

Mr. Sanders.



10 DOWNING STREET

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to see

From the Press Secretary

9 February, 1981

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Ian,

It is perfectly clear that none of us is happy with the way that fuel price increases are announced - or, for that matter, many other nationalised industry prices. But gas and electricity prices present a particular difficulty because of the consultative process.

I think it is fair to say that we have improved on last year's debacle but we still do not have the presentation under our control. The projected increases, subject to consultation, are still presented on the most disadvantageous terms by either the industry or the consumer lobby.

I wonder whether there is any possibility of trying to ensure for next year that once the Gas Corporation and Electricity Council have taken decisions - and preferably they might do it on the same day - they could immediately make their announcements, making it clear that the price increases are subject to consultation.

In my view we need to take far firmer control over presentation, if that is possible. In practice, we are working towards it. But can we make the final jump and cut the ground from under the feet of the industries and the consumer lobbies and get the price proposals announced immediately the basic decisions are taken? I don't see why we shouldn't. After all, your Department, as representative of Government, is their banker.

These points are, of course, over and above those made by the Secretary of State for Industry in his letter to your Secretary of State of February 5.

I am copying to the Chancellor of the Duchy.

B. Ingham
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