PREM 19/207

MT

Part 1.

Confidential Filing

Energy conservation and homes insulation schemes.
The Ministerial Committee for Energy Conservation
Advisory Council Report on Energy Conservation
Oil Demand Restraint in the Public Sector.

ENERGY

May ~~June~~ 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~1.10.79~~							
~~25.10.79~~							
~~29.10.79~~							
~~30.10.79~~							
~~16.11.79~~							
~~19.11.79~~							
~~28.11.79~~							
~~11.12.79~~							
~~6.2.80~~							
~~4.3.80~~							
~~8.4.80~~							
ENDS							

PREM 19/207

PART 1 ends:-

PM to M. Morris 8/4/1980

PART 2 begins:-

Cab. Office to TL 8-7-80.

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
E (EA) (79) 32	20.7.79
E (EA) (79) 9th Meeting Minute 4	25.7.79
E (79) 12th Meeting, Minutes	17.10.79

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed A Wayland Date 29 March 2010

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Energy Paper No. 40 : Advisory Council on Energy Conservation - report to Secretary of State for Energy
Published by HMSO [ISBN 0 11 410772 6]

Signed C Wayland Date 29 March 2010

PREM Records Team

Original - 6/R.

cc D/N
DOE

Energy

10 DOWNING STREET

THE PRIME MINISTER

8 April 1980

Dear Richard,

Thank you so much for your letter of 18 March about energy saving and recycling.

My own commitment to efficient use of resources and elimination of waste is already well known, and it applies no less to energy than to any other resource. David Howell takes a direct and continuing interest in issues of energy conservation, and he and his colleagues at the Department of Energy lose no opportunity of presenting energy conservation as a positive policy for the efficient and economical use of energy.

In spite of your comments about Junior Ministers I am enclosing an excellent speech by John Moore which sets out our views on conservation. I think he puts the point very well.

I sympathise with your views about recycling programmes, which are being considered by Ministers at the moment. Keith Joseph and Michael Heseltine are discussing the future of the Waste Management Advisory Council, and the environmental aspects of recycling are also being considered within the Department of the Environment. The outcome of these deliberations will enable us to decide on the future of the interdepartmental National Anti-Waste Programme.

I take it that you are principally concerned with the reclamation of materials from domestic and commercial waste (industrial waste is taken care of, on the whole, by an efficient reclamation industry) and we are aware that any significant increase in reclamation would probably have to come from this sector.

/ I agree that

JS

I agree that there is sympathy amongst the public; the great problem is making recovery of materials from this source economically viable. With the exception of waste paper, where an efficient collecting operation can just about break even, any scheme involving the separate collection of materials sorted out by householders founders on the high cost of transport and labour compared with the cost of new raw materials.

There are obvious problems in any arrangement which would interfere with the normal working of the market, and this suggests two avenues of approach. The first relies on voluntary endeavour, such as the 'Bottle Bank' scheme, which is proving to be very successful. The second lies in the development of mechanical sorting plants for the handling of waste which sort out various materials and produce fuel pellets from the remainder. These look promising, particularly for conurbations, but development work is still proceeding.

Yours ever

Margaret

Michael Morris, Esq., M.P.

Energy

FILE

DSG

a. Cab
Transp
L.O.
CW
CO

10 DOWNING STREET

From the Private Secretary

4 March 1980

The Prime Minister has now had an opportunity to consider your Minister's minute of 26 February about oil demand restraint, and she is content for him to announce that in future the temperature of Government offices will be kept in the range of 63° - 66° F. She has no objection to the draft of the announcement which he enclosed with his minute.

I am sending copies of this letter to the Private Secretaries to Ministers in charge of Departments and to David Wright (Cabinet Office).

T.P.L.

G.E.T. Green, Esq.,
Civil Service Department.

Prime Minister

To note.

PRIME MINISTER

This - 63 is very cold to work in - mt.

28/2

OIL DEMAND RESTRAINT

Mr Lankester's letter of 28 November to my Private Secretary conveyed your wish that I should pursue further the possibility of negotiating a reduction in the agreed standard temperature for Government offices (65°F). Since then there has been David Howell's announcement (in December) that, in conformity with our international commitments, he proposes to reduce the statutory maximum heating limit in non-domestic buildings from 68°F to 66°F.

My officials have been examining the issues with Michael Heseltine's officials. I now propose, and I understand this is supported by Michael Heseltine, that my officials should tell the Staff Side that the new statutory maximum proposed by David Howell makes some adjustment in the operating range inevitable. With a revised statutory maximum of 66°F, PSA could not sensibly operate on a range of 65°-66°F. They will therefore operate on the range 63°-66°F and would aim to maintain temperatures within that range. We shall not seek the Staff Side's agreement - but simply inform them of a necessary operating change. This change will be promulgated generally by a Notice. I attach a draft.

There could well be an adverse reaction by the Staff Side to the proposed change. I would hope however that the change would not cause a great deal of controversy. The best time to announce this change would be when we tell Staff Side about the economy measures affecting accommodation which will be required as a result of the latest PSA cuts.

My officials are also pursuing other suggested fuel economy measures, notably fixing the Christmas privilege holiday on the same day for the future. I will report on this shortly.

I am sending copies of this minute to all Ministers in charge of Departments and to Sir Robert Armstrong.

P.C.

PAUL CHANNON
26 February 1980
Enc

1

10 DOWNING STREET

Prime Minister

If 66° is to be the new maximum, there needs to be a range below this. CSD and PSA say that 63°-66° is the smallest range they can realistically operate on.

Since we agreed in the autumn that CSD should get the agreed temperature in government offices below 65°, shall we let this go ahead?

Agreed MT TL 3/3

HEATING OF GOVERNMENT OFFICES

As part of the nationwide campaign to conserve energy the Secretary of State for Energy has proposed altering the Fuel and Electricity (Heating) (Control) Order 1974 to prohibit use of electricity or fuel for the purposes of heating premises so as to cause the temperature to exceed 66°F. The maximum limit under the existing order is 68°F and the statutory minimum for offices, laid down in the Offices, Shops and Railway Premises Act 1963 is 60.8°F.

Ideally all offices in a building should be maintained at a uniform temperature level. In practice it is usually impossible to achieve a uniform temperature particularly with older heating installations and some offices will usually be found to be above or below the average.

The new maximum limit will require the PSA to increase its efforts to eliminate areas of overheating. Every effort will, however, be made to maintain temperatures in the range of 63°-66°F.

Fuel consumption in individual buildings will be carefully monitored and a system of fuel allocations is being introduced, starting with the larger buildings. The co-operation of staff in observing elementary fuel economy measures (turning off unnecessary radiators, avoiding waste of hot water, closing windows, etc) should ensure that satisfactory working conditions are maintained within these allocations.

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6229

The Rt Hon Michael Heseltine MP
Secretary of State for the
Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

6 February 1980

Dear Michael

HOMES INSULATION GRANTS FOR THE OLD AND THE POOR

I feel that we should now take urgent action to follow up the need which we identified at last week's Cabinet to retain the Homes Insulation Grant Scheme at least for the old and the very poor. I attach very great importance to this if we are to maintain a credible public posture in the context of our energy pricing policy and our related social responsibilities.

We are already committed publicly to providing some extra assistance with fuel costs next winter - you will recall that the Prime Minister made it clear in the House that we would make extra provision for the elderly and those on low incomes before increased gas and electricity prices affect fuel bills next winter. Officials have been discussing possible options. Since a major new fuel allowance scheme is clearly ruled out it seems that we shall have to consider a package of more limited measures including some extra help through the Social Security system and any further assistance with fuel bill payments methods which the industries can offer. Some extra help with insulation for these groups could add very significantly to the acceptability of a package, which is likely inevitably to be greeted with some disappointment, as well as being worthwhile in its own right. I very much hope therefore that you will be able to fund the necessary finance within your approved programme of expenditure, and that our officials can get together urgently to discuss the scale and extent of a scheme.

I am copying this letter to the Prime Minister, Geoffrey Howe, Patrick Jenkin, Angus Maude and Sir Robert Armstrong.

Yours ever

David

D A R HOWELL

CF

Energy 3

10 DOWNING STREET

Prime Minister

You said you would send a minute to colleagues on energy conservation.

I attach a draft prepared by D/Energy.

Will not lose much power if left out.

Told D/Energy TL 11/2

Prime Minister you have seen this but have not signed.

10 DOWNING STREET

THE PRIME MINISTER

Personal Minute
No. M17/79T

SECRETARY OF STATE FOR HOME AFFAIRS

Committee of Ministers on Energy Conservation

I have decided that the Committee, chaired by John Moore, of Ministers of Energy Conservation, should continue and have asked for a progress report at the end of next May.

Energy conservation is a vital element in our overall energy strategy. We are firmly committed, with our international partners, to limiting the demand for oil on the world market and to strengthening energy saving measures generally. We are also committed as a Government to cutting out waste and inefficiency and to reducing public expenditure. Energy conservation can contribute to these wider aims, while at the same time helping to ensure that we can satisfactorily meet our future energy needs.

The scope for saving energy and cutting out waste is very great. The public sector must give a very strong lead. All Departments must commit themselves fully to the saving and efficient use of energy and not least by ensuring that office accommodation is not heated above the statutory 68°F, a figure which I am anyway proposing should be further reduced.

/ I

I want Ministers in charge of Departments to take every opportunity to promote, within existing public expenditure constraints, energy conservation, both within their own Departments and the sectors of the economy for which they are responsible. I also want them to ensure that their Departments give full and active support to the Ministerial Committee.

I am sending copies of this minute to other members of the Cabinet including the Minister of Transport and to Sir Robert Armstrong.

Energy

JS

76

10 DOWNING STREET

From the Private Secretary

11 December 1979

ENERGY CONSERVATION IN THE DOMESTIC SECTOR

The Prime Minister has read your Secretary of State's minute of 10 December on the above subject, and agrees that the employment aspects of the proposals coming forward should be considered in the paper being prepared for E(EA) Committee.

I am sending copies of this letter to the Private Secretaries to members of E(EA) Committee, and to Martin Vile (Cabinet Office) together with a copy of Mr. Prior's minute.

T. P. LANKESTER

Ian Fair, Esq.,
Department of Employment.

SB

Prime Minister 2

Good!

TL 11/12

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

T Lankester
Private Secretary to the
Prime Minister
No 10 Downing Street
LONDON SW1

10 December 1979
received 11/12

Dear Tim,

Further to the Prime Minister's recent call for a reduction in heating in Government buildings (your letter to Green dated 28 November), you will wish to know that my Secretary of State proposes to announce today, to the House and to the meeting of the International Energy Agency in Paris, his intention, subject to the consultation procedure required under the Energy Act 1976, to reduce the maximum heating limit in non-domestic buildings from 68 F to 66 F.

I am copying this to the Private Secretaries to the Lord Chancellor, Attorney General, the Solicitor General, and the Paymaster General, all Ministers in charge of Departments and to Martin Vile (Cabinet Office).

Yours ever,

Denis

DENIS WALKER
PRIVATE SECRETARY

Prime Minister

You agreed that this should also be discussed in E(EA). Mr. Prior's employment point can of course be considered.

TL 10/12

PRIME MINISTER

Agreed MT

ENERGY CONSERVATION IN THE DOMESTIC SECTOR

I have seen the minutes from your Private Secretary (19 November and 3 December) and the minutes from Michael Heseltine (6 November), David Howell (15 November) and John Biffen (27 November). I note that you have requested that the proposals put forward by Michael and supported by David should be considered in E(EA) as soon as possible.

I think it is very important that in any consideration of proposals to encourage energy conservation we should take full account of the ways in which encouraging greater insulation could help alleviate unemployment.

I hope you will agree that the employment aspects of Michael's proposals should be considered in the paper being prepared for E(EA), and that we should discuss these at our subsequent meeting.

I am sending copies of this to members of E(EA).

JP

JP

10 December 1979

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

!?

T Lankester Esq
Private Secretary
10 Downing Street
London SW1

7 December 1979

Dear Tim,

COMMITTEE OF MINISTERS ON ENERGY CONSERVATION

Following the Prime Minister's agreement to the continuation of this Committee you told Denis Walker here that the Prime Minister would be ready to write to colleagues stressing the importance she personally attaches to energy conservation. I attach a draft for the Prime Minister's use.

Yours sincerely

Bill

W J BURROUGHS
Private Secretary

ENC

file KPo
Energy

10 DOWNING STREET

From the Private Secretary

3 December 1979

ENERGY CONSERVATION IN THE DOMESTIC SECTOR

The Prime Minister has read the Chief Secretary's minute of 27 November on the above subject. She suggests that the points which he has raised should be considered in E(EA) when that Committee considers Mr. Heseltine's and Mr. Howell's proposals.

I am sending copies of this letter to the Private Secretaries to the members of E Committee and to Martin Vile (Cabinet Office).

T. P. LANKESTER

A. C. Pirie, Esq.,
Office of the Chief Secretary,
H.M. Treasury.

Energy

A

10 DOWNING STREET

From the Private Secretary

28 November 1979

Oil Demand Restraint

The Prime Minister has read your Minister's letter of 25 October to the Secretary of State for Energy, and the letter of 26 November from the Secretary of State for the Environment.

The Prime Minister has asked me to say that she very much agrees with Mr. Heseltine that greater efforts ought to be made to achieve fuel economies in Government buildings - and in particular, that the various options, including reducing the temperature of offices below the present agreed standard of 65°F, ought to be pursued with the National Staff Side.

I am sending copies of this letter to Private Secretaries to all Ministers in charge of Departments, and to Martin Vile (Cabinet Office).

T. P. LANKESTER

G.E.T. Green, Esq.,
Civil Service Department.

DSG

cc A Duguid

Prime Minister
You have asked E(EA) to look at this: the Chief Secretary's points can be considered there.
R.

PRIME MINISTER

cc Members of E Committee
Sir Robert Armstrong

ENERGY CONSERVATION IN THE DOMESTIC SECTOR

1. I have the following comments on Michael Heseltine's minute of 6 November and David Howell's of 15 November.

2. I agree entirely with your view, as expressed in your Private Secretary's letter of 19 November, that we cannot afford at present proposals that would add to public expenditure. In the present very difficult economic climate I believe we must take this line even where, because of underspending, there is room for them within the planned totals. Spending money which would otherwise not be spent increases the PSBR. I therefore remain opposed to Michael Heseltine's proposal for a 90 per cent homes insulation grant for the elderly who have incomes at or below supplementary benefit level. I am also far from convinced that it would lead to a significant increase in the take-up of grants and therefore in the number of houses being insulated, as David seems to assume.

3. More generally we need to ensure that our approach to energy conservation is consistent with our general philosophy on public expenditure and subsidies. In my view the homes insulation grant scheme inherited from Labour is not: it assumes that every householder needs the incentive of a £50 grant - from the taxpayer - to insulate his loft. If we have realistic fuel pricing the saving in fuel bills itself would be sufficient incentive. This suggests to me that we could safely abandon the present general grants scheme. We should certainly not contemplate its extension to other forms of insulation.

4. David Howell proposes increases in insulation standards for new dwellings. If we are to consider this we shall need to know the implications for public expenditure. If we decided to adopt higher insulation standards for public sector new housebuilding it would not follow that the extra costs should be met by Government subsidy: the benefit will accrue to the tenant and should be reflected in the rent.

5. I am sympathetic to David's suggestion about reducing the maximum heating limit in public and commercial buildings. I also support his idea of a general discussion and welcome your suggestion that this should be in E(EA). I should like my officials to be associated with the preparation of the appraisal to which David refers.

6. I am copying this to members of E Committee and to Sir Robert Armstrong.

W. J. B.

JOHN BIFFEN
27 November 1979

LT

1

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/16318/79

Your ref:

26 November 1979

Prime Minister

I am sure you would support the Heseltine's views below. Shall I say that you think CSD should pursue these matters with the National Staff Side?

Dear Paul Yes please

OIL DEMAND RESTRAINT

Flag A

I was disappointed to see from your letter of 25 October to David Howell, and again in your letter of 14 November to Keith Joseph, that you feel that there is no point in pursuing with the National Staff Side some of the most practical means of saving fuel during the coming winter.

So far as I am aware the NSS have given no undertaking that would result in any fuel saving; and they have rejected the proposals put to them. The further savings that PSA can achieve by technical means will take time and money. Reducing the level of heating would bring immediate savings and would show that civil servants were making a useful contribution to fuel economy. The recent Press articles suggesting we were proposing to lower the temperature of offices to (or below) the statutory minimum were not correct; but there is a considerable margin between this and the agreed standard of 65°F. I have no doubt some reduction could be tolerated without any material discomfort, and a reduction of 2° could bring all the saving the Department of Energy is seeking this year.

I accept Paul Channon's point that flexitime working is not of itself extravagant if the heating day is not extended. But the aim should be to shorten the heating day. If heating systems were turned over to night setting one hour earlier than at present this could save something up to 5%.

I hope very much that reservations by the Staff Side will not stand in the way of closing all offices on Monday 24 December. It really would be a nonsense to restart heating systems for just one day for the few staff who would choose to come in on that day rather than the Thursday. In this Department it has already been announced by management that our London offices will close on 24 December and I hope that others will follow the same course. If the National Staff Side will not agree even to this common sense measure it will do nothing to enhance the image of the Civil Service.

I am copying this letter to the recipients of yours.

Yours ever

MICHAEL HESELTINE

Paul Channon Esq. MP
Minister of State
Civil Service Department
Whitehall
SW1

file Energy B12

10 DOWNING STREET

From the Private Secretary

26 November 1979

Thank you for your letter of 20 November in which you record that the Departments of Trade and Industry have not been very co-operative in seeking information from the nationalised industries for which they are responsible on energy conservation.

I have shown this to the Prime Minister and you should be aware that she is skeptical about the mere collection of statistics by your Department from the nationalised industries. She feels that the request for information of this kind will add to their costs, and that we will need to rely mainly on higher energy prices to restrain energy consumption.

I am sending a copy of this letter to Bill Burroughs in your Secretary of State's Office.

TR

Mrs. D.E.F. Carter

D/Energy

CONFIDENTIAL

CF. Mrs Ms TL 26/11

DEPARTMENT OF ENERGY
THAMES HOUSE SOUTH
MILLBANK
LONDON SW1P 4QJ

Direct Line 01-211 3063
Switchboard 01-211 3000

ENERGY CONSERVATION DIVISION

Prime Minister
See below

T Lankaster Esq
Private Secretary to
The Prime Minister
10 Downing Street
London SW1

20th November 1979

Dear Tim

M E C

You asked about our difficulties in collecting information for the committee. As the outset of MEC's work the Chairman asked Departments to co-operate in setting up a simple data base for nationalised industry to enable effective monitoring of saving. Our own nationalised industries have not found difficulty in complying. But we have met with a very obstructive attitude from the Departments of Trade and Industry (the attached copy letters are illustrative) and other Departments have dragged their feet. It is an uphill task to get energy conservation an acknowledged place in other Department's policies!

Yours ever.

Jane

D E F Carter (Mrs)
Head of Energy Conservation

Am I right in thinking that this new little committee is asking or overpaid industry to provide further statistics? Surely they have enough of such - ?? We made it clear we were interfering with normal business, & reluctant to get further into this sort of thing.

Prime Minister

You asked which Departments were not cooperating in collecting data from their nationalised industries. D/Energy should not be trying to interfer too much; but data for monitoring purposes does seem desirable.

TL 26/11

CONFIDENTIAL

DEPARTMENT OF TRADE
1 VICTORIA STREET
LONDON SW1H OET
TELEPHONE DIRECT LINE 01 215 5147
SWITCHBOARD 01 215 7877

From the
Parliamentary Under Secretary of State

John Moore Esq MP
Parliamentary Under Secretary of State
Department of Energy
Thames House South
Millbank
London SW1P 4QJ

7 September 1979

Dear John,

PUBLIC SECTOR OIL SAVING CAMPAIGN

We have given careful thought to the proposal that public bodies should be requested to fill in quarterly oil monitoring returns as part of the energy saving campaign. I am very concerned about the burdens this would impose on our nationalised industries at the very time when we are seeking ways of interfering less in their management. I have concluded that it would not be practicable to expect for example, British Airways to provide these returns. The size and complexity of British Airways operations world-wide, coupled with their own concern to run an efficient and competitive business, make such an exercise nugatory.

I certainly recognise that Nationalised Industries must all play their part in conserving energy, but I do not think that the methods of enforcement and monitoring suggested would have much practical meaning. Accordingly I am instructing my officials not to request returns.

However as far as this Department itself is concerned we shall continue to co-operate fully with the Property Services Agency to achieve every possible economy in the use of heating oil, motor fuel and electricity. I understand the PSA makes quarterly reports to your Department to enable you to monitor oil savings achieved.

I am copying this letter to all members of MEC.

Yours ever
Reg.

REGINALD EYRE

174/9

52/6

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
Telephone Direct Line 01-212 6991
Switchboard 01-212 7676

29 August 1979

Bryan Hampton Esq
Department of Energy
Thames House South
London SW1

BH

Dear Bryan,

OIL SAVINGS IN THE PUBLIC SECTOR

In my letter of 12 July, I said that I would write to you again when we had given further thought to the question of monitoring oil consumption in the public sector. Mr Mitchell did outline our Department's views at the MEC meeting on 25 July. But as we have now obtained the views of all divisions which sponsor nationalised industries it may be helpful if I now set them out more fully.

We consider that we could ask nationalised industries to participate in a regular monitoring exercise only if the statistics so gathered were both meaningful and likely to be useful as a basis for policy-making. Otherwise we would be collecting statistics for statistics sake. We question whether the proposed exercise meets either criterion. We do doubt whether statistics comparing actual deliveries with likely deliveries "in the absence of oil saving measures" can be prepared in any way that is meaningful. To take but one example, the oil shortage earlier this year caused British Steel Corporation considerable operational problems: the BSC had to sieze whatever flexibility they had to use various fuels to meet fluctuations in local supplies of oil. Statistics for savings of oil by BSC in 1979 "in the absence of oil savings measures" would be meaningless. Again, how could one take account of, say the industrial difficulties which British Shipbuilders are experiencing?

More substantively, on the assumption that every nationalised industry, local authority, health authority etc did provide meaningful statistics, we remain unclear how they would help your Department's policy making. Were the figures to suggest average savings of, say, one per cent would the public sector be penalised in some way? Would rationing be introduced? Or would the Department rely upon greater efforts at exhortation? It is our view that energy use is a management responsibility, in the same way as personnel or sales policies, and that the

Government has no more influence on energy matters in the nationalised industries than on any other area of management. This is not to say that our nationalised industries do not take energy saving seriously. The Post Office actively explores energy conservation possibilities - as can be seen from the information it provides in its Annual Reports. Again, the BSC and ETSU are currently in touch about the latter's energy audit of the iron and steel industry.

We consider that energy conservation requires a pragmatic industry-by-industry approach rather than the collection of statistics on an arbitrary and all too likely misleading basis. If the Government wishes to demonstrate internationally that the public sector is playing its part, it could do this effectively by quoting specific examples of the efforts being made by individual industries to improve energy conservation. (We could ask colleagues to provide examples if you wished.) But the Government does not need a quarterly monitoring exercise to enable it to do this.

Yours ever

Alastair

A J MACDONALD

FILE

CONFIDENTIAL

VLS

Energy

cc CO

10 DOWNING STREET

From the Private Secretary

B/F 30-5-80

19 November 1979

Committee of Ministers on Energy

The Prime Minister has considered your Secretary of State's minute of 14 November, and is now willing to agree that the Committee of Ministers on Energy should continue. She would, however, like to have a further report of the work of the Committee by the end of May 1980.

I am sending a copy of this letter to Martin Vile (Cabinet Office).

T. P. LANKESTER

KRB

W. J. Burroughs, Esq.,
Department of Energy.

CONFIDENTIAL

CONFIDENTIAL

E & E(EA)

HO
FCO
EMT
IND
LD PRES
EMP
MAFF
TRADE
ENERGY
CHIEF SEC

(ENV)
SCOTLAND
WALES

+ CO

DSG

Energy

10 DOWNING STREET

From the Private Secretary

19 November 1979

ENERGY CONSERVATION

The Prime Minister has now had an opportunity to consider your Secretary of State's minute of 6 November on the above subject. She has also read the minute of 15 November from the Secretary of State for Energy.

The Prime Minister has suggested that Mr. Heseltine's proposals and the ideas mentioned by Mr. Howell should be considered by E(EA). Accordingly, she would be grateful if they would arrange for a paper to be prepared and circulated to E(EA) for consideration as soon as possible. This paper can of course include any further ideas which may emerge in discussion amongst officials.

The Prime Minister's request that this should all be considered in E(EA) is without prejudice to the decisions which have already been taken on public expenditure. Her own view is that it will not be possible to allocate any additional expenditure for conservation measures for the time being.

I am sending copies of this letter to the Private Secretaries to members of E and E(EA) Committees, and to Martin Vile (Cabinet Office).

L. P. LANKESTER

D. A. Edmonds, Esq.,
Department of the Environment.

CONFIDENTIAL

MS

Prime Minister

Agree that this be discussed in E(EA) as proposed at x?

Yes — but we can't have any extra expenditure at this moment.

16/..

CONFIDENTIAL

Ref. A0690

MR. LANKESTER

Energy Conservation

Flag A

You asked for advice on Mr. Heseltine's minute of 6th November to the Prime Minister, proposing an extension of the Homes Insulation Act Scheme to give 90 per cent grants for home insulation to elderly householders receiving either supplementary benefit or housing allowances.

2. We have held up advice on this minute until we received a further minute, which we were assured was coming, from the Secretary of State for Energy. He eventually wrote on 15th November, supporting the Secretary of State for the Environment, but suggesting that this should be placed in the context of 'a general discussion of conservation policies in the domestic sector, on the basis of an appraisal by our officials'.

Flag B

3. Mr. Heseltine's original minute was an attempt to appeal to the Prime Minister and the Cabinet against the decision of the Chief Secretary. He claimed, in fact, that his proposals, which only cost £4 million a year, could be accommodated within his PESC provisions. Mr. Howell does not make any specific proposals. He is anxious to do more in the energy conservation field. But he is largely concerned to persuade his colleagues to spend more within their own budget: the cost of any new schemes would not fall upon his.

4. We think that there is a case for a further look at energy conservation expenditure, particularly in the domestic sector: but this requires a proper piece of paper on which Ministers could take decisions. The costs involved are not likely to be high, and this does not really deserve discussion in E unless the Prime Minister particularly wants to take it there. She might prefer it to go to E(EA). If that is agreed, you might reply to Mr. Heseltine's Private Secretary, with copies to the Private Secretaries of other members of E(EA) as well as E (and to Sir Robert Armstrong), inviting him and Mr. Howell jointly to arrange for a paper to be prepared by officials and circulated to E(EA) for consideration after Christmas. The coverage of the paper might be the specific

X

proposal put forward in Mr. Heseltine's minute of 6th November, together with the other proposals put forward by the Secretary of State for Energy, and any further ideas which emerge in discussion among officials. You would of course make it clear that this was entirely without prejudice to the public expenditure situation, on which the Chief Secretary's position would be fully reserved until the Sub-Committee had a chance to look at the proposals.

MJV.

(M.J. Vile)

16th November, 1979

CONFIDENTIAL

cc Mr. Duguid

Avoid Condescension

PRIME MINISTER

I strongly support Michael Heseltine's proposal for extra help for old people to insulate their homes. In the coming era of high and rising energy prices it is imperative to ease the adjustment of especially vulnerable groups. I do hope however that we shall not run into difficulties, as we are with the existing scheme, if local authorities run out of funds.

I am as concerned as Michael Heseltine about the 6 million homes (and countless other buildings) with no form of insulation whatever. I think that we need to look again at our effort in the domestic sector - both private and public. As far as new housing is concerned, we have the lowest loft insulation standards in Europe - there may well be a case for tightening the Building Regulations. As for the public sector our criteria for council house building make little reference to - and no special financial allowance for - conservation features. We need to consider whether the Clean Air Act is unnecessarily restrictive. And we really ought to consider lowering the maximum heating limit of 68°F in public and commercial buildings to 66°F. I have already asked my officials to explore the possibility with other Departments.

The current unsettled circumstances in Iran underline the need for forceful and progressive conservation policies. Without an all out attack we shall miss the enormous scope for prevention of energy waste in heating and servicing our buildings which takes half of our national energy consumption.

I think it would be helpful if we could have a general discussion of conservation policies in the domestic sector on the basis of an appraisal by our officials.

I am copying this to my colleagues in E Committee.

DJA.

SECRETARY OF STATE FOR ENERGY
15 NOVEMBER 1979

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 26/17/1

15th November 1979

Dear David,

OIL DEMAND RESTRAINT

Following my letter to you of 5th June, I have now thoroughly examined the possibilities of making still further savings in the defence uses of oil.

I intend to make a 5% cut in planned domestic usage (that is, other than use in operations and essential training, which accounts for some two-thirds of our total consumption) and I have given instructions for this to be done.

Additional savings on the operational side (including training), are much more difficult but something like 2½% saving on planned consumption is likely to be achievable. This will, however, be aided by a variety of extraneous causes such as manning constraints, the availability of warships and industrial difficulties. Although it will help me to go a long way towards your savings target, the effects on operations are highly unwelcome and I would not wish to see them publicised. Nor can I guarantee to maintain a 2½% reduced demand indefinitely, if only because actual consumption varies according to the training and exercise programme. The factors which will contribute to savings this year will not continue indefinitely and I will have to consider how to remedy their effects on the operational efficiency of the Forces.

It follows that I would not wish to impose any additional cuts on the operational use of fuel. Were I to do so, we

/ would ...

The Rt Hon David Howell MP

would begin to fall down on our NATO commitments, and be severely criticised for so doing. Outside NATO we would have to reduce Army patrols in Northern Ireland, Cyprus and Belize, and so reduce the amount of operational flying that standards would begin to deteriorate. This would affect flight safety and cannot be risked.

I have found no evidence of a "total lack of awareness" of the need to make savings in local defence establishments. Widespread and active monitoring machinery exists in all Service Commands. I will, however, keep under review all Service activities involving the conspicuous use of fuel.

I am sending copies of this letter to the Prime Minister and to Sir Robert Armstrong.

Yours ever

Francis

Francis Pym

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000

Minister of State

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

14 November 1979

Dear Keith

Thank you for your letter of 30 October about oil demand restraint.

It is not because of the threat of difficult negotiations that I recommend we do not re-open the heating agreement with the Staff Side, but simply because that I believe to do so would be counter-productive. I am convinced that the best way of achieving fuel economies in the Civil Service is to pursue the line suggested in my letter of 25 October to David Howell.

The National Staff Side have in fact already been told both by my officials and by the Property Services Agency that there might be difficulty over making the necessary fuel available this winter. They made it clear that, although they would be bound to oppose out-right any general re-opening of the agreement, they recognise the problems. They would co-operate very readily and encourage their members to behave reasonably if the Property Services Agency would take all necessary economy measures with the declared intention of honouring the agreement so far as possible. I am glad to see that the Property Services Agency explanation of the problems has already been published in one or two of the staff journals. In my view it is unnecessary, and would indeed be damaging, to seek to re-open the agreement.

On your general point, I share your views both about the importance of enabling management to regain the right to manage and about seeking economies in the central administration of Government. A firm line by departmental management is already showing some encouraging signs in the Civil Service.

I am sending copies of this letter to the recipients of yours.

Yours ever

PAUL CHANNON

10, DOWNING STREET,
WHITEHALL S.W.1.

With the Private Secretary's Compliments.

Yes. review it in 6 months' time.

Prime Minister

In view of this further plea, agree that this Committee should continue?

And will you write as suggested at x? (I can prepare a draft).

TL 15/11

PRIME MINISTER

COMMITTEE OF MINISTERS ON ENERGY

Mr Lankester's minute of 29th October said that you were still not convinced that it was worth continuing with this Committee and that you would like to know what precisely it had achieved.

The re-constituted Committee under John Moore's chairmanship was only set up just before the Summer Recess. The reason I am anxious to retain it is not because of what it has achieved so far - in the time it has been able to do little - but because of the important role it could play in the future. Energy conservation is not an area where we can look for quick results but nonetheless one which is vital if we were to meet successfully our future energy needs. There is an enormous potential for saving energy and for cutting out waste both in the public and private sectors. But we will only realise this potential if we have the commitment and full hearted backing of sponsoring Departments. Frankly, at the moment this commitment is not there. We have had the utmost difficulty in collecting basic and simple data with which to monitor progress. Indeed one major Department is unwilling even to ask its nationalised industries to co-operate in this way. Which? - Industry?

Why?

It would be possible to leave each Department to pursue energy conservation within its own field. I fear, however that without a body to monitor progress and to act from time to time as a goad, energy conservation will inevitably slip down the list of Departmental priorities. There are signs of this happening already. While I generally favour cutting down and restricting, wherever possible, the number of Committees, I believe that in the case of energy conservation which spreads over so many activities and areas there is a need for a Ministerial Committee to give Departments and officials the strong and continuing pressure which is necessary.

I very much hope therefore that on further consideration you can agree to the continuation of the Committee of Ministers under John Moore's chairmanship. I also hope that you will be prepared to consider favourably the suggestion in my minute of 25 October of your writing to our colleagues stressing the importance you personally attach to energy conservation.

X

I am sending a copy of this minute to Sir Robert Armstrong.

