovation & Skills

The Rt Hon Vince Cable MP
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Martin Donnelly
Permanent Secretary
Department for Business, Innovation and Skills
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13 January 2015

HATFIELD COLLIERY PARTNERSHIP LTD

Thank you for your letter of today, Tuesday 13 January 2015.

I have decided to issue a direction, if needed, to provide further tranches of the previously agreed Government loan to Hatfield colliery. This follows a request that I do so from Matthew Hancock. His request to me is made on the condition that total exposure for HMG remains within an agreed cap.

I should be grateful if you would make the necessary arrangements, with HCPL and within BIS, to provide the remaining tranches of the loan (£6m) as HCPL have requested and, subject to further advice on the business case at that stage, for providing closure aid to refinance the short term loan.

In coming to this decision I have taken into account the wider benefits that accrue by preventing a disorderly closure of the mine. There are a number of exceptional considerations in this case. There are no replacement jobs within the Hatfield (and wider) areas for these miners. The workers have travelled to this colliery as their own local collieries have closed and will have already conducted job search in their own areas before making that decision.

I appreciate that you have not had the data to allow you to quantify these impacts on communities in your analysis but in my judgement they are likely to be considerable and costly and include societal costs. In addition I consider that there are more jobs at risk in the specialised supply chain companies that cover mining and, as you recognise, neither has been factored into your initial analysis. You and I discussed that this might not be sufficient to offset the impact of falling coal prices but you accept that our vfm analysis has not been able to quantify them.

If the mine closes in a disorderly manner this month the risk to the Exchequer, including to my own budgets for the Redundancy Payments Service, and the considerable costs of environmental remediation, are large, currently totalling £12.5m as you set out.

In my judgement, it is right to live with the residual risks to which you have rightly drawn my attention including what you are doing to monitor and mitigate them. I therefore Direct you to proceed as you have requested.

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a small mark at the end.

VINCE CABLE

Secretary of State for Business, Innovation and Skills