



Treasury Chambers, Parliament Street, SW1P 3AG

6 November 1979

The Rt Hon David Howell MP
Secretary of State for Energy
Department of Energy
Thames House South
Millbank
LONDON
SW1

R 6/4

Michael Heseltine sent me a copy of his letter to you of 22 October about the disposal of the NCB's interest in Sankey and the Scottish Brick Corporation Ltd.

You will no doubt remember that we had some correspondence in September on this subject when Hamish Gray told me in his letter of 5 September that Sankey was only one of a number of NCB subsidiary companies whose future needed to be considered in the context of Government policy towards, and relations with, the coal industry generally. Ministers have now agreed the financial strategy for the industry for the next 5 years and the way now looks to be open to consider which of the NCB subsidiary companies, like Sankey and the Scottish Brick Corporation Ltd, can be disposed of. I recognise that the sums involved are only small in terms of PSBR arithmetic, perhaps some £15-£20m at a rough first estimate. But this would nevertheless be a helpful contribution towards next year's disposal target of £500m and I therefore hope that we can make rapid progress. Indeed, I think it important to be clear of the legal position very soon since your forthcoming Coal Bill would provide the ideal opportunity for taking any necessary powers.

I should be grateful for your views.

I am sending copies of this letter to Keith Joseph, George Younger and to the Prime Minister's Private Secretary.

NIGEL LAWSON



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