D A R HOWELL
14 NOVEMBER 1979

Awaiting C.o. advice

Energy

R

Chase 14/11/79

8/11

Prime Minister

At E Committee on 17 October you asked for a note on existing energy conservation measures. I list below the existing schemes together with our proposal for a modest addition.

The Homes Insulation Act 1978 launched a 10 year programme to secure a basic level of insulation in existing buildings.

In the public sector this involves a specific allocation of resources to local authorities, housing associations and new towns to finance the insulation of lofts, pipes and water tanks. Expenditure qualifies for housing subsidy in the same way as other housing capital expenditure. (Annual provision £24m).

In the private sector the Homes Insulation Act 1978 provided for the payment of grants to private householders towards the cost of similar measures. The grant rate is 66%, with a maximum grant of £50 based on the estimated cost of insulating the average semi-detached house. (Annual provision £25m).

The background to this Act is that there are some 6 million homes without any form of loft insulation, approximately

$\frac{2}{3}$ private, $\frac{1}{3}$ public sector. An uninsulated loft can waste up to 25% domestic energy; a hot water tank with no jacket will waste at least £1 a week in energy. An estimated $1\frac{1}{2}$ million of these uninsulated dwellings are occupied by elderly people with incomes at or below supplementary benefit level. During the first year of the grant scheme, only 12% of those insulating their dwellings were elderly householders.

During the passage of the Labour Government's Home Insulation Act last year, we pressed strongly from our front bench for special measures for the elderly and other cases of special need and eventually the Labour Government amended the Bill to enable such provisions to be made. I am, however, very keen to honour what I regard as a commitment to do something for the elderly and have proposed that we should increase the grant rate to 90% for elderly householders who receive either supplementary benefit or housing allowances. John Biffen felt unable to support this proposal on cost grounds, and you therefore concluded that this improvement to the scheme would have to wait.

The additional cost of this proposal can be accommodated within existing PESC provisions. The precise figure depends obviously on how many grants are applied for but our estimate

of the additional cost of each grant would total £1-1½m per annum. Even taking the Treasury view that every such grant should be expenditure taken at its total, rather than its incremental cost, the public expenditure comes out at about £4m per annum.

In view of the difficult announcement about higher fuel prices and against the background of a more limited scheme announced to help with winter fuel costs, I believe that this scheme is well worth adopting, both from the real benefits it could give to that sector of the community which suffers most during the winter and also its presentational benefits for the Government. Perhaps we could discuss it at an early meeting of E Committee?

I am copying this to colleagues on E.

MH

6 November 1979

3F

N

TL Sasa 2/11/79

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Energy

Secretary of State for Industry

30 October 1979

Paul Channon Esq MP
Minister of State
Civil Service Department
Whitehall
London SW1

Dear Paul,

Thank you for sending me a copy of your letter to David Howell of 25 October about oil demand restraint.

I am worried about your proposal that we should not seek to obtain savings by re-opening agreements with the National Staff Side simply because of the threat that the negotiations might be difficult. As a government we were elected to bring about economies in the central administration of Government and we intend to ensure that, generally, management regains the right to manage. If, therefore, we set David Howell's proposals on one side we shall not only add to public expenditure but we shall set a bad example to management in industry.

I am sending copies of this letter to the recipients of yours.

Ever,

Keith

5 14
BF 2/11/79
Energy

10 DOWNING STREET

From the Private Secretary

29 October 1979

Committee of Ministers on
Energy Conservation

The Prime Minister has read your Secretary of State's minute of 20 October on the above subject. She is still not convinced that it is worth continuing with this committee; and in any event, before agreeing that it should continue, she would like to know what precisely the committee has achieved.

I am sending a copy of this letter to Martin Vile (Cabinet Office).

T. P. LANKESTER

W.J. Burroughs, Esq.,
Department of Energy.

TCR

cc Mr Wolfson
Mr Hodgson

Prime Minister
Agree that this Committee should continue?
See overleaf TL
26/10

PRIME MINISTER
COMMITTEE OF MINISTERS ON ENERGY CONSERVATION

You agreed in July to my proposal to keep in being a Committee of Ministers to promote the efficient use of energy, but said that you wished to review the position at the end of three months.

We are agreed that energy conservation together with nuclear power and coal must form the basis of our long term energy policy. We are also committed internationally to reducing the energy co-efficient of economic output and giving increased impetus to energy conservation.

In achieving this aim, market forces have an important part to play. The public sector must also set and be seen to be setting a good example. A good start has been made - the Property Services Agency has already achieved savings of 30% of energy consumption since 1972. But there is still a long way to go, particularly among local authorities.

All our experience suggests that constant pressure is needed to bring other Departments, nationalised industries and local authorities up to the mark and keep them there. Our initial experience of the committee has clearly shown what a major and uphill task lies ahead. There is a limit to what officials can do. They need clear Ministerial support and backing. I believe it important that there should be a Minister in each Department with responsibility for energy conservation in his Department's field of activities and that the Ministers concerned should meet regularly under John Moore's chairmanship. The essential purpose of the group is to monitor our conservation effort, to keep everyone on their toes and to see what more we need to do. Otherwise, I fear that, given public expenditure and manpower constraints, energy conservation will slip down the list of Departmental priorities.

I very much hope therefore that you can agree that the Committee under John Moore should continue. If you do, I would also hope that you would be prepared to write to our colleagues explaining the importance you

(2)

personally attach to energy conservation and your wish to see early and substantial progress in this area.

I am sending a copy of this minute to Sir John Hunt.

MTA.
2

Secretary of State for Energy
25 October 1979

I see no reason in this note for the committee to continue. What has it achieved? It looks like a time-wasting talking shop.

MT.

Energy

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 3000

Minister of State

The Rt Hon David Howell MP
Department of Energy
Thames House South
Millbank
LONDON SW1P 4QJ

25 October 1979

Dear David,

R 25/10

OIL DEMAND RESTRAINT

You wrote to Christopher Soames on 2 August and 4 October asking him to look again at your suggestion that the heating agreement should be re-opened with the National Staff Side, and that we should have another look at arrangements for flexible working hours.

I share entirely your aim of economising in the use of heating fuel. I do, however, have the most serious doubts about the wisdom of trying to achieve savings by re-opening agreements with the National Staff Side who have made it clear that they would refuse publicly to re-negotiate. The consequence would be that staff would be very unco-operative over local heating difficulties. There would almost certainly be walk-outs whenever the temperatures dropped below 18.5°C. If, however, the PSA took every possible reasonable step to achieve economies with the aim of maintaining, where possible, the agreed standard, the Staff Side would co-operate in explaining the problems to their members and encouraging them to put up with any discomfort. I understand that PSA have already supplied the unions with an explanation of the problems, and this will be appearing in the various staff journals. It is my intention to issue from CSD an explanatory General Notice which will also say what PSA are doing to tackle the problems.

I was glad to see from your letter of 4 October that you were not disposed to press the point about flexible working hours (FWH). The FWH system has brought a great many benefits and, in any case, has very little impact on total heating hours. This is because the majority of FWH schemes work on a 10 hour period, of which heating is provided for only 9 hours, and in offices working a normal 8½ hour day heating is again provided for 9 hours (½ hour for warming up at the start of the day). I am sure therefore that it is right not to interfere with these arrangements.

The question of a fixed additional day's holiday at Christmas has been put to the National Staff Side and we expect to get their reply this week; I hope they will co-operate. If they do not, I do not think it is worth having a national showdown about it. I suggest we leave it to departments to settle the holiday arrangements with their Departmental Staff Sides in the normal way but ask them to press strongly for an arrangement under which all staff take the extra day on Christmas Eve.

I recognise that the utmost economies achieved by the PSA by the measures which they have suggested may not enable them to meet the target saving of 5%. Nevertheless, I think the approach which I have outlined is the most sensible and constructive way of tackling the problem, and one which, at the end of the day, is as likely as any other to maximise savings.

I am sending copies of this letter to all Ministers in charge of departments, to the Prime Minister and to Sir John Hunt.

PAUL CHANNON

Paul

Energy

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Lord Soames
Lord President of the Council
Civil Service Department
Whitehall
London
SW1A 2AZ

4 October 1979

Dear Christopher

12/10

OIL DEMAND RESTRAINT

I have seen a copy of Norman Fowler's letter of 14 September to you, commenting on mine of 2nd August. I would not oppose a more in-depth study of the issues involved in narrowing the parameters of flexi-hours schemes, so long as others think this would be worthwhile, and it could be completed fairly quickly. I would point out however that the issue does not stand or fall on this point: it is possible to shorten the periods during which buildings are heated without changing flexi-hours themselves.

I hope that we shall soon be able to come to some conclusions on this issue, and on the other point raised in my letter of 2 August, ie heating standards for Government buildings. The impending onset of the autumn and winter heating season means that this has now become a matter of some urgency.

I am copying this letter to the recipients of the earlier correspondence.

Yours ever
David

D A R Howell

Energy cc Press Office

1. MR LANKESTER to see

2. PA

NJS

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Nick Sanders Esq
Private Secretary to the
Prime Minister
No 10 Downing Street
London SW1

1 October 1979

Dear Nick,

ADVISORY COUNCIL ON ENERGY CONSERVATION

I am writing to advise you that the Advisory Council on Energy Conservation will be publishing their third report to the Secretary of State for Energy on Wednesday 3 October. It is being published at this time to tie in with the start of International Energy Conservation Month. I attach a copy of the report along with a draft copy of the press notice which will accompany it.

Yours ever,

Denis

DENIS WALKER
Private Secretary

USE SMALLER CARS, SAYS REPORT.

A vigorous campaign backed by fiscal measures, to make new cars more efficient in the use of fuel and to encourage the use of smaller cars is called for in a report* published today (Tuesday, October 2 1979) by the Advisory Council on Energy Conservation. It also says that the use of diesel engines for high mileage cars and light freight vehicles should be encouraged.

Energy saving insulation standards enforced by new Building Regulations are identified as needing particularly urgent attention, and the report calls for the establishment of an energy conservation service industry.

In its third report to the Secretary of State for Energy, which is timed to âmrk International Energy Conservation Month, the Council brings up-to-date its assessment of the world energy situation. It also examines the development of energy conservation policies in the UK since 1973 and discusses how the UK might further adjust to a future in which energy will be scarcer and very much more expensive.

The report welcomes as a 'magnificent and valuable development' the central role within energy policy which the efficient use of energy has come to occupy over the last five years.

Looking at future oil consumption by all forms of transport the report forecasts an increase of 38 per cent (from 29 million tonnes to 40 million tonnes), by the year 2000, mainly reflecting increased consumption by civil aviation and cars. The forecast allows for the effects of energy conservation and increases inthe real price of oil to the consumer. It says "It is necessary that such prices should reflect movements in the world price of oil, buttressed by increases in fuel taxes. The vigorous pursuit of improvements in the fuel efficiency of new vehicles and the encouragement of an increasing proportion of fuel economical cars in new production may have to be supplemented by fiscal measures. The improvement of driving techniques is also important.

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* 'Advisory Council on Energy Conservation: Report to the Secretary of State for Energy". Energy Paper 40.

"A switch to diesel powered cars covering high mileage and to diesel powered light vans would be advantageous in energy terms and should be encouraged by Government policies. This requires the restoration, as a minimum, of parity of tax as between petrol and diesel. It is also desirable to accelerate the commercial exploitation of electric vehicles, and notably vans with limited urban mileage, and a greater research effort should be directed to this end".

The Council also recommends that:

- thepolicy decision by the last Government to phase out the vehicle excise duty on petrol vehicles, with an increased tax on petrol substituted should be proceeded with;
- National fuel consumption targets for new car production should be revised from time to time; and a substantially stiffer target should be set for the medium term, perhaps for 1990 or 1992;
- better publicity should be given to the relaxation in the legal requirements in connection with car sharing and pooling;
- the private use of business cars as a fringe benefit should be examined from an energy conservation point of view;
- the enforcement of parking restrictions should be tightened up, thus reducing traffic congestion and helping to improve the fuel consumption of cars. Road improvements and traffic management measures designed to ease congestion are equally to be welcomed;
- public transport should be developed to provide acceptable alternatives to the private car. More financial support is accordingly likely to be required.

The report says that there is a strong need for improved Building Regulations on the thermal properties of buildings and the level of controls on Heating systems. Building Regulations setting standards for the performance of buildings as systems should be adopted. "Buildings are the key to a successful energy conservation strategy", says the report. "They dominate energy use in the United Kingdom".

In the report the Council says"the UK has the poorest insulation standards in Europe and we feel that further work on Building Regulations is needed". Acknowledging that this is a complex area, with a split of responsibilities and where energy conservation may be secondary to considerations of safety and health, it identifies it as a priority area which should receive adequate resources.

Many heating and hot water systems in buildings are badly designed and inadequately controlled, says the report and it recommends "Controls are the major consideration and we believe that action similar to that taken to improve buildings through insulation grants is required".

The report recommends that an energy conservation service industry should be developed and marketed if necessary by Government and that Government should extend its cooperation with the building professions in developing training in energy conservation.

Emphasising that most non-domestic buildings in the UK are owned, wholly or in part, by public sector bodies the report points out that "This puts a major holding of the existing building stock in the public sector and where it should become a model for remedial action".

The report draws attention to the fact that everyone is an energy consumer and to achieve substantial savings in fuel and power the whole population must play its part. "A substantial reduction in national demand will come about only through the actions of millions of individuals". It also highlights the need to educate the children of today as the adults of tomorrow, in energy saving.

In its conclusions on publicity and education the Council says that the Government must take the lead in a programme to motivate the population of the UK to save energy; in this respect they add "We commend the role played , particularly by the Department of Energy, in getting existing enery saving programmes off the ground". "Much of the last five years have been spent in preparing for action in gaining the necessary background and knowledge. While there is still much to be done in the R and D field, we know enough now to prosecute an effective energy saving programme. The Government's major task (and indeed that of this Council) is to ensure that this knowledge is put to effective work".

Energy

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

The Rt Hon Lord Soames MP
Lord President of the Council
Civil Service Dept
Whitehall
London
SW1

4 SEP 79

Dear Christopher.

R 14/9

OIL DEMAND RESTRAINT: USE OF FLEXIBLE WORKING HOURS

I have seen a copy of David Howell's letter to you of 2 August and the earlier correspondence on this subject. In particular I note that one proposal that you are considering is the reduction of the latitude allowed under flexi-hours schemes in the civil service so as to reduce the number of hours during which buildings have to be lit and heated.

One of the important reasons for introducing such schemes has of course been to ease transport congestion. A study, which my Department carried out in 1976, into the effects of flexible working hours at a large DHSS office in Longbenton, a northern suburb of Newcastle in 1976 showed that peak hour arrivals of vehicles at the office decreased by 15% as a result of the scheme and departures decreased by 25%, thus making a valuable contribution to easing congestion. The demand for peak public transport decreased to such an extent that the operators in the area were able to withdraw almost 20% of their services.

On this basis it is clear that such schemes have a beneficial effect both on the energy used by transport and on its costs. For this reason I should not be in favour of taking steps to reduce the scope of flexi-hours schemes without having had the opportunity to consider the disadvantages, as well as the advantages of doing so in more depth.

I am copying this letter to the recipients of yours.

Yours ever Norman

NORMAN FOWLER

Energy

R 14/5

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Rt Hon Sir Keith Joseph Bt. MP
Secretary of State for Industry
Ashdown House
123, Victoria Street
LONDON SW1E 6RB

14 September 1979

Dear Keith

ENERGY CONSERVATION SCHEME

Thank you for your letter of 31 August. I accept, with regret, that it is not possible to take a decision to extend this Scheme in time for announcement during International Energy Conservation Month in October.

I believe, however, that a good case can be made for incentives to industry to adopt energy conservation measures in preparation for future scarcity and high prices of energy. I hope therefore that you will agree that your officials should work with mine in preparing a detailed case which can be considered when the public expenditure picture for future years is clarified.

I am copying this letter to recipients of earlier correspondence.

Yours

David

D A R Howell

JC

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/14466/79

Your ref:

10 Sept. 1979

R
17/9

Dear David

HOMES INSULATION SCHEME 1978

Thank you for your letter of 7 August suggesting that the Homes Insulation Scheme should be extended to provide more incentive for energy savings in line with our international commitments.

I agree we should try to improve take-up, and this of course is one of the main objectives of the publicity planned by my Department for the autumn. However, I do not think we can do more in the present financial circumstances. I could not contemplate financing additional expenditure on home insulation out of my revised PESC budgets for 1979/80 or 1980/81, and in his letter of 10 August John Biffen has already made clear that he could not accept a claim on the Contingency Reserve.

There is also considerable doubt whether local authorities and, in particular, the insulation manufacturers could meet any large boost in demand. For instance, Eurisol have already told my officials they could not cope with topping-up of existing loft insulation this year.

I therefore suggest that in your speech in October you emphasise our concern that the existing Scheme should be fully utilised.

I am copying this letter to the Prime Minister, John Biffen, Keith Joseph, George Younger, Nicholas Edwards, Humphrey Atkins, Jim Prior and Sir John Hunt.

Yours ever

Mike

MICHAEL HESELTINE

The Rt Hon David Howell MP

Energy

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
Telephone *Direct Line* 01-212 3301
Switchboard 01-212 7676

Secretary of State for Industry

31 August 1979

The Rt Hon David Howell MP
Secretary of State for Energy
Department of Energy
Thames House South
Millbank
London SW1P 4QJ

Dear David.

R
3/9

ENERGY CONSERVATION SCHEME

I am sorry not to have replied before now to your letter of 7 August about an extension to the Energy Conservation Scheme developed by the previous Administration. I have seen John Biffen's letter to you of 10 August.

I appreciate your wish to have some positive announcement to make at your Department's International Energy Management Conference early in October, but I cannot easily fall in with your proposals.

There is no obvious scope for offsetting savings here. Is there no scope for savings in your own programme? As for the possibility of a claim on the Contingency Reserve, we have not yet collectively considered public expenditure as a whole for 1981-82 and beyond. I do not think that this scheme should be considered in isolation: it should be assessed with all our other policy priorities. If it has such a high priority and you cannot absorb it then the burden would need to be shared out.

I am copying this letter to the recipients of yours.

Yours,
Keith

Energy
MS

Treasury Chambers, Parliament Street, SW1P 3AG

10 August 1979

The Rt Hon David Howell MP
Secretary of State
Department of Energy
Thames House South
Millbank
London SW1P 4QJ

Dear David,

You sent me copies of your letters of 7 August to the Secretaries of State for Industry and for the Environment about the Energy Conservation Scheme and the Homes Insulation Scheme. In each letter you say that you hope that I would, if necessary, accept the proposed new expenditure as a claim on the Contingency Reserve.

I have tried to make my own position clear on the Energy Conservation Scheme. In my letter of 1 August I confirmed that I maintained the line I took in my letter of 3 July: namely, that if you were to put forward proposals for a further Scheme I would need convincing that there is a compelling case for Government expenditure rather than for leaving it to the private sector, and that any new public expenditure would have to be accommodated within agreed programmes.

Your present letters briefly assert your view that new expenditure is justified on both Schemes, but frankly you do not say what the expenditure would be or when it would be incurred.

Until you produce a more comprehensive argument for both the Schemes I do not feel I can take a different line, or consider whether I could support such expenditure even in principle.

In the meantime I am not willing to recommend to colleagues claims on the Contingency Reserve for these purposes in either 1979-80 or 1980-81. Ministers collectively could, if necessary, consider additional bids for the later years when we resume our discussions on the Public Expenditure Survey for 1981-82 onwards. But we are

already faced with formidable problems in reducing programmes to acceptable levels, and unless the Departments of Industry and of the Environment were willing and able to find offsetting savings from within the ceilings which will be agreed for them your proposals would not be acceptable to me.

Since we are not expecting to finalise our decisions on the 1979 Survey by then, I am afraid I see no prospect of your being able to announce the new Schemes at your conference in Birmingham on 9 October.

I am sending copies of this letter to the Prime Minister and to the Secretaries of State for Industry, the Environment, Scotland, Wales, Northern Ireland and Employment and to Sir John Hunt.

Yours

John Biffen

JOHN BIFFEN

PRIME MINISTER

2 letters setting out Mr Howell's proposals on energy conservation.

To glance.

MS 7/8

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON SW1

7 August 1979

Dear Michael

HOMES INSULATION SCHEME

I have been examining the energy conservation policies and programmes we inherited and I am convinced that we must strengthen them as soon as possible.

Our recent undertakings at the Strasbourg and Tokyo Summits have emphasised the importance of doing so and the Strasbourg communique referred specifically to the need for a greater investment effort to save energy.

The exisiting UK energy conservation programme seeks, as you know, to secure the installation of a basic level of insulation in public and private housing over a period of 10 years. All the evidence suggests that the Homes Insulation Scheme is very popular and effective. The latest and forthcoming increases in energy prices will make insulation a more attractive proposition but our officials know from market research conducted on behalf of insulation manufacturers that there is still a great deal of inertia among the millions of householders who have still no insulation in their lofts.

I believe that we should reinforce the price mechanism now by stepping up our insulation programme and thereby the level of energy savings. We have still a long way to go before our dwellings are insulated to a basic level and action now to provide more incentive would I am sure increase the momentum.

There are a number of ways in which this could be done and our officials would need to establish the most effective method. Officials are meeting on an inter-departmental basis to examine the possibility of strengthening our energy conservation programme in the autumn and I hope you will agree that they should urgently examine the strengthening of the homes insulation programme.

I am very anxious, against the international background I have described and the urgent need for oil and energy savings, that we should be able to demonstrate our own positive commitment as a Government to energy conservation in the autumn. October has been designated by the International Energy Agency as International Energy Conservation Month and I am to make a major speech on 9 October at the opening of my Department's International Energy Management Conference in Birmingham.

I hope you agree that we should then be able to announce a significant strengthening of our policies and programme. I realise that an extension of the Homes Insulation Scheme can probably not be accommodated within your PESC provision, but I hope John Biffen would be prepared to consider it as a claim on the Contingency Reserve.

I am sending copies to the Prime Minister, John Biffen, Keith Joseph, George Younger, Nicholas Edwards, Humphrey Atkins, Jim Prior and Sir John Hunt.

Yours ever

David

D A R HOWELL

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Rt Hon Sir Keith Joseph
Secretary of State for Industry
123 Ashdown House
Victoria Street
SW1

7 August 1979

Dear Keith

ENERGY CONSERVATION SCHEME

I have now completed my initial review of the energy conservation policies and programme we inherited. I am convinced that we must move to strengthen them as soon as possible.

In particular our study has reinforced my view that we should extend the Energy Conservation Scheme, as I proposed in my letter to John Biffen of 9 July. As I mentioned then, the need to strengthen our policies in industry and commerce, which account for nearly half our energy consumption, has been emphasised by our recent undertakings at the Strasbourg and Tokyo Summits and the Strasbourg communique referred specifically to the need for greater investment effort to save energy.

Since then I have met the chairman of most of the UK's 66 energy manager groups. They emphasised that the existing Scheme, while useful in encouraging the elimination of some of the worst examples of energy waste, is far too limited and that substantial opportunities remain for effective investment, especially in heat recovery.

The latest increase in prices, notably for oil, will make energy conservation investment more attractive and will therefore raise such projects in the order of company investment priorities. I am, however, satisfied that we need to reinforce this process. There is no doubt that many energy managers still have real problems in getting energy saving investment programmes through their boards in the face of competition from other projects and it seems unlikely that these will disappear in the foreseeable future.

An extension of the Energy Conservation Scheme would give energy managers valuable additional leverage and increase the momentum towards effective energy conservation in inudstry and commerce which we urgently need.

In building on the existing scheme we would also generate substantial new investment and consequent employment. On the basis of 25% grants, the existing Scheme, for example, will, if fully taken up (as it seems likely to be), produce a total investment of the order of £100m for a Government input of £25m.

Officials are meeting inter-departmentally to examine the possibilities for extending our energy conservation programme in the autumn. By then we shall have been in office for six months and it will be important, against the international background I have described, to demonstrate our own positive commitment to energy conservation. I am particularly anxious that we should be able to announce a strengthening of our policies in October - which has been designated International Energy Conservation Month by the International Energy Agency - and more particularly that we should be in a position to announce an extension to the Energy Conservation Scheme by 9 October when I am to open my Department's International Energy Management Conference in Birmingham.

I therefore hope that if, in the light of your Private Secretary's letter of 16 July, you cannot accommodate the proposed extension to the Scheme within your existing PESC provision we should jointly ask John Biffen to accept it as a claim on the Contingency Reserve.

I am sending copies to the Prime Minister, John Biffen, George Younger Nicholas Edwards, Humphrey Atkins, Michael Heseltine, Jim Prior and Sir John Hunt.

Yours ever

David

D A R HOWELL

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

V
MS

Lord Soames
Lord President of the Council
Civil Service Department
Whitehall
LONDON SW1A 2A2

2 August 1979

Dear Arthur

OIL DEMAND RESTRAINT

Thank you for your letter of 11 July in reply to mine of 31 May about the public sector campaign to save oil. I particularly welcome the constructive approach which you are showing in this matter with regard to the use of official cars.

Your letter also commented on the two specific measures which Geoffrey Howe has suggested might be taken in our search for economies in public sector oil consumption, namely reducing the latitude allowed under flexi-hours schemes so as to reduce the number of hours during which buildings have to be lit and heated, and varying the recent national agreement on heating standards. Whilst I accept that there would be serious difficulties in agreeing changes on either measure with the National Staff Side, I nevertheless believe that, against the background of the current campaign to save oil in the public sector, and the importance which we as a Government have placed on its success both for its own sake in terms of oil saving and for its value as a lead to others, we must make the effort to try and negotiate concessions on these questions. I am certain, and I am sure that others will agree, that significant savings would result if we were successful in obtaining changes, particularly in the case of flexi-hours, where an hours reduction in the period during which buildings have to be heated could save as much as 10% of heating bills. Action could take the form of a national suspension of the heating standards agreement, and discussions with local staffs sides on reducing the hours during which heat is provided. (This could be achieved either by reducing the bandwidth of flexi-hours systems, particularly the 'exceptional' 11 hours bandwidth, or by changing the present arrangements whereby buildings are heated for one hour less than the FWH period; there is no over-riding reason why flexible hours should themselves be affected).

I am copying this letter to Geoffrey Howe, to all Ministers in charge of Departments, to the Prime Minister and to Sir John Hunt.

Yours ever

David

D A R HOWELL

CONFIDENTIAL

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NBPM

MS

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon David Howell MP
Secretary of State
Department of Energy
Thames House South
Millbank
London SW1P 4QJ

1 August 1979

Dear Secretary of State

ENERGY CONSERVATION SCHEME

In my letter to you of 3 July I agreed that the existing Scheme should continue; and that has now been announced. I went on to say that if you were to put forward proposals for a further scheme I would need convincing that there was a compelling case for Government expenditure rather than for leaving it to the private sector, and that any new public expenditure would have to be accomodated within the agreed programmes.

In your letter of 9 July you said that you believed you would be able to convince me of the need to extend the scheme. In his letter of 26 July Nicholas Edwards gives his support to you and to George Younger on this question. Obviously we cannot take this any further until you make firm proposals. But to avoid any possibility of doubt I should like to confirm that I maintain the line I took in my letter of 3 July.

I am sending copies of this to the Prime Minister and to the Secretaries of State for Industry, Scotland and Wales.

Yours sincerely,

John Biffen

JOHN BIFFEN
(Approved by the Chief Secretary and signed in his absence)

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)
From The Secretary of State for Wales

Prior

The Rt Hon Nicholas Edwards MP

26 July 1979

Dear John

I have seen the recent exchange of letters between you and David Howell about extending selective financial assistance for energy conservation.

My Department are involved in pressing for more energy conservation in Wales and we do this as agents for the Department of Energy. In view of the increasing need for conservation of all fuels, I am sure that we should continue the energy conservation scheme which Keith Joseph's Department has made available to industrialists and others. I should, therefore, like to endorse the view (also supported by George Younger in his letter of 10 July) that support under this scheme should continue.

/ I am copying this letter to the recipients of the earlier correspondence.

Yours
Nick

Rt Hon John Biffen MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
London SW1

MASTER includes corrigendum of 2.10.79.

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MEC (79) 1st Meeting

COMMITTEE OF MINISTERS ON ENERGY CONSERVATION

Minutes of a meeting held on 25 July 1979 at the Department of Energy, Thames House South

PRESENT

Mr John Moore MP	Parliamentary Under Secretary of State, Department of Energy (in the Chair)
Mr James Lester MP	Parliamentary Under Secretary of State, Department of Employment
Mr Neil MacFarlane MP	Parliamentary Under Secretary of State, Department of Education and Science
Mr David Mitchell MP	Parliamentary Under Secretary of State, Department of Industry
Mr Geoffrey Finsberg MP	Parliamentary Under Secretary of State, Department of the Environment
Mr Giles Shaw MP	Parliamentary Under Secretary of State, Northern Ireland Office
Mr Alexander Fletcher MP	Parliamentary Under Secretary of State, Scottish Office
Sir George Young MP	Parliamentary Under Secretary of State, Department of Health and Social Security
Mr Jerry Wiggin MP	Parliamentary Secretary, Ministry of Agriculture, Fisheries and Food
Mr Reginald Eyre MP	Parliamentary Under Secretary of State, Department of Trade
Mr Kenneth Clarke MP	Parliamentary Secretary, Department of Transport

In attendance:

Mr B Ingham	Department of Energy
Mr B Hampton	" "
Mr P Edwards	PS/Mr Moore

Secretariat:

Mr A J Cordy
Miss M Mellett

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CONTENTS

The CHAIRMAN noted that apologies had been received from the representatives of the Ministry of Defence, the Foreign and Commonwealth Office, the Home Office and the Welsh Office. The meeting was held in the Department of Energy as accommodation at the House of Commons was not available at short notice, but for the convenience of members he proposed that future meetings should be held at the House.

2 The Committee had two tasks: in the short term to monitor the public sector's response to the call for oil savings, and in the longer term to secure the effective co-ordination and development of energy conservation generally. The Prime Minister had asked for a report on the Committee's effectiveness by October, on the basis of which a decision on its future would be taken. Clearly, little progress could be expected with their long term remit in three months and he therefore proposed that they should concentrate initially on the short term task. Evidence of their success in this would provide the basis for the Committee's continued existence to pursue the long term remit.

ITEM 1 - OIL SAVING CAMPAIGN: INITIAL PUBLIC SECTOR RESPONSE

3 THE CHAIRMAN said that effective monitoring of the public sector response was essential to put reality into the commitment to cut oil consumption by 5 per cent. The Department of Energy at present had totally inadequate information by which to judge progress. By the Committee's second meeting, which he envisaged would be towards the end of September, they must be in a position to show positive results on the basis of returns up to the end of the June quarter.

4 The PARLIAMENTARY UNDER-SECRETARY for EMPLOYMENT questioned the base period for the 5% cut and suggested that it should be related to fuel consumption over the past three years. The CHAIRMAN replied that the detailed basis of the cuts should be left to officials to sort out. The important point was that Departments and public sector organisations should have the will to achieve a cut in consumption, and that the required information should be available. There was a need for Ministers to put pressure on their Departments to secure this.

5 The PARLIAMENTARY UNDER-SECRETARY OF STATE for INDUSTRY said that he was anxious to comply with the Prime Minister's direction that the burden on industry should be minimised. The returns called for would place a considerable burden on nationalised industries, particularly the BSC. He wondered whether the information needed could not be obtained by the Department of Energy from the oil suppliers. MR HAMPTON explained that there were a large number of oil suppliers and that it would not be feasible to expect them to distinguish between their public and private sector customers. The CHAIRMAN said that there would be increasing pressure from the public for the Government and the public sector to set an example. It was

important that they should start the coming winter fully prepared. He could not believe that reports of the kind called for would place an excessive burden on nationalised industries. But the Department of Energy would have a look at the possibility of getting returns from the oil suppliers.

6. The Parliamentary Secretary for Transport said that within the transport industries there was some reluctance to produce the required data from a fear that it would merely result in pressure to reduce services. The industries would wish to qualify the data by pointing out that increases in public transport services could result in overall energy savings in the transport field when consequent reductions in private consumption were taken into account. For example he warned that in the case of British Rail detailed figures would show increased consumption over the last year due to the introduction of new projects. Never-the-less he was confident that the information would be produced.

were able to do so, PSA should provide data.

8 The PARLIAMENTARY UNDER-SECRETARY OF STATE for INDUSTRY asked that consideration be given to the extent to which a continuing dialogue with the nationalised industries would be preferable to quarterly returns.

9 The CHAIRMAN said that in the face of increasing criticism of the public sector, Departments must accept responsibility for providing the quarterly figures. He did not think the type of return required need prove an undue burden. Whilst some organisations were legitimately concerned that the need for savings in the short term might prejudice their long term energy saving, there was nonetheless an overriding need to be able to demonstrate that the 5% oil saving commitment undertaken in the IEA was being fulfilled in those sectors where the Government was directly involved or could exert influence. In summing up, he acknowledged the obvious monitoring difficulties but asked members to urge their officials to establish the basic data on oil savings. This information must be available to provide the basis for a report to the Prime Minister in the first week of October.

