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

PRIME MINISTER ²

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

To glance. MS

7/8

mf.
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 existing 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.

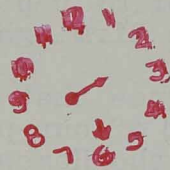
D A R HOWELL

Yours
David



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7 AUG 1979



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Handwritten signature or initials in blue ink.

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