ITEM 2 - IMPLEMENTATION OF THE LONG-TERM CONSERVATION PROGRAMME

10 Introducing the Progress Report MR INGHAM said that the Government's long-term programme was designed to save 11 million tonnes of oil equivalent a year after 10 years. £450 m had been allocated for the first four years of the programme. An inter-Departmental committee of officials from 18 Departments monitored progress every six months, and reported the results to Ministers. This was the third report. It should have provided a clear indication of the implementation of the programme but, because of deficiencies in reporting by the public sector, notably the local authorities, it was not possible to assess progress on the schemes designed to bring some 5.6 million homes in the public and private sector up to a minimum standard of insulation over a period of ten years. On the basis of information received from local authorities, one would conclude that progress was slow. This inference was however contradicted by information obtained from the insulation industry whose figures suggested that in fact local authorities were doing far better than programmed. Problems were not however confined to local authority reporting; more effective reporting was clearly needed from the Department of Education and Science, the Department

of Health and Social Security and the Scottish Office. In conclusion Mr INGHAM hoped that the members would accept the need for a prompt and greatly improved standard of reporting, in time for the next Report which was due in December. A good example from Government was fundamental to pursuading ordinary consumers to save now and in the longer term. For the returns so far it was not possible to say that the opportunity to set a good example, under the present programme, was being seized, and the Government was therefore vulnerable.

11 In a brief discussion the PARLIAMENTARY UNDER-SECRETARY OF STATE FOR EMPLOYMENT suggested that if information on the number of dwellings insulated was not available it might be possible to assess performance on the basis of expenditure. MR INGHAM replied that there were substantial deficiencies and contradictions in the returns made by local authorities, which officials at the Department of Environment were anxious to resolve. Until this had been done it was not possible to come to any conclusion on the progress of the programmes, although impressionistic information from the insulation manufacturers suggested that there was in fact considerable activity.

12 In further discussion the PARLIAMENTARY UNDER-SECRETARY OF STATE FOR EMPLOYMENT suggested that the STEP programme might provide a means of accelerating the insulation of dwellings. The PARLIAMENTARY UNDER-SECRETARY OF STATE, NORTHERN IRELAND referred to the possibility of a link between Energy Managers and the Industrial Training Boards. Commenting on this Mr INGHAM said that the Department of Energy had had discussions with Industrial Training Boards, but had gained the impression that they tended to be reactive bodies which were less effective in innovating and anticipating training requirements.

13 Summing up the discussion, the CHAIRMAN said that the report was concerned with longer term energy conservation and could not contribute to the proposed report to the Prime Minister, which would be confined to progress with short term oil saving. But it was important to have reliable information as a basis for monitoring progress with the longer term programme, and the standard of Departmental reporting must clearly be greatly improved.

ITEM 3 - ENERGY CONSERVATION: THE SCOPE FOR MANDATORY MEASURES

14 Mr INGHAM said that this Report, prepared by an inter-Departmental group under his Chairmanship, arose from a request by the previous Administration for an examination of the scope for mandatory measures. The report had been completed before the General Election it had since been considered by the full Inter-departmental Official Committee on Energy Conservation, which took the view that it would be useful to Ministers to know of the work undertaken and the conclusions reached on the role of legislation in promoting energy conservation.

15 The UK had a largely voluntary energy conservation policy. The basic problem which the report attempted to answer was whether compulsory energy saving measures were needed now, when energy was relatively plentiful, rather than later, when it was expected that scarcity and high energy prices would induce savings. The Report clearly showed that, except in time of crisis there was little disposition towards compulsion. Enforcement presented a problem, especially since there were powerful objections to interfering with people's lives in their own homes, and to putting avoidable burdens on industry. The Group considered that there were some

measures which might be pursued more effectively on a voluntary basis, for example by persuading those involved in the house market to promote good insulation and effective heating system controls as a selling point. Even if it were decided to introduce further mandatory measures, a great deal of work had yet to be done on feasibility and the likely benefits. The report made only two proposals for action: to extend domestic building regulations as far as possible to require controls on new or replacement heating systems; and to incorporate in consumer protection legislation, protection against misleading information in advertisements about home insulation and contracts

16 In discussion the PARLIAMENTARY UNDER-SECRETARY OF STATE for the ENVIRONMENT said that his Department was seriously considering whether building regulations could be abolished. He had found that totally out of date discount rates were being used in the appraisal of oil-fired heating installations. He considered that more effort should be put into solar energy. The PARLIAMENTARY UNDER-SECRETARY OF STATE, FOR HEALTH AND SOCIAL SECURITY said that the Treasury were looking into the question of fringe benefits, including company cars. Mileage allowances were an invitation to use cars, and an annual flat rate allowance would perhaps be a better basis. The PARLIAMENTARY UNDER-SECRETARY OF STATE, NORTHERN IRELAND raised the question of maximum heating levels in offices. In discussion it was confirmed that the 68°F maximum was still in force, but that owing to the difficulty of enforecement it was not very effective. Nonetheless the maximum provided a useful guide to energy managers. If the maximum were lowered it would provide firms with some leverage for renegotiating agreements with unions on minimum temperature limits.

17 The PARLIAMENTARY UNDER-SECRETARY OF STATE for EDUCATION AND SCIENCE said that when in Opposition they were in some degree committed to energy consumption labelling of domestic appliances, but this would appear to require legislation. The CHAIRMAN replied that provision for this was involved in the proposed Energy Conservation Bill which would be introduced later in the Session.

18 The PARLIAMENTARY SECRETARY for TRANSPORT said that he agreed with the report in largely rejecting compulsion. He supported the Society of Motor Manufacturers and Traders' recently announced voluntary scheme to improve average fuel consumption of new cars by 10% by 1985. He was concerned at the possible effect on this of moves to reduce the amount of lead in petrol, and to bring in higher exhaust emission standards. He stressed the need for close co-ordination and co-operation between the Departments concerned, including the Department of Health and Social Security.

19 The conclusions of the Report were formally endorsed by the Committee.

CONCLUSION

20 In conclusion the CHAIRMAN reiterated the need for Departments to provide adequate and prompt reporting of both short-term oil savings and progress with the energy conservation programme. The Committee would meet again in the second half of September to consider a report to the Prime Minister. It was essential that up to date information on oil saving was available by then.

1 ✓ Energy

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COMMITTEE OF MINISTERS ON ENERGY CONSERVATION

OIL SAVING CAMPAIGN: INITIAL PUBLIC SECTOR RESPONSE

Note by the Secretariat

The attached Note by the Department of Energy is circulated for discussion at the meeting of the Ministerial Committee to be held on Wednesday 25 July at 4.00 p.m.

MEC Secretariat
Energy Conservation Division
Department of Energy

24 July 1979

OIL SAVING CAMPAIGN : INITIAL PUBLIC SECTOR RESPONSE

A Note by the Department of Energy

Introduction

The Secretary of State for Energy's letter of 31 May to all Ministers in charge of Departments (Annex A) asked them to set out how they saw their Departments, and those parts of the public sector for which they are responsible, contributing towards the programme of oil savings in the public sector to which the Government had commited itself. The detailed information contained in the Ministerial response to this request, supplemented in some cases by information received at official level, is summarised in Annex B.

Response by Government Departments

2 Most buildings occupied by Government Departments, and other buildings of the Civil Estate throughout the country are supplied with fuel by the Property Services Agency, whilst Armed Services establishments are supplied from Ministry of Defence sources. Except in leased buildings the PSA will usually have control of the heating equipment. Heating fuels for the MOD (Procurement Executive), Royal Ordnance Factories, Prisons and the Post Office are supplied by PSA but the Agency is not responsible for the heating services.

3 The role of the Property Services Agency is thus central to the success of the public sector campaign. PSA officials have co-operated with Department of Energy officials to produce a simple

check-list of "good housekeeping" measures susceptible to action by Departments through their Accommodation Officers which was circulated along with guidance on more technical measures normally under the control of the PSA (except in buildings controlled by MOD Procurement Executive, Royal Ordnance Factories and Prisons) in mid-May. A revised Accommodation Officers Guide (Fuel Economy) is also being issued by PSA. It was in addition suggested that Departments who are served by the PSA for their heating requirements should establish contact with the PSA District Works Officer and ensure a joint approach to the campaign; a suggestion which many Departments have already taken up.

4 Departments are also being asked to consider possible savings in their use of transport. This will again involve consultations with PSA in many cases, since they are responsible for running the Government Car Service.

5 In the absence of any quantitative information from the PSA, MOD, the Home Office and the Scottish Office on savings achieved in the second quarter of 1979 it is impossible to say anything definite about the effectiveness of the campaign so far as regards Government Departments. There are some signs that steps are being taken in a number of directions which could result in useful savings, although it is clear that the various studies and discussions outlined in Annex B need to be given an urgent impetus and translated into firm action if the full 5% target is to be achieved this year.

Response by other parts of the Public Sector

6 It is too early for a clear picture to emerge. Approaches to nationalised industries and other public sector bodies by their sponsoring Departments have been rather haphazard, particularly as regards the timing of requests for co-operation in the conduct of the campaign. This is partly due to the heterogeneous nature of the public sector, which covers a wide range of nationalised industries, public services, supervisory and advisory bodies of varying size and status. However it is clear that the main responsibility for ensuring the whole-hearted co-operation of public sector bodies lies with sponsoring Departments, and that a great deal more effort in this direction is now required as a matter of urgency.

7 One encouraging development has been the preparedness of Local Authority Associations to co-operate in monitoring and reporting savings following a meeting between their representatives and officials of the Departments of the Environment, Energy, Education and Science and the Welsh Office on 19 July.

Monitoring

8 An essential element in the campaign is the need to monitor the savings achieved. Following consultation with the PSA, the Department of Energy circulated to all Departments in mid-May a simple pro forma which could be used by the PSA, MOD and Home Office (for Prisons) and Departments with their own fleet of cars, and by other public sector bodies to record and monitor oil savings as a result of the campaign on a quarterly basis.

Although the first returns, covering the period April-June were due in by mid-July, the response has been very patchy, with only a few returns being received so far. It is to be hoped that Departments will make every effort to ensure that returns covering their own use of oil and that by the public sector bodies which they sponsor are made as quickly as possible so that they can be reported to MEC.

Department of Energy

23 July 1979

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
TELEPHONE: 01-211 XXXXXX 6402

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales
Welsh Office, Cwydr House
Whitehall
SW1A 2ER

31 May 1979

OIL DEMAND RESTRAINT

You will have seen a copy of my minute to the Prime Minister of 25 May, about the oil supply situation, and about the need for effective demand restraint. As you know the UK earlier this year accepted commitments to the EEC and to the IEA to save at least 5% on current oil consumption. At recent meetings in Brussels and Paris I reaffirmed the UK resolve to make a full contribution to these savings, and in this context I have told the House that in the public sector there will be a real drive for the most economical use of energy.

This Government has inherited a programme for oil saving in the public sector which now needs to be pushed forward as strenuously as possible. I know that the public authorities have a good record on energy conservation, and that consequently the scope for further saving may seem limited. But the present situation calls for measures which go beyond good housekeeping. If we are to reduce oil consumption effectively we may have to accept cuts in some of the less essential services provided by central Government, the local authorities and the nationalised industries. I hope that this will be impressed on all those concerned, whilst at the same time making it clear to them that their efforts will form part of a wider contribution by the country as a whole.

I am also aware that the current level of allocations being made by the oil companies is already enforcing economies in consumption on the public sector, as on others. But this does not remove the need to plan carefully for reduced consumption of oil and to monitor the savings achieved.

I would be glad if you will let me know how you see your Department, and those parts of the public sector for which you are responsible, contributing to the savings we need.

I am writing in these terms to all Ministers in charge of Departments. Copies go to the Prime Minister and to Sir John Hunt.

D A R HOWELL

ANNEX B: THE RESPONSE OF INDIVIDUAL GOVERNMENT DEPARTMENTS AND OTHER PUBLIC SECTOR BODIES

Introduction

The information in this Annex is based on the Ministerial replies to the Secretary of State for Energy's letter to Ministers in charge of Departments of 31 May 1979, and on information supplied to the Department of Energy at official level in connection with the detailed arrangements which have been made to monitor savings achieved.

2 The information is arranged by Department, with other public sector bodies coming under their respective sponsoring Department.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

3. Accommodation officers have been asked to give renewed attention to "good housekeeping" measures. An Office Notice has been circulated urging all staff to economise in the use of heat and light, and in the use of vehicles. Accommodation Officers have also been asked to co-operate with PSA on more technical matters.

Public Sector Bodies Sponsored by MAFF

4 MAFF have approached the public bodies within their sphere of responsibility, including the Forestry Commission, the Land Settlement Association Ltd, the Agricultural Mortgage Corporation and the White Fish Authority.

Monitoring

5 MAFF buildings are subsumed in the general PSA return. Requests to the public sector bodies sponsored by MAFF to take part in the monitoring exercise were not issued until late in June, and it is therefore unlikely that they will be unable to report savings for the second quarter.

CABINET OFFICE

6 The Cabinet Office are consulting PSA (who control their heating) to see whether further economies can be achieved. They warn that savings, if any, are likely to be minimal.

Public Sector Bodies Sponsored by Cabinet Office

7. None.

Monitoring

8 Cabinet Office buildings are subsumed in the PSA return.

CENTRAL OFFICE OF INFORMATION

9 The COI are planning a publicity campaign within the department on fuel conservation later in the year; taking action to report to PSA any obvious area where heat is being wasted; and asking PSA to check heating plant and consider additional means of fuel conservation.

Public Sector Bodies Sponsored by COI

10 None

Monitoring

11 COI Buildings are subsumed in the PSA return.

CIVIL SERVICE DEPARTMENT

12 The CSD has general responsibility for the use of fuel in the Civil Service as a whole.

13 CSD officials are discussing the possibility of further reductions in the Government Car Service with PSA (which operates the service), and are pursuing the possibility of introducing a more economical car than the 3.5 Rover. Studies are also being made of vans in the London area which should lead to more economical routeing and fewer vans of smaller engine size. In addition guidance is being issued on the use, maintenance, and careful driving of vehicles in the interests of fuel economy.

14 More generally, the CSD will be pointing out to Departments whose officials frequently use their own cars on Government business that public transport should be used in preference to private vehicles whenever practicable. They are also considering whether Departments need firmer guidance on how to control the cost of using cars, including the possibility of introducing local travel budgets for managers.

Public Sector Bodies Sponsored by the CSD

15 None.

Monitoring

16 CSD return subsumed in PSA returns.

HM CUSTOMS AND EXCISE

17 Customs and Excise are asking accommodation officers to discuss with local District Works Officers measures which might be taken in their buildings before next winter such as draughtproofing, thermal insulation, modification to lighting arrangements etc. They also intend to issue general guidance to staff on good housekeeping measures, but are postponing this until October since they believe that reminders about heating economies are less effective if issued during the summer months.

Public Sector Bodies Sponsored by C&E

18 None.

Monitoring

19 C and E buildings subsumed in PSA returns.

MINISTRY OF DEFENCE

20 The Secretary of State for Defence has appointed a junior Minister to take special charge of the defence uses of energy, with economy as one of his main objectives. However, they feel that, as a result of previous economy measures, they have already reduced operations to the minimum level necessary if the efficiency of the armed forces is to be maintained, and that there is no prospect of achieving further significant savings in the operational uses of oil without prejudicing efficiency. On the domestic side, the economies which have already been made (10% reduction in the demand for all forms of energy since 1973/4) have narrowed the scope for further restraint, although renewed efforts are being made. Overall MOD see no prospect of achieving a further 5% reduction in the total defence use of oil.

Public Sector Bodies Sponsored by MOD

21 None

Monitoring

22 No monitoring returns have been received.

DEPARTMENT OF EDUCATION AND SCIENCE

23 We have no information on economies which the Department are making with regard to their own buildings and use of transport.

Public Sector Bodies Sponsored by the DES

24 Officials of the Department joined with officials from the Departments of the Environment, Energy and the Welsh Office in a meeting with representatives of the local authority associations on 19 July.

25 The current programme of capital investment to improve insulation and the efficiency of heating systems should make a significant contribution to the reduction of oil demand by local education authorities, which is reflected in reduced forecasts of their current expenditure on fuel from this year onwards. Local education authorities cannot however be expected to make very significant reductions by cutting services, since they have a statutory duty to provide full-time education for children of compulsory school age and to make adequate provision for further education. Short of fundamental changes in the school year (so as to shorten drastically the spring term when heating bills are at their highest) or the school day (so as to close earlier in the afternoon), either of which would require consultation with the local authority associations, the teachers and other staff, cuts in services can only be made at the margin. Since rising oil costs will coincide with an expenditure squeeze and the strict application of cash limits, DES do not believe it will be necessary to take separate action to ensure that economies are made wherever possible. However they will be pressing home the need to economise and dealing with any requests for further technical advice by local education authorities.

Monitoring

26 DES buildings are subsumed in the PSA returns. No returns have been received from local education authorities, who were invited to monitor their progress too late for them to take part in the first tranche of the monitoring exercise. The Universities and Higher Educational Establishments do not appear to have been approached.

DEPARTMENT OF EMPLOYMENT

27 The Department is co-operating with PSA in exhorting staff to cut down fuel consumption in offices. Investigations are also being made into the

scope for additional economies in the use of official cars throughout the Employment Group.

Public Sector Bodies Sponsored by the Department of Employment

28 None. (We assume that the Department speaks for the Employment Group as a whole, including the Health and Safety Executive.)

Monitoring

29 Department of Employment buildings are subsumed in the PSA return. No returns covering the fuel consumption of official cars has been received or public sector bodies sponsored by the Department have been received.

DEPARTMENT OF ENERGY

30 The Department's buildings in Leicester and Glasgow are heated by gas. The headquarters building in London is rented. Thames House Estate Ltd, who as landlords are directly responsible for heating the building have worked closely with the Department in the use of such energy management tools as "degree days", to control the consumption of oil, and in the replacement of old and inefficient boilers. There are also plans for a collaborative study to establish whether there may be yet more ways of improving the efficiency of the heating and insulation of the building. The Department has also, in collaboration with the PSA, appointed fuel monitors, whose task it is to look out and report on inefficient energy practices (eg taps left running, excessive lighting etc) so that appropriate action may be taken.

Public Sector Bodies Sponsored by the Department of Energy

31 Energy conservation officers at all United Kingdom Atomic Energy Authority sites have encouraged the introduction of improved practices, and used publicity to foster collaboration by staff at all levels. Consultants specialising in energy saving have been used where appropriate. Savings have also been achieved by increasing boiler efficiency, introducing optimum start controllers, improving insulation and changing from oil to coal or gas. Similar measures have been taken by British Nuclear Fuels (where reducing temperature settings has led to a 10-15% reduction in oil consumption compared with last year at Capenhurst).

32 The National Coal Board have been making vigorous efforts to conserve oil for a number of years. Fuel consumption by the industry's road transport services has been successfully reduced or contained in each year since 1974, except for last winter. The scope for reducing oil consumption in other directions is more limited. At present there is no practical alternative to the use of diesel engines in high horsepower surface plant, although the possibility of using alternative power sources for smaller units is being examined. Conveyor transport systems can reduce the demand on diesel engined vehicles above and below ground, but the transport system has to be selected in the light of general operational requirements rather than primarily from the point of view of oil saving. It is possible however that there is some scope for further reducing spillage of lubricating oils through sealed systems. In addition, used oil is collected for refining, cleaning or burning.

33 In addition to the CEGB's undertaking to increase coal burn, which is expected to save 1.5-2m tonnes this summer, the Area Electricity Boards and Regional Generating Boards in England and Wales are taking steps to reduce oil consumption by increasingly rigorous scrutiny of vehicle use and improved control of heating

and lighting use, and are monitoring performance. Boards are also examining particular measures such as the installation of thermo-fan drive in their vehicles, switching to electrically-propelled vehicles etc. They are also recovering and re-conditioning transformer oil. British Gas also have a good record on energy conservation. They are re-examining their use of petrol and derv for road transport, but are unlikely to be able to secure significant savings because their usage of oil in other areas is now extremely limited. Oil is used only as a standby fuel. Similarly the British National Oil Corporation, although commited to the public sector campaign, is a very small consumer of oil products.

Monitoring

34 Thames House South is rented, and figures for consumption are unavailable. The nationalised fuel industries have submitted the following returns:

NATIONALISED INDUSTRIES SPONSORED BY THE DEPARTMENT OF ENERGY

Body	Estimated Consumption in Absence of saving measures (thousand tonnes)	Actual consumption (thousand tonnes)	Saving (thousand tonnes)	% Saving
UK Atomic Energy Authority (1)	14.404	13.571	0.833	5.8
British National Oil Corporation (2)	0.022	0.021	0.001	4.9
The Electricity Council (3)	10.52	10.00	0.52	4.9

Notes

(1) Includes figures for British Nuclear Fuels Ltd.

(2) Approximate conversion from litres.

(3) Figures given are for the 12 Area Boards in England and Wales. The Central Electricity Generating Board have not found it possible to provide comparable figures for this quarter.

British Gas and the National Coal Board are commited to making returns for this quarter, but have not yet been able to finalise the figures.

DEPARTMENT OF THE ENVIRONMENT

35 The Property Services Agency has long been conducting a vigorous energy conservation campaign. This encompasses all fuels, but in view of the need for oil demand restraint priority is being given to saving oil. The Department is also issuing instructions designed to effect appropriate economies in the use of motor fuel.

Public Sector Bodies Sponsored by the Department of the Environment

36 Official of the Department, together with officials from the Departments of Energy, Education and Science and the Welsh Office met representatives of the Local Authorities Associations on 19 July in order to enlist their aid in making and monitoring savings.

37 Similar approaches are being made to the Water Authorities.

Monitoring

38 The PSA return covering the majority of governments has not yet been recieved. Local authorities were asked to participate to late for them to take part in the first tranche of monitoring returns. No returns have been recieved from any of the other public sector bodies sponsored by the Dept.

DEPARTMENT OF INDUSTRY

39 The Department has set in train measures to monitor the consumption of oil in its Research Establishments.

Public Sector Bodies Sponsored by the DOI

40 One of the biggest oil users is British Steel. In principle, there might be some scope for substituting coke for oil in blast furnace operations. But because of shortage of NCB coking coal of the preferred grades, and tighter quality specifications for Steel BSC have already increased imports of coking coal in recent years, and they would like to import a good deal more. BSC's use of fuel oil has already declined as its open hearth steelmaking capacity is shut down. Fuel oil is also used in steel re-heating furnaces, and the BSC are now beginning to instal new types of oil burners that use less oil. This is being helped by the Demonstration

Project Scheme. The Corporation has set up an Energy Utilisation Committee to press on with an energy conservation programme.

41 The Post Office has entered into urgent contingency planning to conserve supplies. Some curtailment of services may become necessary.

42 The Secretary of State has undertaken to draw the attention of the Chairmen of British Aerospace and British Shipbuilders to the campaign, and to encourage them to do everything possible to use energy more efficiently.

Monitoring

43 The Department's buildings are subsumed in the PSA return. No returns have been received from any of the public sector bodies sponsored by the Department of Industry, since the Department has taken the at official level line that it does not wish to ask its industries to take part in the monitoring exercise.

DEPARTMENT OF TRANSPORT

44 We have no information about the steps which the Department is proposing to take with regard to its own buildings and use of vehicles.

Public Sector Bodies Sponsored by Department of Transport

45 The Minister of Transport has been in touch with the Chairmen of the nationalised transport industries about the need for fuel savings.

Monitoring

46 Department of Transport buildings are subsumed in the PSA return. No returns have yet been received from any of the public sector bodies which the Department sponsors.

FOREIGN AND COMMONWEALTH OFFICE

47 The FCO are urgently examining possible savings in the operation of their home Departmental pools of vehicles. As regards heating of buildings, they are considering with PSA how economies can be achieved.

Public Sector Bodies Sponsored by the FCO

48 The FCO are arranging for the British Council, the BBC External Services and certain other international organisations in London whose costs are to some

extent carried in the FCO vote to be made aware of the campaign. They are also being asked to report progress.

Monitoring

49 FCO buildings are subsumed in the PSA return. No return covering the consumption of official cars has been received. No returns have been received from any of the Public Sector Bodies sponsored by the FCO.

HOME OFFICE

50 The Home Office are looking into the possibility of further savings in the Prison Service, whose 120 establishments use about 94,000 tonnes a year. The scope for savings is however limited by past efforts (a saving of 7-8% was achieved between 1977/8 and 1978/9), by the need to avoid infringing international conventions on human rights, by the need to avoid risking internal dissension and security, and by the age of the building stock.

51 Instructions on fuel economy are being issued to users of the Home Office's considerable fleet of vehicles.

Public Sector Bodies Sponsored by the Home Office

52 Most police forces buy their petrol through Local Authority purchasing departments, and are thus experiencing the same enforced cuts in supplies as local authorities. The Association of Chief Police Officers is asking its members what can be done to economise in the longer term without prejudicing police operations. The Metropolitan Police have been asked to inform the Home Office how their less essential uses of oil can be pruned.

53 The fire service is a local authority service, and therefore covered in the arrangements being co-ordinated by the Department of the Environment.

54 The BBC and the IBA have been approached about the need to save oil, as have other 'fringe' bodies, although the later are not big enough users of oil to be able to produce significant savings.

Monitoring

55 Home Office buildings in London are subsumed in the PSA return. No monitoring measures have been received covering the Prison Service, the

Home Office car fleet, or any of the public sector bodies sponsored by the Home Office, except the BBC. Their return shows a saving of 254,000 litres on previously estimated oil consumption of 2,257,000 litres, or 11.25%.

INLAND REVENUE

56 The Revenue are stressing the "good house-keeping" measures they have urged on their officers in the past.

Public Sector Bodies Sponsored by the IR

57 None.

Monitoring

58 IR buildings are subsumed in the PSA return.

DEPARTMENT OF TRADE

59 The Department's staff have been asked to make a special effort to reduce their consumption of oil. The Department is co-operating with PSA to achieve economies in the use of heating oil, motor fuel and electricity.

Public Sector Bodies Sponsored by DOI

60 The biggest user of oil products is British Airways. Like its competitors it is having to pay increased prices for fuel, and is unable to obtain as much as it would like. In the very short term it has economised by cancelling on combining services, re-routing passengers and so on. For the autumn and winter, it has already opened discussions with other major airlines with a view to reducing its consumption of fuel by 5%. This has to be done on a route by route basis, and in agreement with the other carriers on a route since there is no point in BA cutting its services if the only result is to make more fuel available to its competitors who had maintained their services. It is too early to say how successful they will be. BA has also given instructions to its staff designed to save ground fuel.

61 The British Airports Authority, the Civil Aviation Authority and the lighthouse authorities are being asked to give special attention to the need to reduce oil consumption.

Monitoring

62 Department of Trade buildings in London are subsumed in the PSA return. Department of Trade have not asked the public sector bodies which they sponsor to make monitoring returns since their officials take the view that they do not wish to burden them with this task.

TREASURY

63 The Treasury have taken steps to see that staff are reminded of standing instructions on the heating and lighting of offices, and the use of official vehicles.

Public Sector Bodies Sponsored by the Treasury

64 No information has been recieved on approaches to public sector bodies sponsored by the Treasury, such as the Bank of England.

Monitoring

65 The Treasury buildings are subsumed in the PSA return. No returns covering sponsored public sector bodies have been received.

NORTHERN IRELAND OFFICE

66 The Northern Ireland Office is urgently reviewing ways in which greater savings can be effected, both as regards the heating and lighting of buildings and the use of cars. The scope for cuts is limited by previous efforts to conserve energy, and by the need to avoid prejudicing the operational role of the security forces. One specific area for savings identified so far is an effort to cut down on demands on the RAF for flights between London and Northern Ireland.

Public Sector Bodies Sponsored by the NI Office

64 Whilst the N Ireland Electricity Service is fully involved in the campaign, there is no scope for any significant savings for oil in electricity generation since the service does not have the ability to switch to fuels other than oil. NIES have nevertheless given an assurance that they will seek to maximise coalburn without regard to normal merit under considerations.

68 No details of approaches to other public sector bodies in Northern Ireland have been received.

Monitoring

69 The Northern Ireland Office have submitted a return covering gas oil and fuel oil supplied to the Northern Ireland Civil Service Estate, the Northern Ireland Office, the NI Police Authority, NI Hospital Boards, the GPO plus various other bodies including museums and training colleges. This gives the following figures for the quarter ending 30 June 1979:

Estimated Oil Deliveries in absence of oil saving measures (thousand tonnes)	Actual Oil Deliveries (thousand tonnes)	Saving (thousand tonnes)	% Saving
22,866	21,293	1,573	7%

No returns have yet been recieved covering the NIES , the N.I. Housing Executive or schools.

SCOTTISH OFFICE

70 We have no information on steps which the Scottish Office is proposing to take with regard to its own buildings or use of vehicles.

Public Sector Bodies Sponsored by Scottish Office

71 The major 'target' group is the Scottish Local Authorities, and the Scottish Office are proposing to approach the Convention of Scottish Local Authorities. They are also planning to approach the NHS in Scotland; prisons and other penal establishments; bus and ferry services operated by the Scottish Transport Group; the Scottish Electricity Boards, and colleges of education, central institutions, list 'D' schools, research institutes and agricultural colleges.

Monitoring Returns

72 No returns have been received from either the Scottish Office or any of the public sector bodies which it sponsors.

WELSH OFFICE

73 Have expressed a general commitment to the campaign.

Public Sector Bodies Sponsored by the Welsh Office

74 The Welsh Office have written to the Area Health Authorities in Wales, the Welsh Development Agency, the Development Board for Rural Wales, and the Cumbran Development Corporation to ask them to look at the scope for further savings, and to monitor progress. In the case of the Area Health Authorities the need for a major energy saving exercise has been re-emphasised at a meeting with the Authorities' Chairmen, and a series of further meetings set in chain to pursue the matter.

Monitoring

75 No returns have been received from any of the public sector bodies sponsored by the Welsh Office.

Oil Policy (Home) Division
Department of Energy
23 July 1979

1

Mr Wolfson

You might like to see these papers for the new Ministerial Committee which I mentioned.

TL

24/7

MEC(79)P3

MINISTERIAL COMMITTEE ON ENERGY CONSERVATION

ENERGY CONSERVATION:
THE SCOPE FOR MANDATORY MEASURES

Note by the Secretariat

The attached report was prepared by officials at the request of Ministers of the previous Administration and completed immediately before the General Election.

2 The Interdepartmental Official Committee on Energy Conservation (IOCEC) submits it to MEC for information and comment.

MEC Secretariat
Energy Conservation Division
Department of Energy

19 July 1979

ENERGY CONSERVATION: THE SCOPE FOR MANDATORY MEASURES

A report by a Sub-Group of the Interdepartmental Official Committee on Energy Conservation

SUMMARY AND CONCLUSIONS

1 This report examines the scope for mandatory measures in support of long-term energy conservation policy with particular reference to energy saving regulations and efficiency standards.

2 So far the UK has had little recourse to compulsion in support of energy conservation and IOCEC's earlier report* published on 6 March 1979, on the scope for new energy conservation measures and a long-term strategy, concluded that regulation was unlikely to be acceptable in this area unless the danger of energy scarcity was widely recognised as being imminent or certain.

3 The UK's fortunate position as an oil producer approaching self-sufficiency creates a climate of public opinion unsympathetic to the idea of mandatory restrictions on the use of energy - in much the same way as it adds to the difficulty of raising energy prices to their proper economic levels. The cut-back in world oil supplies as a result of the Iranian crisis has however sharply underlined the need to save energy. Although public acceptance will not be easily secured there may well be a case for carefully selected mandatory measures to bring home the need for conservation. However, we believe that this would be second best to action on energy prices, re-inforced as necessary by publicity and information and a Research, Development and Demonstration programme.

4 As was noted in Energy Paper No.33, there are powerful objections to measures which interfere with the liberty of the individual to lead his own life in his own home, and which are any way difficult to enforce. The imposition of mandatory measures on industry might be easier to enforce, and measures which served to enhance the position of UK companies against foreign competition might be generally welcomed. We have attached considerable importance however to the need to ensure that mandatory measures should not create burdens which damage the competitiveness or reduce the profitability of UK industry.

5 The Department of Energy is currently developing proposals for legislation to take powers, among other things, to implement EEC directives on

*Energy Paper No 33 - Energy Conservation: scope for new measures and long-term strategy. An inter-Departmental report by officials. HMSO £2

performance standards for heating appliances and energy labelling. The proposed legislation - which is the subject of separate Ministerial consideration - would enable performance standards to be set and enforced and progressively raised for the vast bulk of new heating appliances sold in this country.

6 Beyond these proposals we recommend at the present time only two relatively minor mandatory measures to re-inforce existing policy:

- the specification as soon as possible in domestic Building Regulations of a minimum level of controls on new or replacement heating systems possibly including separate controls on hot water and space heating systems as recommended by the Advisory Council on Energy Conservation;

- the incorporation in consumer protection legislation of protection against misleading information in advertisements about home insulation and controls.

7 We recommend further work to prepare for possible mandatory measures in two areas:

- the drawing up of codes of practice which might be incorporated in Building Regulations to guide local installers of domestic heating systems and systems and appliances in general use in non-domestic buildings; and

- the identification of specific sectors of industry which feel their trade might benefit from mandatory energy efficiency standards.

8 In addition we have identified a number of further studies which would be required before the appropriateness of particular mandatory measures could be judged. These studies would examine:

- the means of raising the proficiency of boiler operators;

- the desirability and feasibility of requiring regular maintenance of a specific range of energy-using appliances;

- possible extension of the car fuel consumption testing scheme to light commercial vehicles;

- possible incorporation in the MOT of fuel efficiency testing to establish in the first instance the cost benefit of such a measure;

- the effects elsewhere of a ban on direct promotional advertising of fuels by utilities; in the meantime we recommend that the Department of Energy should intensify its efforts to persuade the fuel industries to promote the efficient use of energy more vigorously;

- the introduction of a statutory minimum limit on cooling for air-conditioned non-domestic buildings to complement the existing limit on heating levels; while this would be difficult to enforce it would give energy managers an objective and would tend to discourage air-conditioning in new buildings.

9 Finally, we have identified a number of ideas for strengthening energy conservation on a voluntary basis, through action by the appropriate Departments:

- the inclusion by estate agents of the conservation features of properties when they are offered for sale;

- the inclusion of insulation in the checklists of property surveyors and in solicitors' search procedures;

- the setting of targets for energy saving by individual sectors of industry; and

- the annual reporting by companies, possibly through trade associations, of energy conservation measures and energy use.

ENERGY CONSERVATION: SCOPE FOR MANDATORY MEASURES

INTRODUCTION

1 The report by the Interdepartmental Official Committee on Energy Conservation (IOCEC) on the scope for new energy conservation measures and a long-term strategy, which was published on 6 March 1979*, concluded that the introduction of a significant element of compulsion beyond a progressive extension of Building Regulations would not at that stage be appropriate.

2 We thought it right, however, in view of the possible repercussions of the Iranian crisis on world energy supplies to re-examine the scope for mandatory measures, particularly in regard to energy saving regulations and efficiency standards.

3 The Department of Energy is currently developing certain proposals for legislation in this area. These proposals envisage a Bill to take powers, among other things, to implement satisfactorily in the United Kingdom EEC Directives on heat generators for domestic and commercial buildings and on energy labelling. If enacted, they would enable performance standards for all heating appliances, apart from those designed specifically for industrial process work, to be set and enforced and put consumers in a position to compare the energy consumption of some identical appliances.

4 Some of these proposed measures should serve the additional objective of increasing industrial competitiveness. The gas and oil-fired appliance manufacturers, for example, have in a more general context taken the lead in arguing through the relevant Sector Working Party of the National Economic Development Office for a national approvals scheme which would set agreed standards; give their products status in overseas markets; and ensure that imported appliances conform to the same standards. Legislation of the kind being proposed by the Department of Energy would enable such standards in the energy efficiency area to be reinforced where appropriate by law.

5 In the light of this we have examined more generally the scope for mandatory measures in all the main sectors of the economy on:

(i) energy-saving regulations and efficiency standards; and

(ii) other aspects of energy conservation.

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* Energy Paper No 33 - Energy Conservation: scope for new measures and long-term strategy. An inter-Departmental report by officials. HMSO £2

6 In doing so we have in mind the following main considerations

- public acceptability;
- enforceability;
- cost effectiveness;
- contribution to energy saving; and
- effect on industrial competitiveness.

7 Our aim has been to identify where possible legislative measures which might both reinforce our longer term energy conservation policies and confer future benefit on UK industry or which merit deeper examination than has been possible in the time for this study.

8 We have drawn a distinction between measures which might be brought forward as part of the continuing development of energy conservation policies and those which might be introduced in an emergency. We have not seen the latter as part of our remit and do not deal with them.

PRESENT POSITION

United Kingdom

9 IOCEC's March report noted that the UK has had little recourse to compulsion in support of its energy conservation policies. Indeed, two of the three measures introduced during the energy crisis of 1973 - speed limits and a ban on display lighting during daylight hours - have been respectively relaxed and replaced by a voluntary agreement. There is still a statutory limit (68 Deg F or 20 Deg C) on heating levels in non-domestic buildings but this is extremely difficult to enforce. Apart from this, mandatory reinforcement of energy conservation is confined to two main areas:

- Building Regulations; and the
- Passenger Car Fuel Consumption Test Scheme, introduced a year ago, which might be considered a first step down the road of labelling energy consuming "appliances".

10 Progressive increases in the requirements of the Building Regulations as they become justified on grounds of cost-effectiveness will make an important contribution to energy conservation. Some new regulations for non-domestic buildings came into force on 1 June 1979, and others are to be laid shortly.

Proposals for extending the insulation requirements in domestic buildings are under consideration with a view to an Order for England and Wales being made by the end of the year.

Overseas

11 As in the UK, the main industrial countries have dropped or relaxed a number of mandatory measures which were introduced during the 1973 crisis. There is now renewed interest in legislation following the cut back in Iranian oil supplies, but up to now mandatory measures have not been widely adopted in most countries apart from France and to a lesser extent the USA where President Carter has included some proposals for new mandatory measures in his latest energy package. Other countries which have put enabling energy conservation Bills before their Assemblies include Italy, Japan and Belgium but some measures brought forward under these powers have failed to carry into law.

12 Measures have not generally been introduced to oblige a user to renovate or retrofit existing equipment or buildings. The main areas covered by mandatory measures are: efficiency standards and the labelling of appliances; Building Regulations; fuel consumption targets for cars; and in some countries compulsory reporting by the larger energy consuming organisations of energy consumption data, and compulsory maintenance of boilers. There are few instances where qualifications or the appointment of personnel are required - for example, the certification of boiler operatives or the appointment of an energy manager.

13 Recourse to legislation may be affected by such factors as the extent of indigenous energy resources; trends in consumption within particular sectors of the economy - for example, petrol; wider social and political considerations which may inhibit economic pricing policies; or, in the case of appliance efficiency standards or labelling, trading considerations.

GENERAL COMMENTS

14 Before examining the possibilities for mandatory measures in each of the major economic sectors - domestic, non-domestic buildings, industry and transport - we would make some general comments on the role of mandatory measures in the UK's energy conservation strategy.

15 IOCEC's March report concluded that regulation is unlikely to be publicly acceptable in this area unless the danger of energy scarcity is widely recognised as being imminent or certain. The interruption of Iranian oil supplies has sharply underlined the need to conserve energy and especially oil, though we note that so far the Government is relying on voluntary measures to fulfil the UK's current IEA and EEC obligations to reduce oil demand.

16 In an ideal world, the UK's energy conservation strategy would in the first instance be pursued primarily through ensuring that energy prices are set at proper economic levels, so that consumers get the correct signals, reinforced as necessary by publicity, information, exhortation and RD & D. In such circumstances there should be little need for mandatory measures.

17 In practice, however, it has proved very difficult to move to proper economic pricing. Moreover, the UK's progressive movement towards net self-sufficiency in crude oil has blunted the energy conservation message, though latterly the cut-back in Iranian oil supplies has brought the need for economy to the fore. Against this background the task of impressing upon consumers the need to conserve energy has become more difficult over recent years. In these circumstances it has become, perversely, more difficult to secure public acceptance of mandatory measures. There could, however, be a case for using carefully selected mandatory measures to bring home to the general public the underlying seriousness of the situation but this would be second best to action on prices.

18 One of the major problems in developing energy conservation policy in the UK is how to devise a sharper legislative bite if it is felt that the national adjustment to a scarcer and dearer energy future is proceeding too slowly.

19 In the domestic sector there are powerful objections to enforcing any measure which interferes with the liberty of the individual to lead his own life in his own home. The value of measures which cannot be enforced is clearly limited. Similarly, speed limits are unpopular and extremely difficult to make effective.

20 Compared with the domestic sector, it would be easier to enforce energy conservation measures imposed on industry. Energy conservation can also relieve industry of an unnecessary burden of costs, though possibly at the expense of

scarce management time which might be better employed on improving the use of other (and in many cases more significant) resources. Any proposals in this area should, however, take account of the need to avoid imposing any unnecessary costs and burdens on industry. IOCEC's report in March concluded that the weight of the argument was against the imposition of mandatory measures on industry at this stage but that the position should be kept under review. We do not believe that as yet the position has significantly changed.

DOMESTIC SECTOR

Present position

21 The domestic sector uses just over a quarter of the energy consumed in the UK. Private sector dwellings account for roughly two-thirds of this.

22 The current standards of thermal insulation of dwellings, laid down in Building Regulations, came into force in 1975, when the insulation requirement was roughly doubled. The most important are those for the solid parts of external walls and for roofs, where U-values of 1.0 and 0.6 respectively are required. The U-value for roofs calls for approximately 60 mm of glass fibre insulation. Proposals for revised Building Regulations are under consideration by the Department of the Environment and the Scottish Development Department, with a view to requiring a higher standard of insulation, perhaps calling for U-values of 0.6 for walls, and 0.4, or even 0.33, for roofs. It is estimated that additional savings from such extensions could amount to up to 0.5 mtoe a year, worth £35 m after 10 years.

23 A 10-year programme for the basic insulation of public sector housing was announced in December 1977. Loan sanction of over £100 m is available to local authorities over the first four years and the programme is well under way. Grant assistance for insulating private sector housing was made available in September 1978 under the Home Insulation Act. The first scheme under this Act makes available grants of two-thirds of the cost of providing basic insulation - for lofts and hot water cylinders and pipe lagging - to a maximum of £50 per grant. A further £7½ m was added to the initial allocation of £15m for 1978-79 to meet demand. A further £25m is available for the Scheme in 1979-80.

Standards

24 The proposed legislation to implement the EEC Directive on heat generators would prescribe efficiency standards for all new domestic heating appliances. This could eventually give 5-10 mtoe savings a year, assuming a 10% improvement in efficiency. The labelling of energy-using appliances, linked to a consumer education programme, should progressively (though probably slowly) extend the awareness of the individual consumer of the varying amounts of energy consumed by similar appliances and at the same time put the manufacturer under pressure to improve the energy efficiency of his products. It is estimated that labelling could save up to 1 mtoe a year worth £70m but there is a need to establish its cost-effectiveness. It can, however, be welcomed to the extent that it standardises labels throughout the EEC and facilitates the export of UK appliances by removing trade barriers. But neither the heat generators Directive nor labelling would affect existing appliances. Little can be done to eliminate existing inefficient appliances beyond a programme of education drawing attention to the economy of modern products. It may well take 10 years or more to get rid of the bulk of old inefficient appliances and replace them with more efficient models.

Building Regulations

25 The IOCEC report in March proposed that Building Regulations relating to energy conservation should be progressively extended on a cost-effective basis. Among the suggestions which it may be appropriate to consider in due course are further requirements relating to the control of heating, ventilation and lighting; to include a shower as well as a bath in dwellings; and to design buildings in such a way as to allow energy conservation devices, for example double glazing, to be installed if and when they become cost effective.

26 We consider that it is too early to accept or reject most of these ideas. There are several considerations which must be taken into account apart from energy conservation;

- cost: present policy is to extend the Regulations on a cost-effective basis and anything else would meet with serious oppostion from public and private sector housebuilders;
- effectiveness: there is little point in specifying the inclusion of equipment such as controls unless it would be well-used, or in introducing so many Regulations so quickly that industry cannot adapt;
- side-effects: extensions of the Regulations must not bring undesirable side-effects such as condensation from reduced ventilation;

- the function of Buildings Regulations, which is to set minimum rather than optimum standards;
- administrative capacity for the preparation of new Regulations.

27 One possibility which merits attention as soon as practicable is the specification in the domestic Building Regulations of a certain minimum level of controls for new or replacement heating systems. The consideration should include a study of the recommendation by the Advisory Council on Energy Conservation that hot water services and space heating systems should be separately controlled. Without adequate controls the energy saving potential of insulation may not be realised. There may also be a need for an accompanying programme of public education to ensure that such controls are well used. However, many and complex changes to both domestic and non-domestic Regulations are in the pipeline at present, not least for the purposes of energy conservation, and we accept that consideration of this proposal must take its place in the order of priorities. We recommend that it should be taken up as soon as it is administratively and presentationally practicable to do so.

28 As was noted in the March report, the operating efficiency of heating appliances is heavily affected not merely by whether the system is adequately controlled but also by whether they have been correctly chosen for size and by the design of the system. Accordingly, we consider it important that the preparation of Codes of Practice, foreshadowed in our previous report, to guide the thousands of local installers of heating system should be treated as a matter of urgency. Once established the Codes could possibly be incorporated in Building Regulations for new installations in new and existing buildings.

OTHER MEASURES

Time Limit

29 We have re-examined the case for requiring a specified level of insulation in existing dwellings by a stated date. This might take the form of a requirement that all dwellings should meet the specified standard by the end of the current 10 year programme. The requirement would be laid down well in advance of the operative date and explicitly linked to the existing public and private sector schemes. There are however some major objections. Enforcement would require

powers to enter premises since (unlike contraventions of the Clean Air Act which can be seen from the outside of the building) failure to comply with the law could only be determined by visual inspection. Difficulty and uncertainty would also arise from the need to make exception for buildings which could only be insulated at undue cost, or whose limited remaining useful life made expenditure uneconomic. Such a requirement would also intensify pressure for the Homes Insulation Scheme to be extended to cover all private sector dwellings with inadequate insulation rather than only those with no insulation at all.

30 We conclude that the disadvantages of compulsory insulation standards for existing dwellings (or a certain level of controls except where new systems are being installed) outweigh any possible gain to be made from moving away from current voluntary policies.

Insulation: Mortgages and permissible rents

31 We have considered a number of proposals for linking house purchase or rental with the provision of a minimum standard of thermal insulation. The IOCEC report in March referred to the possibility of requiring building societies to restrict mortgages to property with basic insulation, but noted that the societies were concerned only with modifications or improvements which affected the structural stability or value of a house, and that there was no evidence that higher standards of insulation affected either significantly. We are doubtful if such discrimination in mortgage allocation would be generally acceptable. Similarly we have examined the idea that permissible rents should be related to the adequacy of insulation and the efficiency of heating systems. Rent law is however already complicated enough without this added burden. Moreover such a requirement might cause landlords to withdraw from a market where demand is already greater than supply. We do not recommend that either of these proposals should be pursued.

Consumer Information

32 We have considered three other related ideas, which we conclude do not offer scope for mandatory action but should be pursued on a voluntary basis. First, we looked at a suggestion that estate agents should be required to give information about thermal insulation in advertising a property. Estate agents however are not necessarily knowledgeable about insulation, and some form of insulation such as cavity fill cannot be checked by simple visual inspection. A mandatory requirement

would not therefore be practicable. But following a recommendation in our report last year, the Department of the Environment is already in touch with estate agents' organisations with a view to a voluntary undertaking to stress conservation features as far as practicable. We hope that this will be achieved.

33 The two other ideas which we considered were a requirement on a purchaser before completion of the sale of a house to obtain a surveyor's certificate that the property met a minimum level of insulation, and a mandatory question about insulation in solicitors' search procedures. The objection to the first as a mandatory requirement is that it would increase the cost of house purchase by adding an item to the survey and would, by making the survey obligatory, introduce a completely new element into house purchase. It could be difficult to enforce. As to searches, a question to the local authority would yield useful information only if a grant had been paid under the Homes Insulation Act. A question to the vendor's solicitor could have some value, but because of solicitors' varying practices and the fact that searches are not a formal requirement it could not reasonably be made mandatory. Nevertheless, we think these ideas are worth pursuing on a voluntary basis with surveyors' organisations and the Law Society respectively.

Consumer Protection Legislation

34 We have also considered whether consumer protection legislation might have a role to play in ensuring that house purchasers are provided with information about the standard of insulation and controls in a house. Existing legislation (the Trades Description Act and Sale of Goods Act) is not applicable to housing, but we understand that the Office of Fair Trading is currently considering the protection of consumers from misleading advertising for home improvements. We suggest that consideration should be given to including in such legislation provision for protection against misleading information about house insulation and controls.

NON-DOMESTIC BUILDINGS

Present position

35 Non-domestic buildings in both the public and private sectors use about one sixth of total UK energy consumption, with just over half of it consumed in the public sector.

36 The new Building Regulations which came into force for non-domestic buildings from 1 June 1979 lay down new insulation standards for walls, roofs and floors for various types of new buildings, and further Regulations which, subject to the views of Ministers, will be laid at the earliest opportunity, will introduce a requirement for heating controls when heating systems are installed in new buildings or replaced in existing buildings. In addition there is, as noted above, a statutory maximum heating limit for most non-domestic buildings of 68°F (20°C).

37 Apart from these mandatory measures, a substantial amount of assistance is offered to industry, commerce and agriculture to improve the thermal properties of and energy management in buildings. The bulk of the £450m set aside over the next four years is for the improvement of insulation, heating control and energy management in public properties. A very wide range of private non-domestic buildings, including offices, is covered by the Department of Industry's Energy Conservation Scheme offering investment incentives for energy conservation measures. There is also a 100% first year tax allowance for the insulation of existing industrial buildings.

38 In addition there is a substantial programme of information, advisory and training services designed wholly or in part to improve energy management in buildings in the non-domestic sector.

Potential for Mandatory Standards

39 In March, IOCEC noted that, as in housing, the major area for action is existing buildings because the majority of our present non-domestic buildings will still be in use in the year 2000 when energy supplies are likely to be much scarcer and dearer. We also emphasised that, whatever measures are taken to ensure that a building is not physically an energy "guzzler", the

savings will be finally determined by the management of the building and its systems.

40 It is therefore important on the one hand to secure the most rapid extension of Building Regulations in respect of both new and where possible existing buildings as is consistent with the cost-effectiveness of the measures. These regulations should apply to heating and ventilating systems and controls as well as to the thermal property of the building.

41 On the other hand, it is no less important to upgrade the quality of systems installation, the efficiency of appliances and the energy management of the building. We have concentrated on the possible role of mandatory measures in these areas given that the extension of Building Regulations to both new and in some respects to existing buildings raises few problems of principle.

Systems Installation

42 Substantial energy savings could be secured if energy-using systems and appliances were efficiently installed in non-domestic buildings - for example, if they were correctly sized in relation to the building and the work required of them and intelligently installed to permit close control. Similarly, the Property Services Agency has demonstrated the benefit of optimum start controls properly installed in appropriate buildings.

43 Hitherto the energy efficiency of such systems and appliances has been of relatively low priority, though it is likely to increase as energy prices rise. It is therefore important that an early start should be made on the work of establishing basic codes of practice for the installation of the systems and appliances in general use. Until this work is done there is no basis for the development of legal requirements in this important area. Once established, the Codes could possibly be incorporated in Building Regulations. The main constraint is the manpower required to prepare codes. There are, however, substantial energy savings to be achieved in non-domestic buildings and we recommend that Departments should explore with the architectural and engineering

professions and manufacturers the possibility of achieving a greater effort on the preparation of standards and codes of practice.

Efficiency of Appliances

44 As we noted in Para 3 legislation being proposed by the Department of Energy to implement the EEC Heat Generators Directive envisages efficiency standards for all heating appliances apart from those designed specifically for industrial process work. In addition, another EEC Directive is under discussion which will cover heat generators - mainly the larger boilers - which cannot be type tested. There is thus in prospect a statutory scheme or schemes covering the efficiency of the vast bulk of heating appliances used in industry and commerce as well as in the home. The Department of Energy is considering a proposal that these standards should be set by the British Standards Institution and that they should be raised as and when improvements become cost-effective, subject to the usual consultative procedure. Such a statutory scheme would mark a major step forward in promoting energy efficiency in the UK.

45 We examine under the heading of Industry and Commerce whether this scheme might be followed up by progressively establishing efficiency standards for new non-heating plant and appliances which use substantial amounts of energy.

OTHER MEASURES

Certification of boiler operators

46 IOCEC has stressed the importance of raising the standard of proficiency and performance of boiler operators and a study of how this might be done is to be mounted. Any recommendation on the frequently canvassed idea of requiring boiler operators, perhaps for plant over a certain size, to have a certificate of training should await the outcome of this study.

47 In the meantime we recommend that more publicity should be given to the availability of training for boiler operators. The ready availability of cheap oil and later natural gas during the 1950s and 1960s led to the conversion of many boiler installations from solid fuel firing to automatic or semi-automatic

firing with the result that fewer boiler operators were needed, the rate of recruitment dropped and the demand for training declined. But in the PSA's experience training can help to improve the efficiency with which plant with automatic or semi-automatic firing is operated and revised regulations for the City and Guilds of London Institute's boiler operators' certificate have been issued as a result of the PSA's initiative.

Heating and cooling limits

48 Heating of most non-residential buildings is restricted to a maximum of 68 Deg F (20 Deg C) by the Fuel and Electricity (Heating) Control Order 1974. We have considered whether there is a case for reducing this limit and also the possibility of introducing control of cooling of buildings.

49 It is estimated that a reduction of 2 Deg F in the heating level of public buildings, offices etc would save perhaps 6 to 8% of the energy used for heating - perhaps 1 mtoe a year. However, the existing limit is in practice unenforceable both because of the sheer difficulty, without a substantial inspectorate and right of entry, of securing evidence of infringement and because the heating systems in many buildings do not provide sufficiently even distribution of heat throughout the building. The existing limit probably achieves little direct saving but is useful in providing an objective for energy management. We do not think that lowering it would enhance this benefit.

50 There is at present no statutory limit on cooling levels of air-conditioned buildings. We have considered the possibility of recommending such a limit by providing, on the analogy of the heating control order, that fuel or electricity should not be used for the purpose of cooling a building below a certain temperature. We consider that in spite of the relatively small number of air-conditioned buildings and the difficulty of enforcement, a statutory minimum limit might be justified both as providing an energy management objective and as a discouragement to the inclusion of air-conditioning in the design of new buildings. We recognise, however, that such legislation could be prejudicial to the UK air-conditioning industry; and we accordingly suggest that the proposal should be given further study.

INDUSTRY

Present Position

51 Industry is the largest consumer of energy and with the service industries accounts for about 44 per cent of the total UK energy consumption.

52 The only mandatory energy conservation measures directly affecting industry are the statutory limit of 68 Deg F (20 Deg C) on heating non-domestic buildings, and Building Regulations which come into effect later this year. Both have already been referred to earlier in this report (Para 36).

53 The main weight of our efforts to promote energy conservation in industry is carried by a very substantial range of measures aimed at increasing awareness of the growing importance of energy costs and the opportunities for reducing them; encouraging investment in energy saving equipment; and supporting the development and practical demonstration of energy saving technology. These measures are listed at Annex B of Energy Paper Number 33.

Efficiency standards

54 We have referred above (Paras 44-45) to the current proposals for setting efficiency standards for heat generators, and we have considered whether it would be possible to build on this experience with efficiency standards for energy-using industrial plant and equipment other than heating appliances. We consider that the degree of acceptance which the EEC Heat Generators' Directive has received from industry demonstrates that, given the right approach of extensive consultation with industry, it may prove possible to identify and introduce efficiency standards in certain areas to the benefit of and with the full agreement of the manufacturers concerned.

55 The range of different types of industrial plant and equipment is, however, vast and to be of practical use efficiency standards would have to be precisely defined for specific types of plant. It is doubtful if standards could usefully be applied to units of plant forming a system because in such cases it is the overall efficiency of the system, rather than any one of its components, that is important. For some types of plant, such as furnaces, standards of construction might be more appropriate than operating efficiency. Enforcement of the prescribed standards, whether of efficiency or construction, must be practicable

at reasonable cost and the only basis for it is type testing of plant in series production. The need to avoid placing unncessary burdens on industry clearly argue strongly for keeping any scheme as simple as possible and in this connection we conclude that it would be practicable only to lay down standards for new plant, leaving out plant already in service. Thus we consider that it would be possible to extend the concept of efficiency standards to specific items of new energy using plant or equipment (other than heating appliances) which is amenable to type testing but that in some cases standards of construction may be more appropriate.

56 Energy efficiency standards are only a small part of the general area of standards and specifications in which there is already considerable Government activity. The Department of Trade has responsibility for ensuring that effective action is taken on the recommendations of the Warner Report* and an important aspect of industrial policy has been an examination by Sector Working Parties of the role of standards and specifications in improving UK industrial efficiency and international competitiveness.

57 Of particular importance to UK industry are opportunities for trading advantages which can arise in the following circumstances:-

(a) where an EEC Harmonisation Directive may prevent other Member States from operating a non-tariff barrier to trade based on existing standards in these countries;

(b) where the UK already manufactures to a higher standard of efficiency than its competitors and a national standard could act as a non-tariff barrier; and

(c) where foreign buyers set great store by approval of plant by a reputable national authority.

58 One example of SWP action is in the Heating, Ventilating, Air Conditioning and Refrigeration sector. This SWP believes that there is a tendency for buyers in third country markets without standards of their own to prefer plant approved by a respected standards authority, and a sub-group of the SWP is examining proposals for establishing a National Approvals Authority for the sector. Other areas which might provide scope for energy efficiency standards and merit a similar examination

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*Standards and specifications in the Engineering Industries - a Report by Sir Frederick Warner NEDO Feb 1977. £2

are prime movers, compressors, pumps and fans.

59 We note, with approval, the work which is being done in this area and consider that it should be continued with the aim of identifying specific sectors of industry who feel they might benefit from the possible trading advantages of energy efficiency standards.

Microprocessors and infra-red techniques

60 During our study we have noted that the development of microprocessors could facilitate the introduction of mandatory efficiency and performance standards by enabling very high standards to be specified and maintained. This could create opportunities in all sectors of the economy for securing higher and much better controlled performances of both individual appliances or items of plant and of systems. Similarly, the development of infra-red techniques for detecting heat losses from buildings could eventually enable energy standards to be set and enforced by site monitoring, though there might be presentational difficulties in this.

61 These developments point to the possibility that technological opportunities may develop over a relatively short period for substantially extending mandatory efficiency and performance standards and underline the desirability of closely monitoring the potential for reinforcing energy conservation policy in this way. This matter should be kept under review.

Targets

62 Another aspect of standard setting is the introduction of targets for energy savings. IOCEC has recommended that the Government should encourage the setting and achievement of voluntary targets at company or industry level. One industry - brewing - has already established a target through its trade association and targetting is a feature in many companies in other sectors. We believe that the concept of targets for energy saving can most usefully be pursued on a voluntary basis through trade associations, an approach very much in line with Canadian practice. We therefore recommend that sponsoring Departments, in consultation with industry, should consider the possibilities for extending the practice in individual sectors, building upon the results of research carried out under the Industrial Energy Thrift and Energy Audit Schemes.

OTHER MEASURES

Energy Management

63 One of the prime needs is to raise the level of management awareness of the need for energy conservation and the opportunities for securing economies with consequent benefits to company profitability. Since the launching of the energy conservation campaign in 1974 top management has been urged to demonstrate its commitment to the efficient use of its energy resources by:

- appointing a manager with specific responsibility, if only part-time, for making efficient use of energy in the plant and cutting out waste;
- giving the energy manager proper support and encouragement; and
- covering the company's use of energy and the measures taken to minimise it in the annual report - a measure designed in part to ensure that the basic task of measuring energy use is undertaken.

64 The number of energy managers has steadily grown. Some of them have a group responsibility and therefore exercise an influence over a much larger number of establishments. IOCEC has recommended that energy managers should be appointed in all public sector establishments. There is now a network of over 60 energy manager groups covering industry, commerce, the retail sector and the public service organised on a local or sub-regional basis. The membership is largely representative of energy-intensive firms or the bigger organisations and there is clear evidence of their having some effect. There are, however, persistent reports from members of difficulties in securing approval from top management for cost-effective energy conservation programmes.

65 We take the view that while a useful start has been made in promoting energy management much more needs to be done to motivate top management to get on with making a progressive and sustained adjustment to a future when energy will be scarcer and dearer and to raise the status of the energy manager. An approach is being made to industry through the CBI to this end. We believe that any mandatory action to reinforce the energy manager should await the outcome of this and other efforts to stimulate interest and commitment.

66 We have examined the possibility of requiring:-

(a) the appointment of an energy manager; and

(b) the coverage of energy use and measures to improve it in the company annual report.

Statutory Energy Manager

67 A statutory requirement to appoint an energy manager could raise his status within the organisation in which he is employed and provide a sustained focus for attention to energy use. But the mere appointment of an individual to that title would mean little. It would be necessary clearly to specify his duties and responsibilities and for him to be accountable. The effectiveness of an energy manager, however, often depends at least as much on the support he gets higher up in the organisation as on his own qualifications and experience. Such an appointment could also divert scarce management resources to deal with what in most firms is a relatively small proportion of variable costs and such a diversion is difficult to justify at present. There might be less objection to such a statutory appointment in organisations where energy represents a substantial proportion of variable costs. But these are precisely the organisations which might be expected already to devote appropriate resources to energy management for commercial reasons, though this does not always apply in practice.

68 We do not however consider it practicable at this stage to recommend the statutory appointment of energy managers. The Department of Energy is meanwhile examining the effectiveness of existing energy managers; the desirability and benefits of their statutory appointment; the duties an energy manager might be required to perform; and how he might be made accountable.

Statutory reporting

69 In its March report, IOCEC recommended that Departments sponsoring nationalised industries should review energy conservation measures with their industries in the course of their corporate plan and annual investment reviews. Departments have put in hand the appropriate arrangements and have urged their industries to cover their energy use in their annual reports. Last year IOCEC also recommended that the Government should continue to encourage companies similarly to report their energy conservation efforts. The possibility of requiring as a minimum the total annual expenditure of the company on fuel was raised by the Department of Trade in July 1977 in the Green Paper "The future of company reports". Ninety per cent of those commenting on the proposal were hostile to it. A report on the reactions to the

Green Paper is being prepared for Ministers and the energy reporting proposals will clearly have to be considered in the light of industrial policy. We do not believe it would be profitable at this stage to pursue the idea of mandatory reporting.

70 In the meantime we note that one of the principal objections to company reporting is commercial confidentiality, and that this can be made more acute by the requirements of freedom of information legislation. In some countries this difficulty is circumvented by a system of reporting to trade associations which enables trends within sectors to be identified. We recommend that the possibility of instituting a similar system in the UK by sponsor Departments on a voluntary basis should be pursued with industry.

Making aid conditional

71 The Energy Survey Scheme operated by the Department of Energy provides 100 per cent grants, up to a maximum of £75, for a one-day survey by private consultants of the energy saving potential of an establishment. There are 50 per cent grants for longer surveys lasting two or more days. No obligation is placed on the organisations taking advantage of these grants to report back on the savings achieved or whether they propose to follow up the consultant's report.

72 We have accordingly examined whether a requirement to report on the action taken following a survey subsidised by public funds should be made mandatory. Such a requirement might strengthen the energy conservation drive; on the other hand it might substantially reduce the use made of the Scheme and distance the small to medium sized firm from a useful source of advice.

73 In practice there is nothing to prevent the Department of Energy from imposing such a condition immediately. The terms of the scheme can be varied at will. The Department is currently evaluating the effectiveness of the one day surveys after some two year's operation and will similarly wish to examine the effects of the extended survey scheme, introduced last year, when it has been operating longer. The possibility of tightening the conditions attached to the one day and extended survey schemes will be considered in the light of the findings of those studies.

74 In 1977 IOCEC rejected the idea of making the production and/or implementation of energy conservation plans a condition of selective financial assistance. We see no justification for changing that conclusion. The reasons we adduced then remain valid:

- the need for an energy plan could inhibit companies from making use of a wide range of support measures aimed at important industrial objectives other than energy conservation;
- selective assistance is provided for specific projects many of which are relatively small involving the purchase of only a few items of modern equipment; it would be difficult if not impossible to relate an energy plan to projects of these proportions;
- the majority of assisted projects form a minor part of the applicant total business; an energy plan confined to the project would in most cases have minimal effect but might well require more time and effort than the project itself if related to the applicant's total operations.

TRANSPORT

Present position

75 About one fifth of total UK energy consumption is by transport. Road transport takes over 75% of this, and the private car alone about 50%. Apart from the tax on fuel the only current mandatory energy conservation measure is the requirement for fuel consumption testing of new cars and the display of the test results on new cars offered for sale. Lower speed limits introduced to save energy in 1973/74 have been relaxed, and the present limits are not specifically directed to the needs of energy conservation. The removal in the Transport Act of 1978 of the ban on offering regular lifts for payment serves to encourage car sharing. Some £2m has been allocated over four years for information campaigns to promote more economical driving habits and better vehicle maintenance.

Fuel consumption targets

76 Mandatory fuel consumption targets for new cars are already in force in the USA and Canada. Although conditions are very different in Europe, the possibility of introducing some form of fuel consumption targets scheme in the UK is being examined by another Working Group, which has submitted an interim report to the Automotive Energy Consultative Group. It recommends adoption of a voluntary scheme with a 10% target improvement in average petrol consumption of new cars in 1985 proposed by the motor industry, pending the outcome of discussions on mandatory measures within the EEC.

Fuel consumption tests for commercial vehicles

77 We have examined the case for extending mandatory fuel consumption testing to new commercial vehicles, following the precedent of the existing scheme for passenger cars. The justification for compulsory fuel consumption testing of cars is primarily that it provides the buyer with an objective measurement of fuel economy and enables him to make a comparison between different models. It is hoped that, other things being equal, he will choose the model with the lowest fuel consumption. The scheme should also, by giving publicity to fuel consumption, provide an incentive to vehicle manufacturers to improve the fuel economy of their vehicles.

78 The situation in the commercial vehicle sector is different. Freight operators are concerned to run their operations as economically as possible, and are therefore much more aware of the need for efficient vehicles than are the car-buying public. With greater technical expertise available, the commercial operator is usually able to make a reasonable assessment of which vehicle is the most economical for his own particular operating conditions. The counterpart of this is that manufacturers already have a strong incentive to produce efficient vehicles.

79 Any testing scheme for commercial vehicles would present severe practical problems. Although sales of goods vehicles are very much less in volume than of cars, the number of model variants is very much greater as they are required to meet widely differing operating conditions. A testing scheme would thus involve more tests but cover far fewer sales, and the cost per vehicle would be much higher. It would also be necessary to establish new driving cycles, as those used in the car tests would not be appropriate. Much R & D work would have to be carried out on this. In addition the testing of heavy goods vehicles would require new and costly test equipment. We do not consider that the disadvantages of compulsory testing of all commercial vehicles could be outweighed by the likely benefits.

80 The arguments against testing are less strong in the case of light commercial vehicles, many of which are based on car designs. New test cycles suitably representing the driving patterns of light commercial vehicles would however be required. The proportion of diesel-engined vehicles in this sector is relatively high and at present no internationally accepted technique for carrying out dynamometer fuel consumption tests on diesel-engined vehicles exists. Further difficulties could arise in establishing a sensible basis on which the consumption of diesel and petrol-engined vehicles could be compared bearing in mind, for example, the different energy densities of the two fuels. There might be objections on grounds of equity to imposing a test solely on petrol engined vehicles. Nevertheless we recommend that the possibility of fuel consumption testing of light commercial vehicles should be given further study.

EXTENSION OF MOT TEST

81 Studies have suggested that fuel consumption by cars could be reduced by up to 2½% if they were kept tuned to maximise fuel economy. On present consumption this would give a theoretical potential saving of over 0.4 million tonnes of gasoline a year. We have therefore looked at the possibility of extending the annual MOT to cover engine tune. Depending on the type of test, the capital cost of equipping a testing station to carry out efficiency tests could range from about £2,000 if the test were confined to measuring exhaust emission to assess the state of engine tune, to as much as £30,000 for full efficiency testing equipment. The cost of a MOT test would have to be increased to allow for the extra time required, and the cost of remedial measures to bring a car back to the required standard would be significant - at least £15 for diagnosis and repair. Moreover cars do not have to undergo a MOT test until they are three years old. Thus either a large number of cars would escape the efficiency test so reducing its benefit, or the test would have to be extended to cover all cars.

82 This is a formidable list of objections. Nevertheless, linking efficiency testing to the MOT test does offer a relatively certain means of ensuring that cars are regularly checked for engine tune. We therefore recommend that the proposal should be further examined to see where the balance of advantage lies.

OTHER MEASURES

Speed limits

83 Lower speed limits are probably the first measure that most people suggest for reducing fuel consumption by road transport, and we have felt it necessary to look again at the arguments for and against them. Lower limits of 60 mph on dual carriageways other than motorways, and 50 mph on single carriageways, were introduced in December 1974 as a fuel economy measure. A survey showed that by July 1976 24% of cars and motorcycles in free-flow conditions were exceeding the 50 mph limit, and 29% the 60 mph limit. Following consultation with over 50 organisations, the limits were raised on 1 June 1977 to a new limit of 60 mph on single carriageways and 70 mph on dual carriageways. Unlike the 50 and 60 mph limits, these, the current limits, are not imposed on fuel saving

grounds. A survey taken a month after they came into effect showed the raising of the limits by 10 mph had been accompanied by a rise of not more than 1% in mean speeds.

84 The lower speed limits were undoubtedly unpopular and widely ignored once the perceived need to save fuel which attended their imposition in 1974 had disappeared. Some motorists felt a strong sense of injustice that under the "totting-up" system they could lose their driving licences for breaking a speed limit imposed not for reasons of road safety but to save fuel. Enforcement of speed limits on the open road is difficult, and we are doubtful if devotion of adequate police resources to this task could be justified. Without adequate enforcement, it is a matter of chance whether an offender is caught or not which adds to the sense of injustice.

85 We conclude that lower speed limits than those now in force would only be acceptable to the public at a time of a clearly-perceived emergency. At other times they would be largely ineffective as a fuel-saving measure since it would not be practicable to enforce them. They would cause resentment among motorists and so tend to be counter-productive for energy conservation generally.

Restrictions on private car use

86 The Department of Transport has given considerable study to the various ways in which traffic in urban areas could be restrained. The possibilities examined have included various kinds of parking controls, cordon pricing schemes, supplementary licensing and road pricing of which parking controls seem to be the most effective measure at the present time. These studies were directed at the possibilities for easing congestion and improving public transport services, and did not specifically consider the likely contribution of possible measures to energy saving. The Transport Act 1978 enables county councils to licence privately operated public car parks, but did not introduce powers to control private non-residential parking, which would be politically contentious and administratively complex.

87 Little is known about the potential for fuel saving of measures of restraint in city centres, although fuel consumption certainly rises sharply

in areas where congestion is serious. Further work would be needed to produce useful information on this. But attempts to restrict private car use other than in the more congested areas of major city centres would be likely to cause strong resentment. Even in major cities it is doubtful whethey they would be acceptable if imposed for reasons of fuel saving alone.

88 Accordingly, we do not regard restrictions on the use of private cars in urban areas to be worth pursuing at this stage as a long term (as distinct from an emergency) energy conservation measure.

FUEL INDUSTRIES

Advertising

89 The Department of Energy is keeping in close touch with the nationalised industries and the oil industry to encourage them to continue to:

- promote the efficient and economical use of energy;
- inform consumers of the most efficient use of their particular fuel or electricity; and
- explain the correct use and relative consumption of different appliances.

90 As a result of government pressure the fuel industries have given much greater prominence in their advertising and promotion to the need for energy conservation; their own performance in saving energy; and the services they offer to consumers to help them economise. There remains a great deal of promotional or prestige advertising which has little to do with the efficient use of energy. Competition of this kind does not necessarily increase the total amount of energy consumed and can benefit the consumer by informing him of the availability of more efficient appliances. It can however be irritating to the consumer who often considers it to be at odds with energy conservation policy.

91 During our study we have learned that California, for example, has banned direct promotional advertising of fuels by the fuel utilities. Present information suggests that far from ending advertising by the utilities it has

made them promotionally more inventive using the conservation message. The Department of Energy proposes to examine the effects, if any, of a statutory prohibition of fuel utility advertising.

92 For the present, we recommend that, in the light of the cut back in Iranian oil supplies, the Department of Energy should intensify its efforts to persuade the fuel industries to promote the efficient use of energy more vigorously.

Compulsory inspection and maintenance

93 The fuel industries provide a great deal of technical advice to their customers and this has tended to increase since 1973. The onus generally remains on the consumer to seek advice with the result that unless he has entered into a maintenance contract there is no systematic servicing of his appliances. Well adjusted and maintained appliances can however achieve useful savings and we recommend that a study should be made of the desirability and feasibility of requiring regular maintenance of a specified range of appliances. The study should aim to establish the likely energy savings which might accrue; the likely cost effectiveness of such a scheme; and the availability of the necessary resources to provide it.

MANDATORY MEASURES CURRENTLY IN FORCE OR LAPSED

MEASURE	COMMENT
1 Currently in force	
(a) Domestic Building Regulations New dwellings must have walls with U-values not exceeding 1.0 and a roof with U-value not exceeding 0.6	DOE are considering proposal for amendment requiring U-values of 0.6 and 0.4 or 0.33 respectively.
(b) Non-domestic Building Regulations New regulations came into force on 1 June 1979 prescribing U-values for walls, roofs and floors of all new buildings and extensions (with minor exceptions). New regulations are to be laid shortly requiring provision of controls (thermostats and time switches) for new or replacement heating systems.	
(c) Heating Limits A statutory instrument (No.2160) under the Fuel and Electricity (Control) Act 1973 now subsumed into the Energy Act 1976 sets a maximum statutory limit of 20°C for the heating of most non-domestic buildings.	
(d) Fuel Consumption Testing Under powers taken in the Energy Act 1976 fuel consumption testing to a standard procedure was introduced from 1 April 1978. Under the scheme any new car offered for sale must carry a label giving the relevant official fuel consumption test results. Dealers must have available for inspection	

MEASURE	COMMENT
by their customers a copy of the official list of fuel consumption figures for all cars which have undergone the official test.	
(e) Heat Generators Standards The EEC Directive of 13 February 1978 (78/170/EEC) on heat generators requires member states to set efficiency standards and to ensure that they are met by January 1981.	
2 Lapsed Measures	
(a) Speed Limits	
In 1973 all speed limits were reduced to 50 mph. This was amended in 1974 to 70 mph on motorways, 60 mph on dual carriageways, and 50 mph on single carriageway roads.	In 1977 these limits were relaxed to 60 mph on single carriageways and 70 mph on dual carriageways. These limits are not for the purpose of saving fuel.
(b) Advertising Lighting	
Following the 1973 crisis restrictions were placed on the use of lighting for advertising in daytime.	These restrictions were by a voluntary code in 1976.

ANNEX 2

Departments contributing to the study

Department of Energy
Central Policy Review Staff
Department of the Environment
Department of Industry
Scottish Office
Department of Trade
Department of Transport
Treasury

MEC(79)P2

MINISTERIAL COMMITTEE ON ENERGY CONSERVATION

IMPLEMENTATION OF THE LONG TERM
ENERGY CONSERVATION PROGRAMME

Note by the Secretariat

The attached report on the implementation of the Government's energy conservation programme, introduced from December 1977, has been prepared by the Interdepartmental Official Committee on Energy Conservation (IOCOC) for the Ministerial Committee on Energy Conservation (MEC).

2 The current energy conservation programme aims to save 11 million tonnes of oil equivalent after 10 years. Some £450 million has been allocated for the first four years of the programme. Of this just over £200 million is in the form of loan sanction and £61.5 million (13%) is to be financed out of savings achieved.

3 The attached report does not allow firm conclusions to be drawn on the progress being made with implementing the overall programme. This is because of the quality of the reporting and the incompleteness of information supplied, notably by local authorities.

4 Reports to hand need further analysis and clarification but they do not generate confidence that a number of measures are being implemented satisfactorily. On the other hand, information obtained from the mineral fibre insulation manufacturers since the attached paper was prepared suggests that the insulation of public sector dwellings and the operation of the Homes Insulation Scheme, covering private householders, at least are proceeding apace.

5 There are wide discrepancies in the data available and officials are pursuing the possibility of improving the quality of reporting. Ministers may wish to consider whether to reinforce their efforts.

MEC Secretariat
Energy Conservation Division
Department of Energy
19 July 1979

INTER-DEPARTMENTAL OFFICIAL COMMITTEE ON ENERGY CONSERVATION

ENERGY CONSERVATION PROGRESS REPORT, JUNE 1979

SUMMARY

1. The attached report is the third by the Interdepartmental Official Committee on Energy Conservation (IOCEC) on the progress being made with implementing the 10-year energy conservation programme introduced in December 1977. This programme involves the expenditure of some £450m over the first four years, from 1978-79, and aims to save 11 million tonnes of oil equivalent a year after 10 years.

OVERALL ASSESSMENT

The available information is not complete and the short experience of these programmes does not allow firm judgments to be made on the overall picture. Reports to hand, however, do not generate confidence that a number of measures, mostly affecting the public sector, are being implemented as quickly as expected. IOCEC is pursuing the question of improving the quality of reporting.

3. The following conclusions are drawn:

- the implementation of energy management measures in local authority non-domestic buildings is unsatisfactory;

- reports on the insulation of public sector dwellings and the operation of the Homes Insulation Scheme are not comprehensive, but indicate that both were affected by interruptions caused by strikes in the supply of insulating materials during the winter and that progress may not match expectation;

- under spending on developing information and advisory services to industry is likely to be substantial and continuing mainly because of the existing comprehensive provision and the lack of Departmental manpower to manage further schemes;

- the demonstration projects programme is gathering momentum though the build up is slower than expected;

- the Energy Conservation Scheme run by the Department of Industry under S8 of the Industry Act 1972 is proving attractive to industry and it seems likely that the bulk of the £25m allocation over two years will be spent.

PUBLIC SECTOR BUILDINGS

4. An important element in the Government's overall energy conservation strategy is the setting by Government in its widest sense of a good example. A total of £27m was allocated in 1978-79 for:

(i) measures covering insulation, heating controls and efficient energy management in the Government estate;

(ii) Health Service buildings;

(iii) educational buildings; and

(iv) local authority non-domestic buildings.

- the proposed new training service to promote energy management in non-domestic buildings has yet to get off the ground; it has been decided to abandon the proposed related advisory service to avoid duplication;

All local authorities, local education authorities and regional and area health authorities have been advised of their allocations and circulars have been sent to them describing the requirements and methods of funding. Performance is satisfactory in (i) and also in (ii) though a judgment cannot yet be formed in relation to Scotland. Adequate progress or arrangements are being made in (iii) in Wales and Northern Ireland and progress may be adequate in England; it is not yet possible to form a proper view in relation to Scotland. Item (iv) appears to have attracted a poor response; the monitoring arrangements are being reviewed.

PUBLIC SECTOR DWELLINGS

5. A total of £28.5m was allocated for the first year of a 10-year programme to bring public sector dwellings up to a basic standard of insulation. The information so far available needs closer analysis and no reliable judgment can yet be formed on the overall performance during the first year. The programme may have been up to the target of 200,000 dwellings insulated in England. Wales used 70 per cent of its allocation. In Scotland take up was little more than 50 per cent.

BUILDING REGULATIONS

6. New Regulations in England and Wales prescribing higher standards of thermal insulation for new non-domestic buildings came into force on June 1, 1979. It is hoped that Orders requiring appropriate controls on new or replacement heating systems in non-domestic buildings will, subject to the views of Ministers, be laid at the earliest opportunity. Similar regulations will follow in Scotland where consultations have now taken place. In Northern Ireland it is hoped that Regulations, as applying in Great Britain, will be made in 1980.

ADVISORY AND TRAINING SERVICE FOR NON?DOMESTIC BUILDINGS

7. The Department of Environment, with the agreement of the Department of Energy, will not be proceeding with the advisory side of this measure since there is already adequate provision by the Government in this area. There is, however, clear scope for a training service and this will be undertaken at the Department of the Environment's residential training and conference centre at Cardington as soon as circumstances allow.

INFORMATION AND ADVISORY SERVICES TO INDUSTRY

8. A comprehensive programme of information and advisory services to industry has been developed by the Departments of Energy and Industry. For this reason and because of the shortage of Departmental manpower to manage further programmes there is likely to be substantial under-spending in this area for which £4/5/5/5 has been allocated over 1978-79 to 1981/82. Only £1m was spent in 1978-79 and it is unlikely that monies allocated for the remaining years of the programme will be expended. Industrial members of the Committee administering the funds remain impressed nonetheless with the scope and coverage of the existing services.

DEMONSTRATION PROJECTS

9. Twenty-three projects to demonstrate the benefits of existing technology or novel applications of it have been recommended. They involve total commitment of £1.08m of Government funds. Industry's commitment is £5.6m. The total energy saving that could result from these first 23 projects is about 1.08 million tonnes of oil equivalent a year.

CAR FUEL CONSUMPTION TARGETS

10. The interim report of the Working Group on Fuel Consumption Targets, a group under Department of Energy chairmanship with representatives of other Government Departments, the motor industry and the oil industry, was published on 27 June 1979. The Working Group recommended the adoption of a voluntary target of a 10 per cent improvement in the average petrol concumption of new cars by 1985. The Secretary of State for Energy has welcomed the adoption of this target scheme by the British motor industry.

PUBLICITY AIMED AT MOTORISTS

11. Valuable experience has been gained from the first year's (1978) £0.5m publicity campaign designed to persuade drivers to drive more economically. Research showed that the campaign had a transient effect on motorists' awareness of the effect of driving behaviour on petrol consumption. A publicity campaigh directed at motorists in the current financial year is still being considered.

HOMES INSULATION SCHEME

12. As with public sector dwellings, the performance under this Scheme was affected by strikes during the winter which interrupted supplies of insulating materials. There is also a timelag between local authority approval of work for grant and claim. Reports from Local Authorities require further analysing, but to date it is possible only to say that about one-third of the allocation of £22m is reported as spent.

INTER-DEPARTMENTAL OFFICIAL COMMITTEE ON ENERGY CONSERVATION

ENERGY CONSERVATION PROGRESS REPORT, JUNE 1979

INTRODUCTION

1 On 12 December 1977 the former Secretary of State for Energy announced a 10-year energy conservation programme. During 1978 two further measures were introduced - the Homes Insulation Scheme 1978 and the Energy Conservation Scheme. The overall programme is designed to save 11 million tonnes of oil equivalent a year after 10 years and planned Government expenditure on all these measures over the first 4 years on all these measures is expected to reach £450m. This is the third Progress Report to be prepared by IOCEC.

2 In this Report 'allocation' is used to indicate that funds have been allocated by the Departments concerned concerned to the spending Authority. 'Approval' or 'commitment' to mean that the spending Authority has decided on the way that the allocation will be used. 'Expenditure' implies that the work has actually taken place and payment has either been made or is due.

MEASURE ONE - EXTENSION OF THE PROPERTY SERVICES AGENCY'S PROGRAMME
(Four-year Allocation - £20 million)

3 The previous Progress Report recorded that the total value of measures approved from 1 April 1978 to 30 September 1978, amounted to £4.3 million estimated to generate energy savings worth £1.0 million per annum.

4 Approvals have continued to be issued during 1978-79 for capital investment measures, including improved controls for heating systems, improved thermal insulation of buildings, hot water and steam pipework and draught-proofing of buildings. The total value of these measures approved from 1 October 1978 to 31 March 1979 and the estimated annual savings arising from them are as follows:

	Capital Investment	Estimated Annual Savings
	£	£
Government Civil Estate	706,000	136,000
Ministry of Defence Estate	3,339,000	752,000

The final total of investment and estimated annual savings for 1 April 1978 to 31 March 1979 are as follows:

	Capital Investment	Estimated Annual Savings
Government Civil Estate	1,654,000	359,000
Ministry of Defence Estate	6,712,000	1,526,000
Total	8,366,000	1,885,000

This includes the additional £5m which PSA contracted to invest under the December 1977 measures as well as PSA's previous commitment on energy conservation investment.

5 A comparison of expenditure on heating fuels in the Government's Civil Estate incurred from 1 April 1978 to 26 January 1979 (last available expenditure data) with that incurred for the same period in 1977/78 indicates that, on the basis of constant prices, a reduction of £900,000 on fuel expenditure occurred in 1978/79 (up to 26.1.1979). This shows that, taking into account PSA's continuing investment programme on energy conservation, a substantial part of the savings estimated at the time financial approvals were issued in 1978/79, has accrued in 1978/79.

6 NORTHERN IRELAND

The Fuel Economy Unit (FEU) operates from within the Department of Finance (Works Division) and parallels the Property Services Agency in Great Britain. FEU is engaged in a programme of achieving more efficient use of energy in the Government Estate. Measures being implemented include the installation of improved heating controls, power factor correction equipment and thermal insulation in civil buildings. Fuel conservancy controls and thermal insulation to the value of £71,000 were installed in the year ended 31 March 1979. Because of staff shortages (which have now been resolved), this expenditure is considerably lower than anticipated. A survey of 86 buildings has indicated that a total of 42 buildings will require power factor correction and the equipment will be fitted during the coming years.

Only a limited monitoring programme has been possible because of staff limitations but an analysis of the performance of a number of buildings in which optimiser equipment has been installed and from which regular monitoring returns have been received indicates a saving of fuel of approximately 20%.

MEASURE TWO - INSULATION AND HEATING CONTROLS IN NHS BUILDINGS
(Four-year Allocation - £35 million)

7 ENGLAND: The special allocation made available to the NHS in England for 1978/79 was £4.2 million (revalued from £4 million) and this was expended on energy conservation measures of all types, with schemes generally being implemented in order of merit as indicated by the calculated payback periods. The overall estimated value of savings resulting from this programme is not yet available but is predicted to be of the order of £1 million in the current year and better than £2.5 million thereafter. Programmes for the following years at £8 million per annum have been notified. These are part special allocations and part reinvested savings: the allocation for 1979/80 is made up of £6.3 new capital plus £1.7 million assumed savings.

8 WALES: The Welsh Office received bids from Area Health Authorities early in 1978/79 as a result of which allocations of £350,000 were made. Up to 30 September 1978 progress had been patchy and only £29,000 (8.3%) of the allocation had been spent. Expenditure by the health authorities during the March 1979 quarter showed a rapid acceleration which resulted in expenditure for 1978/79 reaching 96% of their allocation (£338,000 out of £352,000). Details of allocations and expenditure to date are shown in Annex 1 to the Welsh Office Report (Appendix 1).

9 SCOTLAND: In February 1978 the Scottish Home and Health Department issued a circular exhorting health boards to consider measures of energy conservation. The total sum made available in 1978/79 was £0.7 million and £1 million in each of the following 2 years. Health Boards have assured SHHD that the guidance on energy conservation is being observed and they are aware that the extent of conservation achieved will be reviewed from time to time. However, in general, they have been unable to submit detailed returns because insufficient time has elapsed to enable detailed or comprehensive information to be supplied or firm conclusions about resultant savings to be drawn - eg in relation to the installation of thermal insulation or heating controls or conversion from electric to gas central heating. In some cases there is lack of means to monitor or measure accurately the savings resulting from steps taken to conserve energy. Reports on individual projects indicate that expenditure on insulation of hospitals can yield significant savings in one area. While it thus appears that some energy conservation measures are in hand SHHD has only limited knowledge of what Health Boards have attempted or are still capable of accomplishing. It is intended shortly to request the Central Services Agency (CSA) building division to devise a full energy saving programme covering all aspects of energy conservation in the health service in Scotland.

10 NORTHERN IRELAND: Health and Social Services facilities in Northern Ireland are controlled by four Health and Social Services Area Boards which are responsible to DHSS for the efficient management of the service. In the 1978/79 financial year a total of £183,360 was spent on a programme of energy conservation measures which included good housekeeping practices, thermal insulation of walls and roofs, heating controls and other miscellaneous measures. Recognising the need to increase awareness of energy efficiency, the DHSS has persuaded the Boards of the need for a sustained educational campaign. To assist in this, several useful films have been purchased and arrangements have been made to show these to selected Board staff. The Boards themselves will then arrange for the films to be shown to their staff at all levels. There have been difficulties (mainly because of lack of information at Board level) in devising an adequate monitoring system to establish the precise level of savings being achieved. DHSS compute the level of financial savings which Boards ought to be making on the basis of expenditure incurred on energy conservation measures and related payback periods. In the 1978/79 financial year, savings were estimated at £300,000 and are related to capital expenditure £686,895 in the period 1975/76 to 1978/79 and an annual energy bill of £6½ million.

MEASURE THREE - INSULATION AND HEATING CONTROLS IN EDUCATIONAL BUILDINGS
(Four-year Allocation - £70 million)

11 ENGLAND: Educational energy conservation resources for 1978/79 were allocated early last year to local education authorities, universities, national museums and galleries, and the recipient bodies of the Science Budget. A circular was sent to all Local Education Authorities on 24 August 1978. The Department does not have information as to the current rate of spend of these resources but indications are that energy conservation work is now in full progress. Local authorities had serious objections to detailed quarterly monitoring of their energy conservation expenditure and would only agree to a single voluntary return at the end of each financial year. A request for such a return for the 1978/79 period was subsequently issued by the Department of the Environment and replies, some of which separately

identified different programmes, are now being analysed by that Department. It is unlikely, however, that this exercise will give an accurate picture of educational authorities total expenditure. A better indication would be to consider the allocations made less any indicated surrenders (which for 1978/79 amounted to some £119,000). Thus of the original £8m DES share of the 1978/79 energy conservation programme, the indications are that just under £7.9 m has been spent. Some £71,000 of the surrendered allocations was due to authorities funding energy conservation programmes from their own resources and not wishing to increase their existing loan sanction levels.

12 WALES: County Councils were given an allocation of £750,000 for energy conservation of educational buildings. A circular was subsequently sent to Local Educational Authorities in August 1978. Up to 30 September 1978 only 2 Authorities, Gwynedd and Gwent, had reached the stage of expenditure (£56,000 in Gwynedd and £60,000 in Gwent, in each case over half of the first year's allocation). The County Councils have now reported expenditure of £756,016 during 1978/79. This shows a sharp increase since December 1978 when expenditure of only £250,380 was incurred. The annual expenditure shows a slight excess of £4,016 over the actual allocation of £752,000 and the summary shown in Annex 1 to the Welsh Report (Appendix I) records the small excess against Clwyd CC and West Glamorgan CC. The only County Council who did not reach their full allocation was Powys, who have reported a £5,000 shortfall. This arose because of late cancellation of a school building project, with insufficient time to reallocate the funds.

13 SCOTLAND: Allocations to Regional and Islands Councils in April included £1.4 million in 1978/79 and £2.2 million in each of the two following years to facilitate measures directed towards energy saving in educational buildings. A Scottish Office circular to local authorities issued on 3 October 1978 drew attention to certain technical advice on means of securing savings and intimated arrangements for reporting on capital investment directed to that end. The grant-aided Central Institutions and Colleges of Education have been asked to undertake similar energy conservation measures in their buildings. Reports on expenditure have not yet been received from all local authorities. The indications so far are that a number did not fully take up their allocations for 1978/79 but most plan to make much better progress this year.

14 In NORTHERN IRELAND educational buildings comprising schools, libraries, youth clubs, recreation and sports buildings are controlled by 5 Education and Library Boards, District Council and Voluntary Bodies which are responsible to the Department of Education for Northern Ireland. The Department through its advisory service is encouraging the various Sports Councils involved in the implementation of energy conservation measures. All new schemes submitted to the Department for approval are scrutinised with energy conservation in mind. In the case of the fabric of proposed educational buildings, architects responsible for the projects have been reminded of the need to meet current and pending values of insulation of roofs, walls etc. Arrangements are being made to implement a programme of energy conservation measures on the existing Education Estate. The programme - which will include the installation of energy-saving devices in schools, education of the users and provision for monitoring arrangements - is at present under discussion between the Department of Education for Northern Ireland (DENI) and the five Education and Library Boards. A substantial part of the cost of the programme will be financed by DENI's share of the package money.

MEASURE FOUR - HEATING CONTROLS AND EFFICIENT ENERGY MANAGEMENT IN LOCAL AUTHORITIES' NON-DOMESTIC BUILDINGS (FOUR YEAR ALLOCATION : £28M)

15 This programme to encourage energy saving in local authority non-domestic buildings through increased financial provision of £7m per annum was the subject with Measure Three of a joint DES/DOE/Welsh Office circular to local authorities in August 1978. Originally, £5m was to be available for capital expenditure through increased loan sanction in the locally determined sector and £2m for current expenditures was to be added to relevant expenditure in the calculation of rate support grant; it has since been agreed that £½m of the capital allocation should be transferred to key sector within the Home Office's responsibility.

Arrangements for monitoring expenditure and savings on Measures Three and Four have been established following discussion with the local authority associations. Measure Four has not proved popular with the local authorities because of the method of providing finance, which they understandably interpret as interference in the locally-determined sector. They also found the proposal to monitor in detail such a small element of total expenditure both unpalatable and in some respects impracticable. Nevertheless, arrangements were made to collect information for 1978/79 through the annual Capital Payments Return.

Of the 455 authorities in England and Wales, returns have so far been received from 260; of these 124 were nil returns. Of the other 136, with expenditure totalling £6.4m, only 29 (£1.9m) have been completed in sufficient detail to enable a full analysis to be made; the analysis is given at Appendix 4. It appears probable that a proportion of the £4.5m spent by the other 107 authorities should have been attributed to the domestic sector. Returns are still being received, but when they are all available consideration will be given to a reconciliation between domestic and non-domestic returns to give a more accurate picture.

Direct monitoring of the savings achieved by these measures is not possible in isolation from those achieved by steps which authorities had already taken independently. The Local Authorities Management Services and Computer Committee are already carrying out case studies of the savings achieved through energy conservation by a sample of local authorities and this will be made available to Government as soon as possible (probably September; it is to be published as a local authority contribution to International Energy Conservation Month in October). This will give an indication of the level of savings being achieved.

These monitoring arrangements are to be reviewed after the first year.

16 SCOTLAND: Local Authority returns - including those from the two largest Scottish regions, Strathclyde and Lothian - have not all been received and it would therefore be premature to make an estimate of energy conservation expenditure for 1978/79. However, from the evidence available it would appear that the uptake of funds has been poor.

17 NORTHERN IRELAND: The Department of Environment (NI) will be having meetings in the near future with the District Councils to express the need for Energy Managers to be appointed. The courses, run by the Fuel Efficiency Service of the Department of Commerce for boilerhouse maintenance staff, continue.

MEASURE FIVE - A TEN-YEAR PROGRAMME TO BRING PUBLIC SECTOR DWELLINGS UP TO A BASIC MINIMUM STANDARD OF INSULATION (FOUR YEAR ALLOCATION - £114 MILLION)

18 ENGLAND: This programme had an allocation of £22m for 1978/79. About £12m is reported spent, although only 129,670 dwellings are reported as insulated at a cost of £5.5m, giving an average unit cost of £43. There are, however, many reservations about the quality of the available data in relation to some authorities. Some, for example, report nil activity on the programme while recording payments. 43 authorities reported no payments for the whole of the financial year. The Department of the Environment is looking into the discrepancies.

The reported shortfall in activity may be partially attributable to the hiatus in supplies of insulation material over the turn of the year. It is not possible, however, to say with confidence how far achievement was short of the target of 200,000 dwellings insulated.

19 WALES: The District Councils in Wales were allocated £1,295,000 for heating insulation and other energy conservation measures in respect of housing.

The returns received for the March 1979 quarter reflect an upsurge of expenditure in that period with the result that the total expenditure for 1978/79 is reported as £911,600 or 70% of the total allocation. The housing return indicates that 11 District Councils exceeded their allocation, some by a minimal amount and also that four authorities would not provide any information during the year (see Annex 2 of Appendix 1).

20 SCOTLAND: In the first year of the 10-year programme, local authorities in Scotland were allocated £4.5 million for the provision of basic loft insulation, pipe and tank lagging and draught-proofing in public sector houses. Due mainly to the shortage of insulating material and the road haulage strike, many authorities were, however, unable to use their full allocations. By the end of 1978/79 some 47,900 public sector houses had been insulated at a total cost of £2.332 million. (Details are shown in Annex 1 of Appendix 1.) On 29 March 1979 Scottish local authorities were allocated £5,662,000 for insulation work in 1979/80. Provided the supply of insulation material is adequate, they expect to use these resources.

21 NORTHERN IRELAND: In the public housing sector 50% of housing stock has been insulated to minimum standards (94,000 out of 188,000). The programme is continuing.

MEASURE SIX - INTRODUCTION OF BUILDING REGULATIONS REQUIRING THE PROVISION OF APPROPRIATE CONTROLS ON HEATING SYSTEMS
(Four-year Allocation - NIL)

22 New regulations prescribing higher standards of thermal insulation for new non-domestic buildings came into force on 1 June. Laying of the Order to require

controls on heating systems in new non-domestic buildings and on replacement systems in existing non-domestic buildings has not been achieved as early as had been hoped, but subject to the views of Ministers it is still intended to lay it at the earliest opportunity. Proposals for increasing the thermal insulation requirements in new domestic buildings have recently been considered by the Building Regulations Advisory Committee and will be put before Ministers shortly.

23 SCOTLAND: In Scotland consultation has now taken place on the heating control proposals. Regulations will be made as soon as possible (but no firm date can yet be given).

24 NORTHERN IRELAND: It is hoped that the new regulations as applying in Great Britain will be made in Northern Ireland by 1980.

MEASURE SEVEN - NEW GOVERNMENT ADVISORY AND TRAINING SERVICE TO PROMOTE EFFICIENT ENERGY MANAGEMENT IN NON-DOMESTIC BUILDINGS (FOUR YEAR ALLOCATION : £2M)

25 Considerable problems were encountered by DOE in attempting to set up the advisory side of this service along the lines originally envisaged, because of the extent to which other services in this area - particularly those provided by the Department of Energy - were already covering the field. It was eventually agreed between the two Departments that there was no scope for a service which did not involve duplication and that the Ministerial remit to establish such a service had effectively already been met. By agreement with DEn, therefore, DOE will not be proceeding with this part of the measure.

There is, however, clear scope for a training service and this will be undertaken by DOE's Residential Training and Conference Centre at Cardington. It has already been agreed with the Department of Energy that existing energy conservation courses at the centre should be made available to non-civil service organisations. Further development of the service will have to await the introduction of further instructors at Cardington as soon as circumstances allow.

MEASURE EIGHT - INFORMATION AND ADVISORY SERVICES TO INDUSTRY (Four-year Allocation - £19 million)

26 A package of measures to provide a comprehensive information and advisory service to industry is in operation. These are:

(i) The Energy Survey Scheme, first introduced in December 1976, provides a £75 grant towards the cost of one-day consultancies and 50% of the cost of comprehensive surveys of energy usage (extended surveys) lasting for 2 or more days. To date over 9,500 one-day surveys have been carried out and over 200 extended surveys.

(ii) The Energy Quick Advice Service gives advice to industry, commerce, agriculture and the public sector on energy management in buildings and industrial questions. It is envisaged that, subject to Ministerial clearance, a pilot domestic advice service will be launched in London and Liverpool in September 1979. A national domestic service may be introduced in the light of experience with these experimental centres.

(iii) Industrial Energy Thrift Scheme (IETS) visits were extended to the remaining sectors of industry from 1 June 1978. Five sectoral IETS reports have been published and publication of further reports in 1979 is planned. (See Appendix 5).

(iv) Four reports under the Energy Audit Scheme (EAS) giving reports on the detailed studies of the way energy is used in industrial processes in energy-intensive industries have been published and a further five will be published in 1979. Consideration is being given to the possibility of extending Audit studies.

(v) A pilot sectoral programme to feed back to industry the lessons learned, achievements studied and good practice established by the IETS and EAS, is being introduced and it is hoped that the results will be available by the end of the year.

(vi) Following the success of the pilot series of energy managers' training courses, a further six courses have been arranged for the winter of 1979/80.

(vii) There are now 66 Energy Managers' Groups and general and running expenses are met from the Information and Advisory Services budget.

(viii) A study has been set in hand to establish a method of estimating optimal consumption of energy for space heating and ventilation in industrial buildings for subsequent wide usage.

(ix) In 1978/79 £25,000 was allocated to RIBA to help to fund energy conservation courses for some 3,000 mid-career architects. This scheme appears to be going well.

(x) Arrangements are at present being finalised for the Watt Committee on Energy to undertake a study of the extent of existing energy education in the higher education sector (universities and polytechnics) within the UK and its match with the needs of industry. A report of their results should be made to the Department by April 1980 which will be subsequently published by the Watt Committee. The anticipated cost of the project is £25,000.

27 Some £4m was allocated in 1978/79 for the provision of information and advisory services to industry. Owing to the limited administrative resources which the Departments of Industry and Energy could direct to implementing new services and the difficulties of expanding existing services, it has not been possible to spend more than £1m. It seems unlikely that monies allocated for the remaining years of the programme will be spent but industrial representatives who help to administer the funds are considerably impressed by the comprehensive nature of the existing programme. Appendix 6 shows actual expenditure for 1978/79 and projected expenditure for the remainder of the programme on each of the items mentioned above. The table include two items (mobile training and mobile exhibition) which may not now go ahead.

28 SCOTLAND: Under the Energy Survey Scheme, 100 companies have been awarded around £112,000 for a total of 1,502 surveys (these were included in figures quoted in paragraph 26(i)).

29 NORTHERN IRELAND: Responsibility for co-ordinating the development of the Northern Ireland energy conservation programme rests with the Department of Commerce. The Department spent approximately £12,000 in the financial year 1978/79 on measures aimed at increasing public awareness of the need for energy efficiency. The measures included advertisements, attendance at seminars and exhibitions and grant assistance towards academic work in the energy field. The Department's Fuel Efficiency Service (FES) is concerned primarily with fuel saving in industry. FES carries out energy efficiency inspections on industrial boilers and production plant on a fee-earning basis but

makes initial visits and provides advice free of charge. Proposals for the expansion of the service to include the commercial sector and a free one-day visit are currently under consideration. If implemented it is hoped that the steps will bring Northern Ireland up to parity with the service available to industry and commerce in the rest of Great Britain. Arrangements have been made to set up the first Energy Managers' Group in Northern Ireland. An inaugural meeting was held on 6 June. The Department of Commerce will provide modest funds to meet the incidental expenses of the Group.

MEASURE NINE - AN EXPANDED PROGRAMME OF DEMONSTRATION PROJECTS
(Four-year Allocation - £20 million)

30 The purpose of the Energy Conservation Demonstration Projects Scheme is to encourage the more widespread and rapid introduction of energy saving technology by demonstrating its technical and economic effectiveness in untried situations.

31 The Scheme provides for Government support for proposals which satisfy certain criteria. Among these is the requirement that there should be at least a further six sites at which the application could be replicated and that, if successful, each demonstration has the potential to achieve savings of energy of at least £5 a year for each £1 of Government support.

32 Up to 31 March 1979, 23 projects had been recommended for approval, involving a total Government funding of £1.08 million (£0.52 million for funding by the Department of Energy, £0.56 million for funding by the Department of Industry). Details are at Appendix 7. Taking a reasonable view of the extent to which each demonstration, if successful, could lead to a replication of the technique in similar applications, the total energy saving that could result from these first 23 projects is about 1.08 million tonnes of oil equivalent a year.

33 Two points should be noted:

(1) Industrial companies are providing the major part of the funding for these projects. Government funding of £1.08 million relates to an investment by industry of £5.6 million.

(2) Whilst some companies might not have made the investment without Government support, because of the risks inherent in introducing new technology, the Scheme is not primarily aimed at stimulating investment at the individual company level. Rather it is aimed at either

(a) encouraging investment in an energy-saving technology applicable across industry, by reducing the perceived risks; or

(b) making a sector of industry aware of the potential offered by a technology in the particular processes and environment of the industry.

34 Because Government is using companies as its agent in mounting demonstration projects, the teams at ETSU and NEL are expending considerable effort in helping companies to put forward appropriate proposals. In the light of current discussions with companies, it is likely that the build-up of commitments on the Scheme will be in line with the forecast given in MEC(79)1:-

1978/79	1979/80	1980/81	1981/82
£1m	£3m	£5m	£8m

Expenditure could lag behind commitments by perhaps a year.

MEASURE TEN - DISCUSSIONS WITH THE MOTOR INDUSTRY ON POSSIBLE TARGETS TO RAISE THE AVERAGE MILES PER GALLON ACHIEVED BY NEW CARS

35 The Working Group on Fuel Consumption was set up early in 1978 under Department of Energy chairmanship and with membership drawn from other Government Departments, the Scoiety of Motor Manufacturers and Traders, and the oil industry.

36 The Working Group's terms of reference were "To investigate the feasibility of setting progressive targets for raising the average miles per gallon achieved by new cars and methods of achieving these targets".

37 The Working Group's interim report, published on 27 June 1979, recommended the adoption of a voluntary schemeof fuel consumption targets aimed at achieving a 10 per cent improvement in the average petrol consumption of new cars by 1985. In a Parlimentary Answer on 27 June the Secretary of State for Energy welcomed an announcement by the SMMT that it was adopting the scheme. Progress towards the target will be monitored annually by the SMMT and the Department of Energy and an annual review will be published.

MEASURE ELEVEN - AN INFORMATION AND PUBLICITY CAMPAIGN AIMED AT PERSUADING MOTORISTS TO DRIVEIN A MORE ECONOMICAL WAY (Four-year Allocation - £2 million)

38 The Department of Energy launched a £½ million publicity campaign in the summer 1979, the objective of which was to demonstrate to drivers the petrol savings that can be made by careful driving. The campaign was in 2 parts - television advertising and press advertising in national Sunday newspapers. The campaign was researched before and after to show the effects of the advertisements. This showed that the campaign had a measurable effect on awareness of the importance of petrol economy in keeping motoring costs down and knowledge about it; but there is little evidence, as would be expected after one short publicity campaign, of a real change in driving behaviour. Longer and more frequent periods of advertising would be necessary to achieve a significant response. A full report is attached at Appendix 8.

39 Continuation of the paid public campaign directed at motorists in the 1979/89 financial year has yet to be agreed.

WALES, SCOTLAND AND NORTHERN IRELAND

40 Reports on progress have been submitted by the Welsh, Scottish and N Ireland Offices. Extracts have been used above to describe progress under each individual measure. The full reports are attached at Appendices 1, 2 and 3.

HOMES INSULATION ACT 1978 (Four year allocation £97m)

41 The Homes Insulation Scheme 1978 came into force on 18 September 1978. It was allocated approximately £22m for grants and authorities' administrative costs in 1978/79. Only £7.3m is reported paid on 178 616 grants - an average cost of £41.3. Reports from local authorities are not all reliable; some report considerable mis-matches between expenditure and number of grants paid. The Department of the Environment is looking into these discrepancies, some of which can probably be attributed to the method of data collection - two separate forms which also deal with many other housing functions. The shortfall of activity below expectation may have been caused in part by lack of materials in mid-winter. There is also a time-lag between the approval of the work and the claim.

42 WALES: A table on the progress of the Homes Insulation Scheme 1978 is at Annex 3 of Appendix 1. Only 43.7% of the total allocation has been taken up. This can be attributed to the late start of the scheme and a shortage of materials; these factors are not confined to Wales.

43 SCOTLAND: The Scheme has proved to be reasonably successful despite some difficulty in February this year in obtaining supplies of insulation material. Manufacturers were apparently unable to meet the combined demand arising from this Scheme and from the parallel programme for public sector houses; and the situation was exacerbated by the road haulage dispute which halted both the supply of raw materials and the delivery of finished products. By the end of March, however, the major manufacturers advised that the backlog of orders from retailers was being cleared and that delivery times were getting back to normal.

44 NORTHERN IRELAND: In the private housing sector the Homes Insulation Grant Scheme has applied in Northern Ireland since 1 December 1978. In the period to 31 March 1979, 11,372 applications were approved. Arising from the applications, 1,882 claims were paid at a total cost of £37,900.

ENERGY CONSERVATION SCHEME (allocation over 2 years : £25m)

45 ENGLAND AND WALES; The Energy Conservation Scheme, announced on 13 June 1978, is planned to last two years. It aims, by selective grant assistance of £25m over the life of the scheme, to stimulate total investment of over £100m in cost-effective projects to improve the efficiency with which energy is used in industry.

Applications are arriving regularly, at the rate of between 20-30 a week and by 30 April 1979 about 1,000 applications had been received for assistance towards initial consultancy assignments and 280 in respect of capital projects. About £200,000 had been offered towards consultancies and over £3m towards capital projects representing a total investment in energy-saving projects of some £14m. A further 250 applications are under consideration and the regular flow of applications is expected to continue.

The scheme is going reasonably well, bearing in mind that the applications for capital projects have only started to build up in recent months following study by potential applicants of the initial consultant's reports assisted by the scheme. This increasing trend is expected to continue. A number of applications, especially under Part 2 of the scheme (boiler replacement), are in respect of projects considerably larger than the average envisaged when the scheme started, and best estimates are that the bulk of the £25m allocated will be taken up during the life of the scheme.

46 SCOTLAND: This Scheme is administered in Scotland by the Scottish Economic Planning Department. In addition to the advertisements in the national press, the

Scheme has been given wide publicity within all of nine Scottish Energy Managers' Groups and after a fairly slow start, interest seems to be picking up rapidly. To date we have had 119 applications of which 64 have been offered grants totalling £70,531.

47 NORTHERN IRELAND: The Department of Industry's Energy Conservation Scheme continues to attract interest in Northern Ireland. To date 40 applications for consultancy assignments have been received and already there have been several offers of assistance towards the cost of firm projects. The Department of Commerce is acting as the agent of the Department of Industry in carrying out preliminary checks on Northern Ireland applications.

APPENDIX 1

ENERGY CONSERVATION: PROGRESS REPORT
ALLOCATIONS AND EXPENDITURE BY HOUSING, HEALTH AND
EDUCATION AUTHORITIES IN WALES 1.4.78 - 31.3.79

1. A total allocation of £2.4m for expenditure during 1978-79 on heat installation and other energy saving measures was made to the health, education and housing authorities. For housing and education the allocation was a key sector approval to borrow money for capital expenditure; for health, the expenditure was a call on a Welsh Office Vote.

The allocations for 1978-79 and expenditure on the basis of local authority returns up to 31 March 1979 are shown in the attached Annexes (1 and 2).

2. Whereas only 27.3% of the total annual allocation had been spent up to the end of December 1978, there was a drastic increase in the payments made in the March quarter. The total expenditure for the year 1978-79 rose to £2,005,650, or 83.6% of the allocation

3. It is too early into the programme to calculate the savings made as a result of work carried out so far.

4. HEALTH.
Expenditure by the Health authorities during the March 1979 quarter showed a rapid acceleration which resulted in expenditure for 1978-79 reaching 96.02% of their allocation (£338,028 out of £352,025).

The Authorities attribute this to (i) completion of projects started earlier in the year and (ii) late receipt of invoices relevant to other projects completed earlier in the yea

5. EDUCATION
The County Councils have now reported expenditure of £756,016 during 1978-79
This shows a sharp increase since December 1978 when expenditure of only £250,380 was incurred. The annual expenditure shows a slight excess of £4,016 over the actual allocation of £752,000 and the summary shown in the Annex records the small excesses against Clwyd CC and West Glamorgan CC.
The only County Council who did not reach their full allocation was Powys, who have reported a £5,000 shortfall.
This arose because of late cancellation of a school-building project, with insufficient time to reallocate the funds.

6. HOUSING
The District Councils in Wales were allocated £1,295,000 for heating insulation and other energy conservation measures in respect of housing.

The returns received for the March 1979 quarter reflect an upsurge of expenditure in that period with the result that the total expenditure for 1978-79 is reported as £911,606 or 70.39% of the total allocation.
The housing return indicates that 11 district councils exceeded their allocation, some by a minimal amount, and also that four authorities would not provide any information during the year.

24 May 1979

FINANCE PROGRAMMES DIVISION
WELSH OFFICE

ENERGY CONSERVATION

ALLOCATION AND EXPENDITURE
APRIL 1978 - MARCH 1979

	(1) Allocation 1978/79 £	(2) Expenditure 1978/79 £	2/1 %
HEALTH			
Clwyd	61,825	61,000	98.7
West Glam	40,400	40,400	100
Gwynedd	20,000	19,500	97.5
Powys	60,800	53,519	88
Mid Glam	59,400	55,490	93.4
Gwent	20,600	20,469	99.4
South Glam	67,500	67,500	100
Dyfed	21,500	20,150	93.7
Total Health	352,025	338,028	96.02
EDUCATION			
Clwyd	105,000	109,434	104.2
West Glam	110,000	114,582	104.1
Gwynedd	82,000	82,000	100
Powys	46,000	41,000	89.1
Mid Glam	128,000	128,000	100
Gwent	106,000	106,000	100
South Glam	91,000	91,000	100
Dyfed	84,000	84,000	100
Total Education	752,000	756,016	100

Total Allocation for 1978/79 = £2,399,025

Total Expenditure 1.4.78 - 31.3.79 = £2,005,650 = 83.6%

ANNEX 2 to Appendix 1

HOUSING

	(1) Allocation 1978-79	(2) Expenditure up to 31.3.79	(2)/(1)%
Alyn and Dee	40,000	11,745	29.36
Colwyn	18,000	23,945	133.0
Delyn	30,000	37,971	126.6
Glyndwr	35,000	15,066	43.0
Rhuddlan	5,000	-	-
Wrexham	100,000	115,290	115.3
Carmarthen	35,000	36,143	103
Ceredigion	12,000	9,354	77.9
Dinefwr	18,000	11,371	63.2
Llanelli	10,000	-	-
Preseli	40,000	40,255	100.6
S Pembs	50,000	11,702	23.4
Bl Gwent	63,000	63,054	100.1
Islwyn	45,000	44,980	99.9
Monmouth	18,000	17,114	95.1
Newport	70,000	59,082	84.4
Torfaen	50,000	21,493	42.9
Aberconwy	30,000	28,722	95.7
Arfon	20,000	16,028	80.14
Dwyfor	10,000	11,655	116.6
Meirionnydd	-	-	-
Ynys Mon	40,000	6,400	16.0
Cynon Valley	-	1,731	-
Merthyr	35,000	34,034	97.2
Ogwr	25,000	17,799	71.2
Rhymney Valley	65,000	50,699	78.0
Rhondda	-	-	-
Taff Ely	60,000	21,928	36.54
Brecknock	15,000	16,880	112.5
Montgomery	10,000	11,812	118.1
Radnor	3,000	-	-
Cardiff	100,000	12,190	12.19
Vale of Glam	65,000	74,030	113.9
Afan	30,000	-	-
Lliw Valley	28,000	28,038	100.1
Neath	20,000	16,625	83.1
Swansea	100,000	44,470	44.5
Total Housing	£1,295,000	911,606	70.39

a. Four authorities (Rhuddlan, Llanelli, Radnor and Afan) were given an allocation but, despite many reminders, have not provided any quarterly returns. Nil expenditure has been indicated against those authorities.

b. Cardiff Council have not provided a March 1979 quarter return and their indicated expenditure (£12,190) reflects the expenditure previously notified during the period April-December 1978.

c. Cynon Valley Council did not require an allocation for 1978-79 but have reported expenditure of £1,731.

LOCAL AUTHORITY	REPORTED PAYMENTS ON THERMAL INSULATION GRANTS : UP TO 31.3.79	ALLOCATION
ABERCONWY BC	11,520	29,000
AFAN BC	9,690	18,000
ALYN & DEESIDE DC	20,674	30,500
ARFON DC	8,284	29,000
BLAENAU GWENT DC	13,790	33,500
BRECKNOCK BC	9,101	19,000
CARDIFF CC	33,767	122,000
CARMARTHEN DC	15,554	26,000
CEREDIGION DC	10,270	32,500
COLWYN BC	19,847	35,000
CYNON VALLEY BC	6,254	32,000
DELYN DC	12,866	30,500
DINEFWR BC	11,208	18,000
DWYFOR DC	3,815	12,000
GLYNDWR DC	6,269	20,000
ISLWYN DC	20,788	24,000
LLANELLI BC	12,109	32,000
LLIW VALLEY BC	7,336	27,000
MERIONNYDD DC	3,426	23,000
MERTHYR TYDFIL BC	14,148	24,000
MONMOUTH DC	11,471	29,000
MONTGOMERY DC	8,240	26,000
NEATH BC	20,222	29,000
NEWPORT BC	18,121	53,500
OGWR BC	27,439	35,000
PRESELI DC	17,270	30,500
RADNOR DC	3,571	15,000
RHONDDA BC	20,872	44,000
RHUDDLAN DC	14,379	30,500
RHYMNEY VALLEY DC	13,674	40,000
SOUTH PEMBROKESHIRE DC	11,462	20,000
SWANSEA CC	42,083	81,500
TAFF ELY BC	9,980	36,000
TORFAEN BC	12,054	38,000
VALE OF GLAMORGAN BC	32,010	44,000
WREXHAM MAELOR BC	17,834	38,000
YNYS MÔN BC	10,944	35,000
TOTAL	542,342	1,242,000

ENERGY CONSERVATION : PROGRESS REPORT

ALLOCATION AND EXPENDITURE

SCOTLAND

MEASURE TWO - NHS BUILDINGS IN SCOTLAND

Following the departmental circular issued in February 1978, the common services agency's building division who are agents for the Scottish Home and Health Department (SHHD) in this matter, in July 1978 asked the 15 health boards in Scotland for more specific information on measures being taken to conserve energy in NHS buildings in Scotland.

While (as noted in the second progress report) the Department has been assured that health boards are active on this question, they have in general been unable to submit detailed returns, pointing out that insufficient time has elapsed to enable detailed or comprehensive information to be supplied or firm conclusions about resultant savings to be drawn eg in relation to the installation of thermal insulation or heating controls or conversion from electric to gas central heating. In some cases there is lack of means to monitor the effectiveness of or measure accurately the savings resulting from steps taken to conserve energy.

Lothian Health Board have provided information about a project at Bangour General Hospital relating to installation of insulation over a period of 2-3 years from 1975. Despite complications in the exercise of assessing the benefits achieved, the results appeared to indicate that an investment of approximately £20,000 on roof insulation in single storey hutted type buildings had produced a saving on heating costs of approximately £15,000 per annum.

While it thus appears that some energy conservation measures are in hand SHHD has only limited knowledge of what health boards have attempted or are still capable of accomplishing. It is intended shortly to request CSA building division to devise a full energy saving programme covering all aspects of energy conservation in the health service in Scotland.

MEASURE THREE - EDUCATIONAL BUILDINGS

There is as yet little to add to paragraph 12 of the previous report. Reports on expenditure have not yet been received from all local authorities. The indications so far are that a number did not fully take up their allocations for 1978/79 but most plan to make much better progress this year.

MEASURE FIVE - PUBLIC SECTOR DWELLINGS

In the first year of the 10 year programme local authorities in Scotland were allocated £4.5 million for the provision of basic loft insulation, pipe and tank lagging and draught proofing in public sector houses. Due mainly to the shortage of insulating material and the road haulage strike many authorities were however unable to use their full allocations. By the end of 1978/79 some 47,900 public sector houses had been insulated at a total cost of £2.332 million. (Details are shown in Annex I). On 29 March 1979 Scottish local authorities were allocated £5.662 million for insulation work in 1979/80. Provided the supply of insulation material is adequate they expect to use these resources.

MEASURE TWELVE - ENERGY CONSERVATION SCHEME

This Scheme - together with the Energy Survey Scheme (see below)-is administered in Scotland by the Scottish Economic Planning Department.

In addition to the advertisements in the national press the Scheme has been given wide publicity within all of our nine local Energy Managers Groups and after a fairly slow start, interest seems to be picking up rapidly. To date we have had 119 applications of which 64 have been offered grants totalling £70,531.

A break-down of these figures is as follows:-

Scheme	Applications	Offer Letter	Amount
Consultancy	91	57	£40,106
Boiler	14	3	18,478
Insulation	14	4	11,947
CHP	-	-	-
Total	119	64	£70,531

In addition, a further 55 applications are in the pipeline.

Under the Energy Survey Scheme, 100 companies have been awarded around £112,000 for a total of 1502 surveys.

MEASURE THIRTEEN - HOMES INSULATION ACT 1978

The Scheme has proved to be reasonably successful despite some difficulty in February this year in obtaining supplies of insulation material. Manufacturers were apparently unable to meet the combined demand arising from this Scheme and from the parallel programme for public sector houses; and the situation was exacerbated by the road haulage dispute which halted both the supply of raw materials and the delivery of finished products. By the end of March, however, the major manufacturers advised that the backlog of orders from retailers was being cleared and that delivery times were getting back to normal.

PUBLIC SECTOR HOUSE INSULATION: SCOTLAND

ANNEX 1 to Appendix 2

Region	District Authority	Allocation 1978/79	Value of Approved Schemes	No of Dwellings Covered by Approved Schemes	Expenditure To 31/3/79	No of Dwellings on Which Work is completed	No of Dwellings Dealt with by STEP	Allocation 1979/80
BORDERS	Berwickshire	24,000	22,042	239	14,567	188	Nil	15,470
	Ettrick & Lauderdale	32,000	23,277	418	18,816	366	Nil	26,520
	Roxburgh	60,000	58,335	439	57,834	439	Nil	35,360
	Tweeddale	8,000	Nil	Nil	Nil	Nil	Nil	8,840
CENTRAL	Clackmannan	47,000	Nil	Nil	N/A	N/A	N/A	55,250
	Falkirk	161,000	100,907	1,845	26,134	448	Nil	176,800
	Stirling	64,000	Nil	Nil	9,000	198	198(YOP)	66,300
DUMFRIES AND GALLOWAY	Annandale & Eskdale	21,000	Nil	Nil	Nil	Nil	Nil	34,255
	Nithsdale	41,000	Nil	Nil	Nil	Nil	Nil	110,500
	Stewartry	42,000	42,000	988	62,614	1,560	1,560	11,050
	Wigtown	28,000	27,998	450	20,500	428	Nil	27,625
FIFE	Dunfermline	111,000	111,000	800	91,765	1,103	Nil	121,550
	Kirkcaldy	128,000	82,425	1,193	19,121	280	Nil	165,750
	North East Fife	38,000	Nil	Nil	32,864	1,130	Nil	55,250
GRAMPIAN	City of Aberdeen	174,000	163,327	1,608	30,300	237	Nil	331,500
	Banff & Buchan	55,000	55,000	900	11,381	434	Nil	60,775
	Gordon	29,000	Nil	Nil	4,392	62	Nil	38,675
	Kincardine & Deeside	16,000	16,000	203	16,000	203	Nil	22,100
	Moray	58,000	14,640	220	41,957	887	Nil	165,750
HIGHLAND	Badenoch & Strathspey	8,000	8,000	118	4,000	80	80	5,525
	Caithness	33,000	32,114	4,000	26,779	2,078	1,048	22,100
	Inverness	64,000	24,000	720	22,319	525	525	55,250
	Lochaber	32,000	Nil	Nil	N/A	N/A	N/A	17,680
	Nairn	5,000	5,000	100	Nil	Nil	Nil	11,050
	Ross & Cromarty	57,000	Nil	Nil	31,051	724	Nil	62,985
	Skye & Lochalsh	11,000	4,000	65	4,000	68	Nil	6,630
	Sutherland	8,000	Nil	Nil	8,000	120	120	11,050

PUBLIC SECTOR HOUSE INSULATION: SCOTLAND (CONTINUED)

Region	District Authority	Allocation 1978/79	Value of Approved Schemes	No of Dwellings Covered by Approved Schemes	Expenditure To 31/3/79	No of Dwellings on Which Work is completed	No of Dwellings Dealt with by STEP	Allocation 1979/80
LOTHIAN	East Lothian	78,000	1,800	133	15,531	422	422	77,350
	City of Edinburgh	272,000	Nil	Nil	2,715	7	Nil	288,681
	Midlothian	96,000	96,000	638	26,778	638	Nil	132,600
	West Lothian	109,000	112,353	1,248	39,268	1,058	Nil	120,445
STRATHCLYDE	Argyll & Bute	50,000	26,343	433	37,764	708	Nil	131,496
	Bearsden & Milngavie	9,000	Nil	Nil	Nil	Nil	Nil	22,100
	Clydebank	57,000	46,895	765	17,079	255	Nil	66,300
	Cumbernauld & Kilsyth	61,000	61,000	825	61,224	934	Nil	66,300
	Cumnock & Doon Valley	49,000	Nil	Nil	11,912	392	392	50,000
	Cunninghame	133,000	Nil	Nil	82,766	1,642	1,642	247,865
	Dumbarton	64,000	Nil	Nil	72,500	1,144	550	70,720
	East Kilbride	20,000	20,000	400	20,000	376	Nil	8,840
	Eastwood	13,000	13,000	260	9,009	159	Nil	11,050
	City of Glasgow	916,000	807,694	11,706	645,423	11,606	Nil	1,105,000
	Hamilton	110,000	205,623	3,157	40,670	913	Nil	121,550
	Inverclyde	96,000	Nil	Nil	Nil	Nil	Nil	169,065
	Kilmarnock & Loudoun	98,000	80,000	1,400	84,527	1,429	Nil	108,290
	Kyle & Carrick	88,000	55,000	1,283	71,810	1,437	1,437	88,400
	Lanark	47,000	47,000	1,243	71,211	1,771	Nil	51,935
	Monklands	135,000	106,034	30,000	1,200	60	Nil	55,250
	Motherwell	237,000	97,544	1,672	62,274	1,787	Nil	221,000
	Renfrew	194,000	14,278	100	6,937	192	192	187,850
	Strathkelvin	51,000	43,623	597	35,578	597	Nil	55,250
TAYSIDE	Angus	120,000	23,860	1,261	21,124	1,674	Nil	82,875
	City of Dundee	244,000	254,000	4,075	127,000	2,450	Nil	221,000
	Perth & Kinross	78,000	31,327	918	Nil	Nil	Nil	55,250
ISLANDS AREAS	Orkney	20,000	13,560	150	10,848	120	Nil	22,100
	Shetland	15,000	Nil	Nil	4,429	85	Nil	11,050
	Western Isles	10,000	Nil	Nil	4,510	53	Nil	33,150

ANNEX 2 to Appendix 2

SCOTLAND

HOMES INSULATION SCHEME 1978 - PRIVATE SECTOR HOUSES
1978-79 - POSITION AS AT 31 MARCH 1979

AUTHORITY	Allocation 1978-79	Number of valid applications approved	Est Amount of valid applications apprd	Completions		Admin Allowances		Actual Total cost todate Col. 5 plus Cols 6 & 7	Provisional Allocation 1979-80
				Total number of grants paid	Total amount of grants paid	Col 2 @ £1.50 per grant	Col 4 @ £3 per grant		
	1 £	2	3 £	4	5 £	6 £	7 £	8 £	9 £
BORDER REGION									
Districts:									
Berwickshire	10,500	131	6,240	55	2,451	196.50	165.00	2,812.50	14,200
Ettrick & Lauderdale	15,000	149	6,537	67	2,844	223.50	201.00	3,268.50	19,100
Roxburgh	15,000	185	9,250	83	3,703	277.50	249.00	4,229.50	24,400
Tweeddale	9,000	119	5,300	85	3,440	178.50	255.00	3,873.50	14,400
TOTAL DISTRICTS	49,500	584	27,327	290	12,438	876.00	870.00	14,184.00	72,100
CENTRAL REGION									
Districts:									
Clackmannan	11,500	174	8,700	110	4,700	261.00	330.00	5,291.00	23,200
Falkirk	29,000	519	21,998	278	11,922	778.50	834.00	13,534.50	53,700
Stirling	26,000	329	15,935	108	4,608	493.50	324.00	5,425.50	42,400
TOTAL DISTRICTS	66,500	1,022	46,633	496	21,230	1,533.00	1,488.00	24,251.00	119,300
DUMFRIES & GALLOWAY REGION									
Districts:									
Annandale & Eskdale	16,500	188	9,400	84	3,473	282.00	252.00	4,007.00	26,200
Nithsdale	23,000	299	13,616	195	8,634	448.50	585.00	9,667.50	35,000
Stewartry	14,000	329	15,935	108	4,608	493.50	324.00	5,425.50	25,500
Wigtown	13,500	181	8,350	85	3,598	271.50	255.00	4,124.50	20,900
TOTAL DISTRICTS	67,000	997	47,301	472	20,313	1,495.50	1,416.00	23,224.50	107,600

PUBLIC SECTOR HOUSE INSULATION: SCOTLAND (CONTINUED)

Region	District Authority	Allocation 1978/79	Value of Approved Schemes	No of Dwellings Covered by Approved Schemes	Expenditure To 31/3/79	No of Dwellings on which work is completed	No of Dwellings Dealt with by STEP	Allocatio 1979/80
NEW TOWNS	Cumbernauld	66,000	46,000	878	44,019	864	864	20,000
	East Kilbride	116,000	Nil	Nil	77,520	2,232	Nil	50,000
	Glenrothes	48,000	38,000	560	42,515	644	Nil	52,000
	Irvine	32,000	12,000	347	30,793	712	712	Nil
	Livingston	59,000	58,500	883	Nil	Nil	Nil	59,000
		5,146,000	3,101,499	79,238	2,332,328	47,919	9,742	5,662,350

AUTHORITY	Allocation 1978-79	Number of valid applications approved	Est Amount of valid applications apprd	Completions		Admin Allowances		Actual Total cost todate Col 5 plus Cols 6 & 7	Provisional Allocation 1979-80
				Total number of grants paid	Total amount of grants paid	Col 2 @ £1.50 per grant	Col 4 @ £3 per grant		
	1 £	2	3 £	4	5 £	6 £	7 £	8 £	9 £
HIGHLAND REGION									
Districts:									
Badenoch & Strathspey	7,000	105	5,250	46	2,148	157.50	138.00	2,443.50	12,500
Caithness	14,500	279	13,950	80	3,629	418.50	240.00	4,287.50	31,100
Inverness	22,000	214	10,700	76	3,203	321.00	228.00	3,752	28,400
Lochaber	7,000	40	2,000	7	297	60.00	21.00	378	8,600
Nairn	5,500	68	3,400	14	692	102.00	42.00	836	11,200
Ross & Cromarty	23,000	389	19,450	160	7,519	583.50	480.00	8,582.50	53,700
Skye & Lochalsh	7,500	45	2,250	5	212	67.50	15.00	294.50	7,000
Sutherland	8,500	86	4,300	24	1,095	129.00	72.00	1,296	13,000
TOTAL DISTRICTS	95,000	1,226	61,300	412	18,795	1,839.00	1,236.00	21,870	165,500
LOTHIAN REGION									
Districts:									
East Lothian	24,000	313	12,740	122	5,003	469.50	366.00	5,838.50	31,700
* Edinburgh City	208,500	2,144	107,200	905	41,029	3,216.00	2,715.00	46,960	285,700
Midlothian	20,000	148	7,400	50	2,130	222.00	150.00	2,502	18,400
* West Lothian	18,500	298	14,900	205	9,058	447.00	615.00	10,120	39,700
TOTAL DISTRICTS	271,000	2,903	142,240	1,282	57,220	4,354.50	3,846.00	65,420.50	375,500

* these figures are subject to alteration

HORITY	Allocation 1978-79	Number of valid applications approved	Est Amount of valid applications apprd	Completions		Admin Allowances		Actual Total cost todate Col 5 plus Cols 6 & 7	Provisional Allocation 1979-80
				Total Number of grants paid	Total amount of grants paid	Col 2 @ £1.50 per grant	Col 4 @ £3 per grant		
	1 £	2	3 £	4	5 £	6 £	7 £	8 £	9 £
ATHCLYDE REGION									
tricts:									
yll & Bute	38,500	364	14,560	110	4,992	546.00	330.00	5,868	34,500
rsden & Milngavie	29,000	510	25,500	252	9,990	765.00	756.00	11,511	56,600
dcbank	8,500	139	4,359	46	1,579	208.50	138.00	1,925.50	10,600
bernauld & Kilsyth	8,500	93	4,650	50	1,880	139.50	150.00	2,169.50	10,600
nock & Doon Valley	7,500	133	5,920	61	2,320	199.50	183.00	2,702.50	14,500
nninghame	40,000	683	28,001	426	18,214	1,024.50	1,278.00	20,516.50	71,900
rbarton	24,500	359	14,508	168	6,574	538.50	504.00	7,616.50	34,100
t Kilbride	7,500	79	3,600	44	1,950	118.50	132.00	2,200.50	10,400
twood	53,500	775	31,000	457	18,049	1,162.50	1,371.00	20,582.50	82,500
rgow City	177,500	1,860	68,540	834	32,925	2,790.00	2,502.00	38,217	173,500
ilton	23,500	224	11,200	96	3,389	336.00	288.00	4,013	35,500
verclyde	23,500	381	15,240	222	8,896	571.50	666.00	10,133.50	34,000
lmarnock & Loudoun	21,500	335	16,750	163	6,492	502.50	489.00	7,483.50	46,000
le & Carrick	54,500	898	44,900	528	22,092	1,347.00	1,584.00	25,023	118,500
nark	16,000	227	11,350	145	6,224	340.50	435.00	6,999.50	32,600
nklands	11,000	212	10,600	132	5,632	318.00	396.00	6,346	23,400
therwell	17,000	228	11,400	104	4,315	342.00	312.00	4,969	34,600
nfrew	53,500	717	28,680	264	10,852	1,075.50	792.00	12,719.50	96,700
Pathkelvin	27,500	412	20,600	156	5,313	618.00	468.00	6,399	51,600
TAL DISTRICTS	643,000	8,629	371,358	4,258	171,678	12,943.50	12,774.00	197,395.50	979,100

ORITY	Allocation 1978-79	Number of Valid applications approved	Est Amount of valid applications apprd	Completions		Admin Allowances		Actual Total cost todate Col 5 plus Cols 6 & 7	Provisio Allocation 1979-80
				Total Number of grants paid	Total Amount of grants paid	Col 2 @ £1.50 per grant	Col 4 @ £3 per grant		
	1 £	2 £	3 £	4 £	5 £	6 £	7 £	8 £	9 £
SIDE REGION									
tricts:									
us	41,500	506	22,536	355	15,717	759.00	1,065.00	17,541	62,900
dee City	58,000	796	39,800	517	21,627	1,194.00	1,551.00	24,372	103,700
th & Kinross	45,000	768	34,970	455	20,170	1,152.00	1,365.00	22,687	92,800
AL DISTRICTS	144,500	2,070	97,306	1,327	57,514	3,105.00	3,981.00	64,600	259,400
ANDS AREAS									
kney	11,000	98	4,900	26	1,170	147.00	78.00	1,395	12,400
etland	9,000	120	6,000	60	2,591	180.00	180.00	2,951	16,600
estern Isles	17,500	47	2,350	18	846	70.50	54.00	970.50	5,900
TAL ISLANDS AREAS	37,500	265	13,250	104	4,607	397.50	312.00	5,316.50	34,900
TOTAL SCOTLAND	1,675,000	20,749	951,886	10,025	420,553	31,123.50	30,075.00	481,751.50	2,500,000

REPORT TO COMMITTEE OF MINISTERS ON ENERGY CONSERVATION

Progress Report on 1977 package of energy conservation measures - Northern Ireland.

1. Following the announcement by the Secretary of State for Energy in December 1977 of the 10 year programme of energy conservation measures, Northern Ireland received an additional £0.526m (at 1978 prices) for spending in 1978-79. Further amounts of £1.712m, £1.589m and £1.690m were received for spending in the succeeding 3 years.

Although the Northern Ireland energy conservation programme is co-ordinated by the Department of Commerce it is the task of each individual Department to implement measures falling within its particular sphere of responsibility. While the Northern Ireland division of expenditure on the various measures were annexed to the original IOCEC Report it was agreed that the funds could be re-distributed so as to reflect differing Departmental responsibilities in Northern Ireland. The following individual Departmental allocations in respect of the years 1978-79 to 1981-82 were agreed:-

Department	1978-79	1979-80	1980-81	1981-82
Commerce	190,000	408,000	139,000	245,000
DHSS	45,000	171,200	64,000	Nil
Education	Nil	476,000	477,000	507,000
Environment	224,000	454,000	707,000	736,000
Finance (Works Division)	67,000	202,000	202,000	202,000
Total	526,000	1,712,000	1,589,000	1,690,000

The following paragraphs outlines progress with regard to measures being carried through by Northern Ireland Departments.

2. The Fuel Economy Unit (FEU) operates from within the Department of Finance (Works Division) and parallels the Public Services Agency in Great Britain. FEU is engaged in a programme for achieving more efficient use of energy in the Government Estate. Measures being implemented include the installation of improved heating controls, power factor correction equipment and thermal insulation in buildings on the Government Civil Estate. Fuel conservancy controls and thermal insulation to the value of £71,000 were installed in the year ended 31 March 1979. Because of staff shortages (which have now been resolved), this expenditure is considerably lower than anticipated. A survey of 86 buildings has indicated that a total of 42 buildings will require power factor correction and the equipment will be fitted during the coming years.

Only a limited monitoring programme has been possible because of staff limitations but an analysis of the performance of a number of buildings in which optimiser equipment had been installed and from which regular monitoring returns have been received indicates a saving on fuel of approximately 20%.

3. Health and Social Services facilities in Northern Ireland are controlled by four Health and Social Services Area Boards which are responsible to DHSS for the efficient management of the service. In the 1978-79 financial year a total of £183,360 was spent on a programme of energy conservation measures which included good housekeeping practices, thermal insulation of walls and roofs, heating controls and other miscellaneous measures.

Recognising the need to increase awareness of energy efficiency the DHSS has persuaded the Boards of the need for a sustained educational campaign. To assist in this several useful films have been purchased and arrangements have been made to show these to selected Board staff. The Boards themselves will then arrange for the films to be shown to their staff at all levels.

There have been difficulties (mainly because of a lack of information at Board level) in devising an adequate monitoring system to establish the precise level of savings being achieved. DHSS compute the level of financial savings which Boards ought to be making on the basis of expenditure incurred on energy conservation measures and related pay-back periods. In the 1978-79 financial year savings were estimated at £300,000 and are related to capital expenditure £686,895 in the period 1975-76 to 1978-79 and an annual energy bill of £6½ million.

4. The Department of the Environment expended £366,000 in the year 1978-79 on the implementation of measures designed to reduce the amount of energy used in water production. The measures which in the main are waste detection programmes are now being implemented in each of the 5 Divisional supply areas. Arrangements have been agreed with the Department's Roads Service Division for implementation of energy conservation projects on some main traffic routes in Northern Ireland. The projects involve the substitution of High Pressure Sodium or colour corrected Mercury Vapour for the existing less efficient sources of lighting. The Department of the Environment's allocation of the package monies for the period 1979-80 to 1981-82 includes £300,000 for the purpose. It is expected that

the schemes when implemented will result in a saving of about 30% of the energy used and the nett financial gain on traffic routes will be 25% of the capital cost. For roads and streets other than traffic routes the policy would permit the use of low pressure sodium subject to amenity consideration and in this case the nett financial gain would be 9% of capital cost.

5. Responsibility for co-ordinating the development of the Northern Ireland energy consdervation programme rests with the Department of Commerce. The Department spent approximately £12,000 in the financial year 1978-79 on measures aimed at increasing public awareness of the need for energy efficiency. The measures included the presentation of Advertisements on the Northern Ireland media, attendance at seminars and exhibitions and Grant assistance towards academic work in the energy field.

The Department's Fuel Efficiency Service (FES) is concerned primarily with fuel saving in industry. FES carries out energy efficiency inspections tests on industrial boilers and production plant on a fee earning basis but makes initial visits and provides advice free of charge. Proposals for the expansion of the service to include the commercial sector and a free one visit are currently under consideration. If implemented it is hoped that the steps will bring Northern Ireland up to parity with the service available to industry and commerce in the rest of Great Britain.

6. Arrangements have been made to set up the first Energy Managers Group in Northern Ireland. An inaugral meeting will be held on 6 June and it is expected that over 60 Energy Managers will attend. The Department of Commerce will provide modest funds to meet the incidental expenses of the Group.

7. The Department of Industry's Energy Conservation Scheme continues to attract interest in Northern Ireland. To date 40 applications for consultancy assignments have been received and already there have been several offers of assistance towards the cost of firm projects. The Department of Commerce is acting as the agent of the Department of Industry in carrying out preliminary checks on Northern Ireland applications.

8. In the private housing sector the homes insulation grant scheme has applied in Northern Ireland since 1 December 1978. In the period to 31 March 1979, 11,372 applications were approved. Arising from the applications 1,882 claims were paid at a total cost of £37,900.

9. In the public housing sector 50% of housing stock has been insulated to minimum standards (94,000 out of 188,000). The programme is continuing.

10. Arrangements are being made to implement a programme of energy conservation measures on the existing Education Estate. The programme - which will include the installation of energy saving devices in schools, education of the users and provision for monitoring arrangements - is at present under discussion

between the Department of Education for Northern Ireland (DENI)

and the five Education and Library Boards. A substantial part of the cost of the programme will be financed by DENI's share of the package money.

ANALYSIS OF ITEMISED EXPENDITURE: MEASURES 3 AND 4. By responsible department £000s

	DES	DHSS	HO	DTp	DOE	DT	TOTAL
County Councils							
Avon	54						54
Cambridgeshire	357	7	1		1		366
Cornwall	38						38
Essex	85	57					142
Gloucestershire	8						8
Gwent	42						42
Isle of Wight	1				3		4
Kent	120						120
Leicestershire	21						21
Greater Manchester						299	299
Nottinghamshire	107	3			2		112
South Yorkshire				160			160
Staffordshire	69	28			4		101
Suffolk	13	8					21
West Sussex	33	30			1		64
District Councils							
Barnsley	2						2
Coventry	30						30
Doncaster	27						27
Grimsby					5		5
Havering	9						9
Hounslow	13						13
Leeds	50	13			1		64
Manchester	98				4		102
Neath					3		3
Sheffield	46						46
Slough					2		2
Stockport	2						2
Sutton	12						12
Waltham Forest	7						7
	1243	146	1	160	26	299	1876

INDUSTRIAL ENERGY THRIFT SCHEME

The aim of the Scheme, run under the auspices of the Information, Advisory Services and Promotion Committee, is to provide Government with information on how energy is being used by industry and measures which need to be taken to achieve its more efficient use. Parts I and II, involving visits to over 2,200 sites in 67 sectors of industry by consultants or Research Association Staff have been completed at a cost of £1.1m. Part III, which commenced in August 1978, will involve 2,500 visits to sites in a further 57 sectors of industry at a cost of £1.7m.

Enquiries from 958 firms which took part in I and II showed that most of them had taken action to make better use of energy following the visits. Some firms supplied quantitative information and 25% of the 938 are between them saving £5½m per annum at 1978 prices or about 9% of their total energy bills, although these savings cannot be attributed to the Scheme alone. There is no doubt that the visits have been successful in promoting energy savings. In order to disseminate to industry the information gained in the visits the Department is publishing reports for individual sectors containing details of energy use and energy saving measures. So far 7 have been published and are listed at (1) below. Numbers 6 and 7 have not yet been issued outside the Department.

Part IV of the Scheme consists of a programme costing £1.4m to promote savings in industry through the provision of films, visual aids, national and local seminars, information leaflets etc. Staff shortages have delayed progress with this programme, although a number of national seminars have been held. (Item 2 below)

Publications:

(1) IETS Report No 1 Energy use in the woollen and worsted industries

2 Energy use in the pottery industry

3 Energy use in the bricks, fireclay and refractory goods industry

4 Energy use in the shipbuilding and marine engineering industries

5 Energy use in the abrasives and miscellaneous building materials industries

*6 Energy use in the spinning and doubling (cotton system) sector

*7 Energy use in the stationery printing industry

(2) Meetings:

Energy Saving in the wool textile industry	–	Leeds	29 November 1978
Energy Saving in the chemical industry	–	London	28 February 1979
Energy saving in the dyeing and finishing of textiles	–	Manchester	28 March 1979
Energy saving in the paper-based industries	–	London	25 April 1979
Energy saving in the heavy clay and refractories industries	–	Sheffield	13 June 1979
Energy saving in the glass industry	–	Sheffield	20 June 1979

*Not issued to date

INFORMATION AND ADVISORY SERVICES TO INDUSTRY

APPENDIX 6

The table below shows projected expenditure on the separate items in the programme: (some of these estimates are very approximate)

£'000

	1978/79[3]	1979/80	1980/81	1981/82
ESS Payments[4]	465	465	465	465
EQAS	60	60	60	60
HESAC	25	175	400	400
ESS Feedback	20	50	200	100
IETS Stage III	375	445	390	-
IETS/EAS Feedback	170	655	615	-
EM Groups	25	25	25	25
EM Courses	15	30	30	30
Mobile Training	-	75	150	300
Mobile Exhibition	-	50	50	50
RIBA Training[1]	25	-	-	-
	1,180	2,030	2,385	1,430
Amount allocated	4,000	5,000	5,000	5,000
Driver education[2]	500	500	500	500

(1) This is a one-off payment to fund energy conservation courses for 3,000 mid-career architects.

(2) The funds allocated for driver education are in addition to the £19m.

(3) Actual figures not yet available.

(4) Thes figures are likely to be substantially below out-turn owing to increased response to the Scheme.

Summary of Energy Conservation Demonstration Projects Recommended for Approval

Up to 31 March 1979

Projects	National Energy Saving Objective (Note 1) ('000 tonnes of coal equivalent a year)	Government Support Recommended for Approval (£000)	Estimated Total Project Cost (including funding by industry) (£000)
(a) Department of Energy			
Reported in MEC(79)1 (8 projects)	* 733	277.3	911
Design study on gas engine driven heat pumps, precursor to demonstration with Tootal Ltd (International Research and Development Company Limited)	50	5.6	9
Advanced heat pipe heat exchanger (demonstration in four industries by AERE, Harwell, in conjunction with United Linen Services (laundry industry), Laidlaw and Fairgrieve Ltd (wool drying), Crook and Nuttall Ltd (paper and paper glazing), and Spillers Foods Ltd (petfoods), and a UK manufacturer, Lindustries Ltd.)	46.5	77.4	150
Use of mechanical vapour recompressor driven by CHP turbine in whisky industry (Irver House Distilleries, Ltd).	55	78.9	1387
Heat recovery in a malt kiln (Associated British Maltsters, Ltd)	58	21.5	102
Recovery of waste heat from a tunnel kiln for use in space heating (Steetley Refractories, Ltd)	70	21.5	512
Use of recuperative gas burners in heavy forge furnace (British Steel Corporation)	66	37.2	119
(b) Department of Industry			
Reported in MEC (79)1 (5 projects)	* 449	271.0	1056
Demonstration of integration of two industrial processes through energy cascading (Clayton Aniline Co. Ltd)	80	56.2	443
Burning of partly treated municipal waste in industrial coal fired boiler (Courtaulds Ltd)	120	96.0	397
Burning of wood waste in standard coal fired boiler (Bowater UK Paper Co. Ltd)	69	119.0 (Note 2)	437
Recovery of wast heat from sulphuric acid absorption tower by retrofitted equipment (Berk Spencer Acids, Ltd)	12.5	17.8	56
TOTALS	1,809	1079.4	5,579

Note 1. The National Energy Saving Objective represents the annual energy savings that might come about as a result of the demonstration if the technique is replicated in a *reasonable number* of similar applications.

Note 2. Government funding could be less; the precise level of funding is still subject to negotiation.

* See Appendix 7A

Summary of Energy Conservation Demonstration Projects Recommended for Approval - 30 September 1978

APPENDIX 7A

Projects	National potential associated with the project (in tonnes coal equivalent)	Government Support		Estimated Cost of Project (including funding by industry)
		Recommended for Approval	Further phases (yet to be considered)	
(a). Department of Energy		£K	£K	£K
Waste heat recovery - Pottery kilns (Enoch Wedgewood (Tunstall) Ltd)	20,000 tce	12.5	49	155
Large high temperature heat pumps - Market study as precursor to possible industrial demonstration. (Northern Engineering Industries Ltd)	NA yet	7.7	-	7.7
Fluidised-bed coal boiler (Hayward Tyler & Co Ltd)	up to 500,000 tce	61.4	20	136.8
Heat pumps - Dairy industry (Unigate (The Midland Counties Dairy Co Ltd))	6,000 tce	24.6	-	86.4
Insulated trucks for wholesale milk delivery (Magness & Usher Ltd)	13,000 tce	11	-	63.3
Carbonaceous additives to brick clays (B Ceram RA)	74,000 tce	15.1	?	15.1
Heat recovery in loose stock fibre drying (E Bottomly & Sons Ltd)	6,000 tce	6.6	-	17.3
Energy conservation monitoring in Walmley first and middle schools (Birmingham School of Architecture)	70,000 tce	68.9	12	155.9
(b) Department of Industry				
Flat belt transmission drive - Study as precursor to possible industrial demonstration. (Bradford University)	NA yet	10	-	-
Waste heat recovery - Aluminium melting furnaces (Alcoa Manufacutring (GB) Ltd)	140,000 tce	54	-	424.7
Centralised hydraulic system (Towler Hydraulics Ltd)	200,000 tce	24	42.5	104
Automatic boiler control system (Bowaters UK Paper Co Ltd)	103,000 tce	147.9	-	510
(c) Department of Agriculture and Fisheries for Scotland				
Use of recovered heat in horticulture (Stanley P Morrison Ltd)	50,000 tce	75	-	285.8

APPENDIX 8

PROGRESS REPORT - DECEMBER PACKAGE
PUBLICITY TO MOTORISTS

1 The 12 December package required the Department to mount a publicity campaign over 4 years to persuade motorists to see that their cars are well maintained and to drive in more economical ways. To begin to carry out this remit the Department of Energy launched a £500,000 publicity campaign in the summer of 1978, the objective of which was to demonstrate to drivers the petrol savings that can be made by driving smoothly.

2 The campaign was in 2 parts:

- Television advertising in England and Wales (double weight in Tyne Tees area to test the effect of greater expenditure on advertising);

- Press advertising in national Sunday newspapers.

3 For the television campaign, which began on 3 July and lasted until the beginning of August, two 30-second television commercials were produced. Their objective was to underline the cost in energy and financial terms of heavy footed driving. These used big yellow boots to feature a number of driving hints which would lead to greater fuel economy.

4 Scotland, with no television coverage, was used as a control area, and for Tyne Tees expenditure was doubled to assess the effects of a national publicity campaign costing £1m.

5 The campaign was researched before and after television advertising and after press advertising had finished. The television campaign succeeded in reaching and communicating to ⅔ of motorists in England and Wales but despite press advertising (from 30 July-10 September) which was seen by ¼ motorists, recall of advertising was significantly eroded after 8 weeks. This reflects the experience with seat belt advertising.

6 The double weight campaign in Tyne Tees, also supported by press advertising, showed improved effectiveness of the campaign and a slower rate of erosion of the awareness of the campaign message compared with the rest of England Wales.

7 Before the campaign, motorists believed that doing their own servicing and repairs offered the best way of reducing motoring costs. After the TV campaign, there was a significant increase in the number of motorists who mentioned petrol economy as a cost-saving measure.

RESULTS OF CAMPAIGN

8 Results imply that the TV campaign had a transient effect in altering motorists' attitudes towards the importance of petrol economy. Press advertising, while it may have had the effect of prolonging the impact of TV advertising, had no measurable effect in getting over the particular advertising messages. The heavy-weight TV campaign in Tyne Tees seems to have resulted in a slightly longer term effectiveness of the campaign in that area. The campaign had some effect on awareness of the importance of petrol consumption and knowledge of how it can be reduced; but there is little evidence of a real change in driving behaviour.

APPENDIX 8 (Cont'd)

CONCLUSION

9 The £½m set aside in each of the 4 financial years (1978/9-1982/3) is insufficient to mount a national campaign which has anything more than short term impact. Longer and more frequent periods of advertising through television is, with present petrol prices, the only way of keeping economic driving in the front of motorists' minds as a significant way of reducing motoring costs and saving energy. On this evidence expenditure of £0.5m a year is a waste of money, unless it is accepted that this is worthwhile expenditure at the height of the motoring season.

OTHER ACTIVITIES

10 As preliminary to the summer 1978 campaign the Department of Energy persuaded Drive Magazine to produce a feature article on economical motoring which was based on tests specially arranged by the AA.

11 The Article appeared in the March issue of Drive and subsequently 1.4 million copies of a re-print of the Article were distributed through AA service stations, driving schools, major car hire companies and through specialist interest motoring groups.

12 Car maintenance featured largely in this article as it did in a series of motoring cartoons prepared by the Department for local newspapers.

13 Under the Passenger Fuel Consumption Order 1977, all dealers in new cars, from 1 April 1978, had to possess details of the official fuel consumption figures for new cars on sale in the UK. Each new car offered for sale had to display the official fuel consumption figures for that particular model.

14 An initial distribution of the official fuel consumption lists was made through manufacturers and their concessionaires and all main dealers. Advertising in the trade press was used to ensure complete coverage of all new car outlets.

15 During April, press advertising informed the general public of the availability of the list and a further 3,500 requests for copies were received. The complete fuel consumption lists were produced as advertisements in the 5 main motoring magazines.

16 Distribution of the second (6-monthly revision) list was carried out in October 1978.

Ind Policy

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

2 pp's

Secretary of State for Industry

John Arnott Esq
Private Secretary to the
Secretary of State for Energy
Thames House South
Millbank
London SW1P 4QJ

16 July 1979

R 17/7

Dear John

ENERGY CONSERVATION SCHEME

My Secretary of State has seen the correspondence arising from your Secretary of State's letter of 27 June and notes that there is agreement that the existing Energy Conservation Scheme should continue. He will refer to this in his Statement on Section 8 assistance generally this week.

There is one point which should be cleared up arising from the final paragraph of your Secretary of State's letter. The new criteria to be announced next Tuesday will apply only to the general use of Section 8 powers and to assist major investment projects in this country. These criteria will not affect those of existing Schemes or, indeed, of any future extension of the Energy Conservation Scheme.

In your Secretary of State's letter of 9 July he suggests that if the Department of Industry cannot accommodate the proposed extension to the Scheme within its existing PESC provision, Ministers should consider it as a candidate for the Contingency Reserve. I should make it clear at this stage, given the cuts in programme that this Department has accepted, it must certainly not be assumed that the Department can contribute any funds for this purpose.

I am copying this letter to the Private Secretaries of the recipients of the previous correspondence.

Yours ever
Peter

PETER MASON
Private Secretary

From: THE PRIVATE SECRETARY

Energy

NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

W J Burroughs Esq
Private Secretary to the
Secretary of State for Energy
Department of Energy
Thames House South
Millbank
London SW1

12 17/7

13 July 1979

Dear Bill

ENERGY CONSERVATION: MINISTERIAL COMMITTEE

My Secretary of State has seen copies of the Energy Secretary's minute to the Prime Minister of 5 June and Tim Lankester's minute to the Prime Minister of 13 June and 3 July concerning the establishment of a Ministerial Committee on Energy Conservation.

Mr Atkins would like to nominate Mr Giles Shaw to serve on this Committee.

I am sending copies of this letter to Tim Lankester (No 10), Jim Buckley (Lord President's Office), Tony Battishill (HM Treasury), John Chilcot (Home Office), George Walden (Foreign and Commonwealth Office), Philip Hunter (Department of Education and Science), Andrew Duguid (Department of Industry), David Edmonds (Department of the Environment), John Gutteridge (Ministry of Defence), Kenneth Mackenzie (Scottish Office), George Craig (Welsh Office), Richard Prescott (Paymaster General's Office), Ian Fair (Department of Employment), Don Brereton (Department of Health and Social Security), Garth Waters (Ministry of Agriculture, Fisheries and Food), Genie Flanagan (Department of Transport) and Martin Vile (Cabinet Office).

Yours sincerely
Mike Hopkins

M W HOPKINS

RE

Energy

Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

11 July 1979

The Rt Hon David Howell MP
Secretary of State for Energy
Thames House South
Millbank
LONDON SW1P 4QJ

R 11/7

Dear David,

OIL DEMAND RESTRAINT

Thank you for your letter of 31 May. My main interest in this stems from my Department's responsibilities for the use of fuel in the Civil Service as a whole - mainly heating and government transport.

The heating standards for the Civil Service (to which Geoffrey Howe also refers in his letter of 5 July) are part of a range of accommodation standards governed by national agreements with the Civil Service unions. Under the Health and Safety legislation the minimum statutory temperature for rooms occupied by office staff is 16°C. But this is generally recognised as being too low for sedentary work and the Civil Service therefore does its best to maintain a temperature of 18.5°C in its offices. I have my doubts whether to attempt to re-negotiate this agreement with the unions is a viable proposition. There would be considerable and widespread union opposition and it could in any case only be attempted as part of a nationwide effort to reduce office temperatures generally to the statutory minimum.

But I do believe that there is scope for savings within the existing agreement by tightening up the maintenance and operating arrangements of the heating systems in use. These are the responsibility of the Property Services Agency and I have instructed my officials to discuss this urgently with them.

Geoffrey also suggests that flexible working hours may lead to longer total heating hours than fixed time-keeping, but I am advised that in practice this is not so.

Transport is an area where we have already made headway, particularly in reducing the size of the fleets and the engine-capacity of the vehicles in them. This includes the fleet of chauffeur-driven cars of the Government Car Service which has been reduced by nearly a third. The Property Services Agency, which operates the Government Car Service, is now seeking further reductions and I have instructed my officials to pursue with them the possibility of introducing a more economical car than the 3.5 Rover. I understand that earlier plans to reduce the engine size of these cars was frustrated by delays in the introduction of the new British Leyland models. I think we should look at this again. Similar studies of vans in the London area should lead to more economical routeing and to fewer vans of smaller engine size.

"Good housekeeping" in terms of the use, maintenance and careful driving of vehicles should achieve further fuel savings. We are issuing guidance on this.

In some departments civil servants frequently use their own cars on official business. We shall be stressing to them that public transport should be used in preference to private vehicles whenever practicable. My officials are also considering whether departments need firmer guidance on how to control the cost of using cars, including the possibility of introducing local travel budgets for managers.

Domestically, of course, we shall be doing our best to reduce oil consumption wherever possible.

Yours ever

Christopher

SOAMES

Copies to the Prime Minister, all Ministers in Charge of Departments and to Sir John Hunt.

cc. PS/MOS
PS/MR LAMONT
PS/MR MOORE
PO/PUS
MR D JONES
MR PRIDDLE
MR DART
ON FILE

A

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01-211 6402

Rt Hon Patrick Jenkin MP
Secretary of State for Health and
Social Security
Department of Health and Social Security
Alexander Fleming House
ELEPHANT AND CASTLE
London
SE1 6BY

10 July 1979

Dear Patrick

OIL DEMAND RESTRAINT

Thank you for your encouraging letter of 26 June in reply to mine of 31 May about the public sector campaign to save oil. I particularly welcome the firmness of your commitment to our 5% target.

I understand the anxiety which you have expressed about the future levels of supply to the NHS. This is potentially a matter for serious concern, and I am asking my officials to get in touch with yours in order that the problem can be thoroughly investigated.

Yours ever
David

D A R HOWELL

With the Compliments

of the

Secretary of State

Scottish Office,
Dover House,
Whitehall,
London, S.W.1 A 2AU

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
LONDON
SW1

R 1.17

10 July 1979

ENERGY CONSERVATION SCHEME

I have seen David Howell's letter to you of 27 June and wish to record my strong support for his views on the retention and extension of selective financial assistance for energy conservation measures.

My Department acts as agents for the Department of Energy in Scotland, and I am convinced that much of the substantial conservation efforts which have been made by companies in Scotland has been sparked off by the financial incentives embodied in the scheme. As David Howell implies, our exhortations to all consumers to save energy, and particularly oil products, will carry much less weight if we withdraw support at this time.

I am copying this letter to those who received Keith Joseph's letter.

GEORGE YOUNGER

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01-211 6402

9 July 1979.

Rt Hon John Biffen MP,
Chief Secretary to the Treasury,
HM Treasury,
Parliament Street,
London SW1.

Dear John

ENERGY CONSERVATION SCHEME

Thank you for your letter of 3 July.

I am glad that you accept the existing Energy Conservation Scheme should continue. In my letter to you of 27 June I also expressed the hope that we can agree that the Scheme should be extended at the earliest practicable opportunity. The need to reinforce our energy conservation policies in industry and commerce, which account for nearly half UK energy consumption, has been emphasised over the last few days by our undertakings at the Strasbourg and Tokyo Summits to conserve energy and especially oil. The Strasbourg communique does in fact refer specifically to the need for "greater investment efforts" to save energy.

The Energy Conservation Scheme is, of course, funded and run by the Department of Industry as one aspect of promoting the improvement in industrial efficiency and expenditure falls on the Votes of that Department. I accept of course that in considering the case for extending the scheme you will need to be convinced that there is a compelling need for Government expenditure; and that any new public expenditure would have to be accommodated within agreed programmes. I believe that we can convince you of the need to extend the scheme. If the Department of Industry cannot accommodate the proposed extension to the Scheme within its existing PESC provision, I think that we should be ready to consider it at an early date as a claim on the contingency reserves.

I am sending copies of this letter to the Prime Minister, the Minister for Agriculture, Fisheries and Food, the Secretary of State for Industry, the Leader of the House, the Secretaries of State for Scotland and Wales and for the Environment.

Yours ever
David

D.A.R. Howell.

Energy

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01XXXXXX 218 2111/3

MO 26/17/2

6th July 1979

R 9/7

Dear Bill,

ENERGY CONSERVATION: MINISTERIAL COMMITTEE

The Defence Secretary has seen copies of the Energy Secretary's minute to the Prime Minister of 5th June and of Tim Lankester's replies of 13th June and 3rd July concerning the establishment of a Ministerial Committee on Energy Conservation.

Mr Pym would like to nominate Mr Geoffrey Pattie (Under Secretary of State for the Royal Air Force) to serve on this Committee.

I am sending copies of this letter to Tim Lankester (No 10), Jim Buckley (Lord President's Office), Tony Battishill (HM Treasury), John Chilcot (Home Office), George Walden (Foreign and Commonwealth Office), Philip Hunter (Department of Education and Science), Andrew Duguid (Department of Industry), David Edmonds (Department of the Environment), Joe Pilling (Northern Ireland Office), Kenneth MacKenzie (Scottish Office), George Craig (Welsh Office), Richard Prescott (Paymaster General's Office), Ian Fair (Department of Employment), Don Brereton (Department of Health and Social Security), Garth Waters (Ministry of Agriculture, Fisheries and Food), Genie Flanagan (Department of Transport) and Martin Vile (Cabinet Office).

Yours sincerely,

John Gutteridge

(J D GUTTERIDGE)

W J Burroughs Esq
Department of Energy

Energy.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

5 July 1979

R
47

Dear David

OIL DEMAND RESTRAINT

You wrote to me on 31st May about ways in which the parts of the public sector for which I am responsible would be contributing to the savings of oil that we need.

The Treasury of course has a keen interest in energy conservation, because of its importance for the economy as a whole. But all my Departments' use of energy is confined to heating and lighting of offices, and use of official vehicles; I have checked the standing instructions on both these points and taken steps to see that staff are being jointly reminded of their importance. Much the same applies to the Bank of England and Treasury quangos.

Two points arose in our search for economies - both falling within the Lord President's bailiwick - which may be worth further exploration.

First, DNS - like many Departments - operate flexible working hours; these require offices to be kept heated and lit for 10 hours each day. Second, I understand that new heating standards for Government offices were recently agreed with the National Staff Side. Can any savings be made through changes in either of these areas?

I am copying this letter to all Ministers in charge of Departments, to the Prime Minister and to Sir John Hunt.

Yours

(GEOFFREY HOWE)

The Rt. Hon. David Howell, MP

VC13.

Energy

10 DOWNING STREET

From the Private Secretary

B/F 3.10.79.

3 July 1979

Dear Bill,

Energy Conservation: Ministerial Committee

The Prime Minister has read your letter of 26 June explaining further the case for a Ministerial Committee on energy conservation. She is prepared to agree that this Committee be set up, but she would like to take stock of the position after three months. If the Committee has not proved effective by then, she would like it disbanded. Please could you let me have a report for the Prime Minister in three months' time.

I am sending copies of this letter to Jim Buckley (Lord President's Office), Tony Battishill (H.M. Treasury), John Chilcot (Home Office), George Walden (Foreign and Commonwealth Office), Philip Hunter (Department of Education and Science), Andrew Duguid (Department of Industry), David Edmonds (Department of the Environment), Joe Pilling (Northern Ireland Office), Kenneth MacKenzie (Scottish Office), George Craig (Welsh Office), Richard Prescott (Paymaster General's Office), Roger Facer (Ministry of Defence), Ian Fair (Department of Employment), Don Brereton (Department of Health and Social Security), Garth Waters (Ministry of Agriculture, Fisheries and Food), Genie Flanagan (Department of Transport) and Martin Vile (Cabinet Office).

Yours ever,

Tim Lankester.

W. J. Burroughs, Esq.,
Department of Energy.

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon David Howell MP
Secretary of State
Department of Energy
Thames House South
Millbank
London
SW1P 4QJ

3 July 1979

Dear David

ENERGY CONSERVATION SCHEME

Thank you for your letter of 27 June.

I accept that the existing Energy Conservation scheme, for which there is adequate public expenditure provision, should continue.

I note that you hope to put forward proposals for a further scheme. If you do, I shall need to be convinced that, notwithstanding the importance of energy conservation, there is a compelling case for Government expenditure rather than for leaving it to the industries concerned. Any new public expenditure would of course have to be accommodated within agreed programmes.

As I understand it, the announcement by the Secretary of State for Industry that the criteria for the Selective Investment Scheme will be tightened does not affect the Energy Conservation scheme, or indeed any other schemes.

I am sending copies of this letter to the Prime Minister, the Secretary of State for Industry, the Minister for Agriculture, the Leader of the House, and the Secretaries of State for Scotland, Wales and the Environment.

John Biffen

JOHN BIFFEN

File in Tokyo

Energy

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

R 2826

The Rt Hon David Howell MP
Secretary of State for Energy
Thames House South
MILLBANK
London
SW1P 4QJ

28 June 1979

OIL DEMAND RESTRAINT

1. Thank you for your letter of 31 May. I fully support the measures which you have in mind and will seek to obtain the co-operation of the public authorities and other organisations in Scotland which fall within my responsibility. I suggest, however, that we will have to consider very carefully the timing of our approaches since many authorities are already obliged to practise restraint because of current fuel shortages.

2. It seems to me that, irrespective of the different types of organisations we have to address, we should make it clear that we see our exercise as a continuing effort, involving close consultation and collaboration. Our task seems likely to break down into 3 stages - identifying the scope for restraint, both by better housekeeping and by paring less essential services; formulating programmes to implement savings; and monitoring progress. Presumably the proposed new Ministerial Committee on Energy Conservation would be a suitable body to oversee progress, with support from the Official Group on Fuel Supplies.

3. For us by far the major "target" group is the Scottish Local Authorities which are themselves responsible for a variety of services. There will no doubt be scope for savings here through better housekeeping in transport and heating. Cuts in particular services are, however, likely to prove more difficult as they can only be carried out sensibly after a review of current policy incentives and priorities. I would hope that we could give initial priority to housekeeping measures. Even here, however, we must acknowledge that there will be limits to the savings which can be achieved. We should avoid, for example, cutting into the essential operational requirements of vital services such as police and fire.

4. A number of authorities - notably Strathclyde Regional Council - have launched very worthwhile programmes of energy conservation and I

would want to give them every encouragement to redouble their efforts, as well as urging other authorities to follow their good example. Schools and colleges stand out as offering considerable potential for savings.

5. We shall, however, have to recognise that conservation measures often require some degree of upgrading of equipment, and worthwhile savings may result from applying microprocessors to improve instrument control, judging by the striking examples of success achieved in industry. Such improvements, however, may raise the question of capital resources additional to those already available for energy conservation measures generally, which are not easy to find at the present time.

6. I understand that Michael Heseltine has in mind discussions with Local Authority Associations in England and Wales. I would propose to approach the Convention of Scottish Local Authorities.

7. I am also directly, or indirectly, responsible for a diverse group of other organisations and establishments which are major oil users and I shall be approaching them directly to ask them to undertake measures of restraint consistent with their basic purposes. They include the NHS in Scotland; prisons and other penal establishments; bus and ferry services operated by the Scottish Transport Group; the Scottish Electricity Boards, which are, in fact, aiming to achieve a substantial reduction in the use of oil for generating electricity; and colleges of education, central institutions, list 'D' schools, research institutes and agricultural colleges.

8. I am copying this letter to the recipients of yours.

GEORGE YOUNGER

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

26 June 1979

The Rt Hon David Howell MP,
Secretary of State for Energy
Thames House South
Millbank
London SW 1

Dear David.

OIL DEMAND RESTRAINT

Thank you for your letter of 31 May asking how I see my Department and those parts of the public sector for which I am responsible contributing to energy saving.

It is, of course, our policy to allow the nationalised industries to operate as efficiently and commercially as possible, and I know that you would accept that it would be inconsistent with this policy to expect or require them to make greater sacrifices than the private sector. Nevertheless, I am sure that you are right that the public sector must be seen to be active in the energy conservation programme and I shall certainly urge on the nationalised industries for which I am responsible and on my own Department the need to continue to play their part.

One of the biggest oil users is British Steel. In principle, there might be some scope for substituting coke for oil in blast furnace operations. But because of shortage of NCB coking coal of the preferred grades, and tighter quality specifications for steel, BSC have already increased imports of coking coal in recent years, and they would like to import a good deal more. BSC's use of fuel oil has already declined as its open hearth steelmaking capacity is shut down; only one such plant is now in operation and this will be closed over the period November 1979 - April 1981. Fuel oil is also used in steel re-heating furnaces, and the BSC are now beginning to instal new types of oil burners that use less oil. This is being helped by the Demonstration Project Scheme. The Corporation has now set up an Energy Utilisation Committee to press on with an energy conservation programme.

The Post Office has informed my Department that it has entered into urgent contingency planning to conserve supplies, but that some curtailment of services may become necessary. My officials have been in touch with yours on this matter. But the Post Office is also concerned that particularly serious problems could arise in telecommunications if there were any disruption of electric power supplies during the period of oil shortage, necessitating the use of their standby generators. I hope that if such a serious situation does seem likely to arise, steps will be taken quickly to observe the established user priorities.

/I think ...

I think there are special problems with British Aerospace and British Shipbuilders: they both operate in highly competitive fields and I obviously wish to avoid encouraging them to operate in a way that would impair their efficiency. Nevertheless I shall see that the attention of the Chairmen is personally drawn to your statement and that they are encouraged to do everything possible to use energy more efficiently.

As far as my own Department is concerned, we have set in train measures to monitor the consumption of oil in our Research Establishments.

Copies of this letter go to recipients of yours.

Yours

Keith

DEPARTMENT OF ENERGY
Thames House South
Millbank
London SW1P 4QJ

Tel: Direct Line: 01-211
Switchboard: 01-211 3000

With the Compliments of

the

Secretary of State

Ind Pol

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

MBM

R 27/6

Rt Hon John Biffen MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
LONDON SW1

27 June 1979

Dear John

ENERGY CONSERVATION SCHEME

In his letter of 15 June on selective financial assistance under S8 of the Industry Act 1972 Keith Joseph left two matters for my consideration:

i) the future of the Energy Conservation Scheme run by this Department with the aim of saving 0.6 million tonnes of oil a year; and

ii) whether to propose that an extension of the scheme, planned before the General Election with the objective of saving 1.3 - 1.6 mtoe a year should go ahead.

Both issues need to be examined in the light of our immediate national requirements and our international commitments to reduce oil demand and the longer term importance of improving the efficiency with which energy is used. Energy Conservation must play an important and central role in our energy policy. I am concerned therefore that we should not do anything, which would weaken our present conservation effort. Indeed I believe we must strengthen our effort at the earliest possible opportunity.

My decision to wind up the existing scheme would be misinterpreted by industry and others and would severely damage the credibility of our energy conservation policies. It is likely that industry's reaction to winding up would be all the more adverse because:

- the existing scheme aims in the main to eliminate the worst examples of waste in boilers and through poorly insulated buildings;

- it would be inconsistent with our appeals to top management to take energy conservation more seriously and to introduce effective energy management programmes;

- the scheme is the most successful so far introduced under S8 suggesting that it is fulfilling its function of making some energy conservation investment more attractive;

- the scheme, if fully taken up, would generate cost-effective investment in the national interest and in turn provide UK manufacturers who have spare capacity with orders for equipment and products worth up to £100m over the period of the scheme.

There are, of course, a number of arguments against subsidising investment which can be demonstrated to be in the interests of individual companies. There is also no doubt that rising prices will make energy conservation investment more attractive. But there is ample evidence both in this country and abroad that boards place energy saving investment low in their order of priorities in spite of the attractive returns to be obtained. This is because in most cases energy costs represent only a small proportion of total costs. Many countries, including ourselves, have therefore recognised the need for financial incentives if their industries are to adapt at a satisfactory pace to a future in which energy will be scarcer and more expensive.

For all these reasons I very much hope that we can agree that the existing scheme should continue.

I would also hope that the scheme could be extended inparticular by providing for grants to encourage waste heat recovery, which we have indentified as a priority energy conservation technology. I recognise of course the difficulty of increasing public expenditure at this stage, but I hope that we can take the earliest practicable opportunity to reinforce our energy conservation policies in this way.

For this reason I am concerned about the terms of any statement on the tightening up of the criteria under which S8 assistance will be offered in future. I note that it is proposed to reserve a place for "projects producing very substantial improvements in performance (ie productivity)". I would like to be assured that these criteria would permit the use of S8 to promote energy conservation investment which is, of course, aimed at achieving substantial improvements in energy productivity - ie a reduction in the energy input per unit of output.

I am copying this to recipients of Keith Joseph's letter.

D A R HOWELL

Yours ever

Dave

DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522
From the Secretary of State for Social Services

PSO(DEN)1

The Rt Hon David Howell MP
Secretary of State for Energy
Department of Energy
Thames House South
Millbank
London SW1

26 June 1979

Dear David,

OIL DEMAND RESTRAINT

Thank you for your letter of 31 May about the need to save at least five per cent on current oil consumption and the importance of showing the way in the public sector in this respect. You asked how I see my Department contributing to the savings we need.

My main concern is, of course, overwhelmingly with oil use in the NHS, which accounts for just over 50 per cent of PSA contracts for oil. The NHS already has a very good record on energy conservation. At present it is estimated that the consumption of energy in the NHS is about 18 per cent less than it would have been had my department not taken steps to save energy over the last four or five years. Forecasts of expenditure on energy conservation in the current financial year amount to about £8 million which should realise further savings in subsequent years.

Nevertheless, I believe that the NHS should be able to reduce its consumption by five per cent by a combination of good housekeeping measures such as marginal temperature reductions in non key areas, control of overheating, or restrictions on non-essential use of vehicles. My officials have already told the NHS that they will be required to effect savings of this order.

But before I pursue this matter further, there is a more urgent problem facing the NHS. Far from coping with a five per cent reduction in oil supplies, the NHS, on the basis of estimated June allocations, is faced with an average reduction of about 15 per cent. All the major suppliers, with the exception of Shell, have cut allocations by more than five per cent compared with June 1978 and some of the smaller suppliers are cutting allocations by up to 40 per cent. These levels of reduction cannot be sustained for more than a short time without effects on patient services. More than half of NHS hospitals burn oil as boiler fuel, and if these reductions are allowed to continue, hospital stocks will quickly be exhausted; unless they can be replenished and near normal deliveries of fuel oil resumed by the beginning of the Autumn there is every likelihood of major disruption to patient services during the winter, if not before.

E.R.

I believe, therefore, that before I can draw up plans for monitoring the use of oil by the NHS and, if possible, stimulating further reductions in energy consumption, the NHS needs to know now the levels of oil supply likely to reach them later this year. If current levels of allocation are to persist, contingency plans will have to be made very quickly to minimise the impact of loss of oil supplies on health services; without such planning massive disruption of health services is probable in a few months' time. Even if a five per cent saving is all that is necessary, then the consequences for the NHS will still be severe if nothing is done quickly to equalise existing stocks between oil suppliers and to level out the present very uneven incidence of cuts - in some cases, very severe - which various parts of the NHS are suffering at the hands of their suppliers. I should therefore be grateful for any early advice you can offer on a realistic basis for NHS energy planning.

So far as the Department itself is concerned, you will appreciate that all buildings and their related heating and other services are provided and maintained by PSA so that there is no scope for direct action here. Nevertheless, there are some ways in which we can make some contribution, eg by urging care in the use of hot water, lighting, and this we will do. And in the field of transport - although our existing instructions of course already provide for pretty tight controls - we shall call for a more critical approach to the use of cars (both official and privately owned) and other vehicles on visiting and other duties.

I am sending copies of this letter to the recipients of yours.

Yours ever

Patricia

1

Prime Minister

You asked what the ministerial committee on energy conservation had achieved in the past. Not very much I suspect. But Mr Howell still wants to go ahead. Shall we say "yes" with the proviso at x ?

TL 28/6

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01-211 6402

26 June 1979.

Tim Lankester Esq.,
Private Secretary to the
Prime Minister,
10 Downing Street,
London SW1.

Dear Tim,

ENERGY CONSERVATION : MINISTERIAL COMMITTEE

My Secretary of State was grateful for the Prime Minister's query about the achievements under the previous Administration of the informal Ministerial Committee he proposes.

The Committee, while aiming generally to promote energy conservation, was concerned to identify activities in both central and local Government where fuel and power costs could be cut substantially and to get energy management programmes introduced. It is not however possible to measure the savings resulting from its work.

The Secretary of State is primarily concerned with the assistance which such a group of Ministers could give him now in a different context to that which formerly prevailed. Examples of pointless and costly oil and energy waste in public authorities continue to turn up far too frequently and the Secretary of State would find it very useful to have some means, at junior Ministerial level, of pursuing these regularly and persistently.

x | He feels that the proposed group could provide this. If however it is proven otherwise, it could be quickly disbanded. He therefore hopes that the proposed arrangement can have the Prime Minister's approval.

Yours sincerely,
Bill

W.J. Burroughs,
Private Secretary.

For Brutus only. Then please present to me a report of what it has done

AT

JD

Energy

8 ST. JAMES'S SQUARE LONDON SW1Y 4JB
Telephone Direct Line 01-214 6025
Switchboard 01-214 6000

Rt Hon David Howell MP
Secretary of State for Energy
Department of Energy
Thames House South
Millbank
LONDON SW1

22 June 1979

Dear David

Thank you for your letter dated 31 May about economies in fuel consumption.

Over much of the area of consumption we are in the hands of the PSA who regulate the provisions made. Where fuel consumption is in the hand of individual officers, as for example in the use of electric light, we are very happy to join with PSA in the maximum exhortation to the staff.

A smaller area for attention is the fleet of cars run by the Department. In Department of Employment itself the fleet is maintained at the bare operational minimum. The standard saloon car is the Mini and only in exceptional circumstances, and with CSD authority, are larger cars used.

My officials are in touch with officials of the other bodies within the Employment Group with a view to establishing the position there. In the light of your letter we will investigate what scope there is for additional economy throughout the Group.

I am sending copies of this letter to those who received copies of yours.

Yours
Jim

DEPARTMENT OF TRADE 1 VICTORIA STREET LONDON SW1H 0ET Telephone 01-215 7877

From the Secretary of State

The Rt Hon D A R Howell MP
Secretary of State for Energy
Thames House South
Millbank
LONDON
SW1P 4QJ

20 June 1979

Dear David,

OIL DEMAND RESTRAINT

You wrote to me on 31 May about the need to secure a reduction in the use of oil products in the public sector.

Of the public sector bodies I deal with, British Airways is much the biggest user of oil products. It operates in an international market, in competition with both private sector and foreign airlines. Like its competitors it has to pay an increased price for aviation kerosene and is unable to obtain as much as it intended to buy to operate its planned services. In the very short term it has had to find ways of economising, by cancelling or combining services, re-routing passengers and so on. These are, of course, ad hoc, emergency steps. For the autumn and winter however, BA has already opened discussions with other major airlines with a view to reducing its consumption of fuel by 5%. This has to be done on a route by route basis, and in agreement with the other carriers on a route. There is no point in BA cutting its services if the only result is to make more fuel available to its competitors who had maintained their services; BA would lose money and no fuel would be saved. It

is too early to say how successful they will be; but their objectives and the Government's fully coincide and I shall be keeping in close touch with developments. BA has also given instructions to its staff designed to save ground fuel.

We shall be writing to the other public sector bodies for which I am responsible, such as BAA, CAA and the lighthouse authorities. Although these have necessary functions to perform, and have the same financial incentives to economise (and difficulties in obtaining supply) as other users of oil products, I shall ask them to give special attention to the need to reduce oil consumption.

Finally I have asked my Department to make a special effort to reduce its direct consumption of oil. We shall of course co-operate fully with the Property Services Agency to achieve every possible economy in the use of heating oil, motor fuel and electricity.

Copies of this letter go to the Prime Minister, the Secretary of State for the Environment and to Sir John Hunt.

Yours ever
John

JOHN NOTT

010

Energy

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

211 6402

Rt Hon Francis Pym MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
London SW1A 2HB

R 20/6

20 June 1979

Dear Francis

OIL DEMAND RESTRAINT

Thank you for your letter of 5 June 1979.

I accept that, as a result of earlier efforts to reduce fuel use, it will not be easy by good housekeeping to achieve the full 5% level of saving within the areas for which you are responsible. I would, however, urge you to look very closely at all possible areas of saving. There are some conspicuous uses of fuel for defence purposes which attract public attention and make it more important to be able to say that the MoD is, nonetheless, making its full contribution to the required saving. Moreover, I have had reports from local defence establishments of a total lack of awareness of the need to make savings. The need will be imposed upon us by the supply position and I would ask you, if necessary, to look beyond good housekeeping to cuts in operational use if that is the only way to achieve the full target. I am asking John Moore, Parliamentary Under-Secretary of State here, to contact his opposite number in MoD, so that they can look into this in more detail.

I am copying this letter to the Prime Minister and to Sir John Hunt.

Yours ever

David

L R Howell

L

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon David Howell MP
Secretary of State for Energy
Thames House South
Millbank
London SW1P 4QJ

R 1916

R.19 15 June 1979

Dear David,

OIL DEMAND RESTRAINT

Thank you for your letter of 31 May.

As you point out, local authorities already have a good record on energy conservation. My Department has published very detailed technical advice on designing and adapting educational buildings to conserve energy; and the current programme of capital investment to improve insulation and the efficiency of heating systems should make a significant contribution to the reduction of oil demand by local education authorities, which is reflected in reduced forecasts of their current expenditure on fuel from this year onwards. For this reason I intend to protect the programme against the cuts which I am making in other forms of capital investment such as replacement of old primary school buildings. A sure way of securing further savings would be to increase the earmarked capital programme but that is not an option which is open to me at present.

What I have done is to ask officials to join in a meeting with officials in the Department of the Environment and your Department and representatives of the local authority associations. The local authorities will be asked to re-examine their current requirements for heating, oil, motor fuel and other oil products to find ways in which they can make a contribution to further oil savings. It is also hoped to make arrangements for monitoring.

I ought to make it clear that local education authorities cannot be expected to make very significant reductions by cutting services, since they have a statutory duty to provide full-time education for children of compulsory school age and to make adequate provision for further education. Short of fundamental changes in the school year (so as to shorten drastically the spring term when heating bills are at their highest) or the school day (so as to close earlier in the afternoon), either of which would require consultation with the local authority associations, the teachers and

other staff, cuts in services can only be made at the margin; and since rising oil costs will coincide with an expenditure squeeze and the strict application of cash limits, I do not believe it will be necessary to take separate action to ensure that economies are made wherever possible. Nevertheless, I will instruct my officials to press home the message of your press statement on 7 June and to deal with any requests for further technical advice by local education authorities.

I am sending copies of this letter to the recipients of yours.

Yours ever

Mark

MARK CARLISLE

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/12665/79

Your ref:

15 June 1979

Dear Secretary

R 19/6

OIL DEMAND RESTRAINT

Thank you for your letter of 31 May.

I shall of course give my full support in pushing forward the programme for oil saving in the public sector, and I understand officials of our Departments are already working together on this.

As you know, the Property Services Agency has a valuable contribution to make, and has extensive experience of fuel economies within the Government estate. The aim of the PSA Energy Conservation programme is to achieve a 35% reduction in the 1972/73 annual fuel consumption. Assessments indicate that a peak saving of over 30% was achieved for the Civil Estate in 1976/77, but there are indications of a current decline. Without doubt the decline is due to shortage of trained staff for operation and maintenance of plant, and the waning enthusiasm on the part of the users.

Efforts are thus being directed to restoring the situation and striving for the 35% target. Actions are being taken on three fronts, directing the attention of clients on their responsibilities for avoiding waste, improving the standards of plant management and by capital investment measures particularly on heating system controls and insulation. These measures apply to all fuels, but in view ofthe need for oil demand restraint, priority will be given to oil savings.

Instructions will also be issued to effect appropriate economies in the use of motor transport fuel.

As far as local authorities are concerned, some savings in oil are being achieved as a result of measures aimed at conserving energy generally. There are also reports that difficulties in obtaining oil supplies are already beginning to bite on local authorities, enforcing some cuts in consumption. My officials, together with yours, will shortly be meeting the local authority Associations to

discuss the contribution of local government to the savings in the public sector. Similar approaches are also to be made to the water industry and the new towns.

I am copying this letter to the recipients of yours.

Yours ever

MICHAEL HESELTINE

The Rt Hon David Howell MP

2F

File

10 DOWNING STREET

From the Private Secretary

13 June 1979

B/F 20.6.79

Wrb

20/6 "Will be with you 22/6/79"

The Prime Minister has read your Secretary of State's minute of 5 June in which he proposes that there should be a Ministerial Committee to monitor and promote energy conservation. The Prime Minister would like to know what the similar Committee achieved under the previous Administration.

I am sending copies of this letter to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Home Secretary, the Foreign and Commonwealth Secretary, the Secretaries of State for Education, Industry, the Environment, Northern Ireland, Scotland, Wales, the Paymaster General, the Secretaries of State for Defence, Employment, Social Services, Agriculture, Fisheries and Food, the Minister of Transport, and to Sir John Hunt.

T. P. LANKESTER

Bill Burroughs, Esq.,
Department of Energy.

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
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From The Secretary of State for Wales

R 13/6

The Rt Hon Nicholas Edwards MP

12 June 1979

Dear David

OIL DEMAND RESTRAINT

Thank you for your letter of 31 May.

My Department has been giving serious thought to how best we can help. We have indicated our support for a joint approach to the local authorities in England and Wales and we will be ready to share in the discussions envisaged with the local authority associations.

Meanwhile, you may like to know that my officials have recently written to the Area Health Authorities in Wales, the Welsh Development Agency, the Development Board for Rural Wales and the Cwmbran Development Corporation. In the case of the Area Health Authorities the need for a major energy saving exercise has been re-emphasised at a meeting with the Authorities' Chairmen and a series of further meetings has now been set in train to pursue the matter. In our approach to the WDA, DBRW and Cwmbran Development Corporation, my officials have asked the bodies to look yet again at the scope for further savings, particularly directed at oil, and to monitor progress.

Your letter acknowledges that public authorities have a good record on energy conservation and that the scope for further savings seems limited. I suspect the real difficulty will be to assess the extent of the savings as a result of special Departmental initiatives as compared with those savings brought about by reduced allocations from oil companies and economies dictated by increased prices.

Nonetheless you may be sure my Department will do everything to help and I hope it will be possible soon to arrange meetings between your officials and mine to discuss in detail what more is

/needed

The Rt Hon David Howell MP
Secretary of State for Energy
Thames House South
Millbank
LONDON SW1P 4QJ

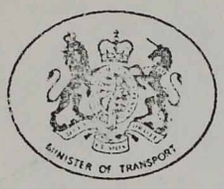
needed within whatever overall guidance you will be preparing for Departments generally.

I am sending copies of this letter to all Ministers in charge of Departments, the Prime Minister and to Sir John Hunt.

Yours ever

Nick.

CONFIDENTIAL



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

The Rt Hon David Howell MP
Secretary of State for Energy
Department of Energy
Thames House South
LONDON
SW1

8 June 1979

R 12/6

Dear David,

Thank you for your letter of 31 May about oil demand restraint. I have also seen your minute to the Prime Minister of 6 June with the statement to the press on the current energy situation. Perhaps you would regard this letter as an interim reply to the former, in the light of the latter.

See Energy Pol Pt 1.

First, as regards the nationalised transport industries, my Department has, under the programme for oil saving we inherited, been in touch with the Chairmen of the nationalised transport industries about this. It will be necessary to look for more specific undertaking from them than we have so far received, and, as you say, to seek measures that go beyond mere good housekeeping. I shall be taking this up with them following your statement.

CONFIDENTIAL

Second, as regards public transport, you will already know of the difficulties that bus operators and British Rail are experiencing as a result of shortages of diesel fuel. I accept that we can do no more at present than to recommend that public transport operators maintain the closest possible contact with their suppliers to ensure the best level of supplies they can get. But I warmly welcome the informal arrangements your Department has been running with the Confederation of Passenger Transport Operators to deal with urgent cases of difficulty. If, in spite of these precautions, some services have to be cut back, I shall be recommending that this should as far as possible be done in ways that minimise inconvenience to the public, and that operators should where appropriate seek to consult local authorities in advance.

But there is one immediate supply problem I should be particuarly glad if you would look at right away. With the prospect of the London Transport Underground Strike on 18 June it will be crucial to ensure that there are no fuel supply difficulties for London's buses of British Rail commuter services into London at that time. More generally, you may also want to look at the whole vehicle fuel supply situation for London in the event of a strike. Perhaps we can discuss this point further at the CU meeting next Tuesday.

Third, as regards drivers, I believe that there is a lot more that we can do to bring home to people the scope for fuel savings. Between them the car and the lorry account for some 90% of all oil used in transport. The scope for savings here are therefore much higher than they are for public

transport. I would be glad of an opportunity to join in your discussions with the Freight Transport Associations, the Road Haulage Association, the Motor Agents Association and the AA and RAC. I shall in any case be in touch with some of these about contingency planning for June 18.

I shall be going on record right away with some advice to the motorist about the scope for conservation. This will be relevant both to the immediate prospect of the London Transport strike, and more generally, although I shall avoid any reference to the London position in my remarks. One point I shall be emphasising is that more careful driving and better maintenance of vehicles makes obvious sense. I also propose to point out that people should think twice about getting their cars out at all. But if they do need to travel by car then they should, wherever possible, share their cars. Quite a lot can be done by way of car-sharing under existing law without running up against the licensing rules and I am planning a publicity campaign about this. But my proposals for a Transport Bill would enlarge the scope for this and I hope you will support me in seeking an early place in the legislative programme to get these proposals through.

I do not believe there is a case, in present circumstances, for compulsory measures affecting the motorist such as stricter speed limits, but I shall encourage slower driving and illustrate the advantages by a few striking statistics. For example, the average family car uses 36% more fuel at 70 mph than at 50 mph. Finally, I believe more people could be encouraged to leave their cars at home and instead make effective

use of the public transport available - although here we have to be careful how this message is put over in view of the cuts in public transport services that many people will be experiencing.

I shall be commenting on these lines over the weekend. I hope to let you have a copy of the text later today. Meanwhile I agree with your general line that there is nothing to be gained at present by seeking to invoke emergency powers either to allocate supplies or to impose compulsory restrictions on the use or sale of fuel. I do, however, attach importance to the remark in your statement that your Department will continue to be ready to intervene with supplies on specific problems of short supply and difficulty.

I am copying this letter to the Prime Minister, other Cabinet colleagues, and to Sir John Hunt.

Yours ever

Norman

NORMAN FOWLER

Prime Minister
Ken Stowe and I think this is a piece of Ministerial bureaucracy we might do without. However, Cabinet Office advice is in favour. Shall we say "yes" or "no"?
TL 12/6

Ref. A09742

MR. LANKESTER

Energy Conservation

Flag A

In his minute of 5th June the Secretary of State for Energy seeks the Prime Minister's agreement to retain the informal Committee of junior Ministers, under Department of Energy chairmanship, to promote energy conservation.

As the current energy shortages are once again emphasising, encouraging the efficient use of energy is an important function of Government. The Department of Energy is rightly in the lead on this. But responsibility for implementing the Government's conservation programme and for achieving an effective response in the public sector is spread across many Departments. Our experience has been that the Committee of junior Ministers has been very useful in getting Departments to give the conservation message the attention it deserves. This is an area where junior Ministers can play an effective role within Departments pursuing a Government policy that affects all Departments. We therefore consider that retention of this particular Committee would have substantive as well as presentational advantages.

MJV.

M.J. VILE

8th June, 1979

What has it achieved if anything?
MT

WITH

THE COMPLIMENTS OF THE

PRIVATE SECRETARY

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MO 26/17/1

5th June 1979

Dear David,

OIL DEMAND RESTRAINT

You wrote to all Ministers in charge of Departments on 31st May, urging us to contribute to the savings in oil consumption which we need; I have also seen a copy of your minute of 25th May to the Prime Minister in which you indicated that you are looking to each of us to achieve a 5% constraint on demand.

I fully support your aim of reducing demand in the public sector and I recognise that my Department is a major user of petroleum products; I will, therefore, do all that I can to help. In fact I am appointing one of my junior Ministers to take special charge of the defence uses of energy (in all its forms), with economy as one of his main objectives.

At the same time I am bound to have regard to our commitments on defence. Ships, tanks and aircraft are of course tied to petroleum products and their movement is essential for operations and also for training which must be carried out to certain levels if the efficiency of the Forces is to be maintained. As a result of economy measures which we introduced in 1973/74, and have kept in force ever since, we are down to those levels already and I see no prospect of achieving further significant savings, therefore, in the operational uses of oil without prejudicing efficiency.

On the domestic side, I will do my best to make further savings. But the economy measures which we have already taken, producing a monitored 10% reduction in the demand for all forms of energy since 1973/74 (including 6% in liquid and 20% in other fuels), will have considerably narrowed the scope for further restraint. Given the position which I have described on the

/operational ...

The Rt Hon David Howell MP

operational side there is, I am afraid, no prospect of achieving as much as another 5% in the total defence use of oil. As I have said, however, I will see how far towards your target I can go.

I am sending copies of this letter to the Prime Minister and to Sir John Hunt.

Yours ever

Francis

Francis Pym

PRIME MINISTER

ENERGY CONSERVATION - MINISTERIAL COMMITTEE

In response to pressure from the Select Committee on Science and Technology our predecessors publicly announced in 1976 the appointment of an informal committee of Junior Ministers, under Energy chairmanship, to promote energy conservation. Its terms of reference were "to promote and encourage energy conservation both within Government and outside it and to co-ordinate the activities of Departments in carrying out the Government's energy conservation programme".

The Committee met as a "ginger group" outside the formal structure of Cabinet Committees and did not have executive authority. Latterly, it also monitored the implementation of the Government's energy conservation programme which is concentrated in the public sector and financed to some degree out of savings made in the early years of the programme.

The long term need to use energy efficiently and to cut out waste has now been reinforced by the short term need to reduce demand for oil. Price will play a decisive part, both in industry and the domestic market. Indeed it is already doing so. And there is a very great deal that organisations and institutions right outside government, can and will do to help commonsense adjustment to an era of even higher fuel prices. But it is also vital that the public sector gives - and is seen to give - a strong and effective lead.

Obviously, inherited committee arrangements of this kind should be closely questioned. But in this case I believe that there should be substantive as well as presentational advantage in retaining the Committee under John Moore's chairmanship with revised terms

of reference to take account of our current obligations to reduce oil demand. The new terms of reference, I suggest should be:

> "To promote the efficient use of energy; to monitor implementation of the Government's energy conservation programme; and to ensure an effective public sector response both to the immediate need to reduce oil demand and the longer term requirement for the economic use of energy generally".

I hope you will agree to my inviting colleagues directly concerned to nominate a member of the team to serve on the Committee. Copies of this letter go to Christopher Soames, Geoffrey Howe, William Whitelaw, Peter Carrington, Mark Carlisle, Keith Joseph, Michael Heseltine, Humphrey Atkins, George Younger, Nicholas Edwards, A. Maude, Francis Pym, Jim Prior, Patrick Jenkin, Peter Walker and Norman Fowler, and also to Sir John Hunt.

David Howell

SECRETARY OF STATE FOR ENERGY
5 JUNE 1979

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

NBM

R 5/6

From the Minister

The Rt. Hon. David Howell MP
Secretary of State for Energy
Thames House South
Millbank
London SW1P 4QJ

4 June 1979

Dear David

OIL DEMAND RESTRAINT

31.5.79

Many thanks for your letter concerning oil demand restraint. Certainly, we will do all that is possible in the Department and in those areas the Department influences, to obtain the maximum energy conservation.

I have, of course, already written to you about the need for priorities in the food industry and therefore we are anxious to play our part in obtaining savings elsewhere which will enable priorities to the food industry to be fulfilled.

Yours

P E WALKER

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ 211 6402

The Rt Hon The Lord Soames, GCMG, GMVO, CBE
Lord President of the Council
Civil Service Department
Old Admiralty Building
Whitehall
London SW1

31 May 1979

Dear Christopher

OIL DEMAND RESTRAINT

You will have seen a copy of my minute to the Prime Minister of 25 May, about the oil supply situation, and about the need for effective demand restraint. As you know the UK earlier this year accepted commitments to the EEC and to the IEA to save at least 5% on current oil consumption. At recent meetings in Brussels and Paris I reaffirmed the UK resolve to make a full contribution to these savings, and in this context I have told the House that in the public sector there will be a real drive for the most economical use of energy.

This Government has inherited a programme for oil saving in the public sector which now needs to be pushed forward as strenuously as possible. I know that the public authorities have a good record on energy conservation, and that consequently the scope for further saving may seem limited. But the present situation calls for measures which go beyond good housekeeping. If we are to reduce oil consumption effectively we may have to accept cuts in some of the less essential services provided by central Government, the local authorities and the nationalised industries. I hope that this will be impressed on all those concerned, whilst at the same time making it clear to them that their efforts will form part of a wider contribution by the country as a whole.

I am also aware that the current level of allocations being made by the oil companies is already enforcing economies in consumption on the public sector, as on others. But this does not remove the need to plan carefully for reduced consumption of oil and to monitor the savings achieved.

I would be glad if you will let me know how you see your Department, and those parts of the public sector for which you are responsible, contributing to the savings we need.

I am writing in these terms to all Ministers in charge of Departments. Copies go to the Prime Minister and to Sir John Hunt.

Yours ever
David

D A R Howell