

E.R.

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PRIME MINISTER

In your comment on the attached papers you say that "This paper contains nothing to put to Cabinet Committee". Am I to understand from this that you don't even want an improved version of the paper to be circulated for comments? I doubt whether there is any need for a discussion, but I think that a paper reminding Ministers of what has to be done to conserve energy would be worth while. Otherwise, as Mr. Howell suggests, Departments will simply forget about it.

*Can it be raised orally*

*R*

10 July, 1980.



Prime Minister

Ref. A02561

MR. LANKESTER

This paper contains nothing to put in front of the committee. I see little points in nominating special officials when the work should be done by establishments. No need to discuss it.

I agree with the Cabinet Office that the draft paper is unsatisfactory. But this is an important issue. Shall I ask for the draft to be improved as suggested?

The Secretary of State for Energy has asked the Prime Minister to agree

Para A

that he should put to Cabinet or to E Committee the paper attached to his minute of 3rd July about promoting energy conservation by Government Departments and other public sector bodies.

2. In the view of the Cabinet Office, this paper does not offer an adequate basis for Ministerial discussion. If it is to carry conviction it needs to be revised to set out much more clearly what are the problems and who are the offenders in giving a low priority to conservation.

3. The paper's main weakness is in paragraphs 4 and 5 where Mr. Howell enumerates a number of proposals. These need clarification and greater precision. The Departments and public sector bodies which are giving energy conservation a relatively low priority need to be specified and the conservation performance of each Department analysed. There should be an explanation of what the paper means by "other policies to which we attach importance" which may have to take second place to the efficient use of energy. Similarly it would be helpful to have examples of any cases in which reductions in public expenditure are being achieved at the expense of fuel efficiency. It may be that this refers to the relative priority being given to Government support of promoting energy conservation in private industry and of domestic heat insulation schemes. If so, this should be made clear. It is not immediately evident that an Under Secretary in each Department should be appointed to ensure that energy conservation is given a high priority. Savings in energy costs in Government buildings should already be a matter within the responsibility of Establishment Officers. If the Prime Minister is <sup>to be</sup> able to take a view on whether the informal Committee of junior Ministers under the Parliamentary Under Secretary of State, Department of Energy, is to continue it would be useful to know what it has achieved so far.

The answer seems to be: not much.

Do you want the relevant paragraphs struck out?

P.



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4. If the Secretary of State for Energy could revise his paper to take account of these points, and the revised draft were acceptable to the Prime Minister, it might then be circulated to the Cabinet who could be given the opportunity to say whether they accepted the general proposals or whether they saw difficulties in them. These comments might, in the first place, be offered in correspondence and the question discussed only if that proves necessary.

5. If the Prime Minister agrees with this advice I suggest that you write to the Secretary of State's office accordingly.

A handwritten signature in black ink, which appears to read 'D. J. Wright', is written over a horizontal line.

D. J. WRIGHT

8th July, 1980

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C. A. H. C. A.

A

PRIME MINISTER

## ENERGY CONSERVATION

You agreed last November to the continuation of the informal "ginger" group of junior Ministers chaired by John Moore to promote energy conservation and asked for a report by the end of May. Subsequently your Private Secretary agreed that we could postpone a report until now.

A primary aim of John Moore's committee is to ensure that the public sector sets a good example. John Moore has rightly set his face against lengthy papers and a series of meetings. Instead he has had talks with individual colleagues in key Departments. In these discussions it was agreed that a series of presentations should be made to the committee on the conservation programmes in local authorities, hospitals and the Post Office. But in practice a number of Departments under pressure on staff numbers have given this work relatively low priority compared with their main objectives. Thus your scepticism about the value of this committee has so far been confirmed.

But I do not think we can leave things at that. More efficient use of energy is essential if the Venice objective of breaking the link between economic growth and the consumption of oil within the coming decade is to be achieved: and we must see that the public sector sets the right example. I believe John Moore and his colleagues will only get results if we give a strong lead from the top. I would therefore like to put the enclosed paper to Cabinet or E Committee. I hope you will agree and indeed feel able to give it your support.





- 2 -

Para 6 is in square brackets because it deals with a question of Government machinery which is particularly your concern. I should be glad to omit it if you prefer to keep open the question of future arrangements until after discussion in Cabinet or E Committee.

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

DH.  
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Secretary of State for Energy

3 July 1980



## DRAFT

## THE EFFICIENT USE OF ENERGY IN THE PUBLIC SECTOR

1. The Venice Economic Summit set the objective of breaking the link between economic growth and the consumption of oil within the coming decade. More efficient use of energy as well as the replacement of oil by other fuels is essential to achieve this objective. The UK's present energy strategy depends on reducing fuel consumption through improved efficiency by about 20% or 100 million tons of coal a year by 2000. This is a formidable task.
2. Realistic pricing supported by a strong information campaign is the key to our energy conservation policy. It is already beginning to have an effect. After allowing for changes in the weather and the low level of economic activity our energy consumption has shown an appreciable fall this year with an even sharper contraction in consumption of petroleum products. But if we are to look to the private sector to be more efficient in their use of energy we must set the example in the public sector. That example cannot be set by the Department of Energy alone. Efficiency in the use of energy must be an important concern of all Departments of Government. It would create a very bad impression if, during the coming winter while people struggled to cope with heavier fuel bills, it was felt that overheating and energy waste was continuing unchecked in public offices and buildings.
3. Much has been achieved. For example, the Property Services Agency has reduced the consumption of energy in the Government estate by about 35% since 1972/3: and has set the target of a further 12% reduction of current consumption by 1982. The National Health Service has achieved a saving of about 20% in its annual fuel bill since 1973/4. The Department of Transport are making a major effort to promote energy conservation in transport. With the agreement of my colleagues, I will shortly be making an Order to reduce to 19°C the maximum heating limit in offices and factories. This should also help, provided that it is observed by Departments and Authorities.



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4. But much remains to be done. With the squeeze we are putting on public expenditure and manpower some Departments and public sector bodies are giving efficient use of energy a relatively low priority compared with their main objectives. This is a natural tendency but unacceptable. To overcome it we need collectively to give a strong lead to our Departments and to be ready to accept that efficiency in the use of energy may have to override other policies to which we attach importance except of course the overriding need to constrain public expenditure to which the efficient use of energy should contribute.

5. Specifically I suggest that:-

- a) All Ministers should ensure that energy conservation is given high priority in the work of their Department and should appoint a senior official (Under Secretary) to see that this is done.
- b) All other public bodies should be pressed strongly to give similar priority to the efficient use of energy.
- c) Reductions in public expenditure should not be achieved at the expense of fuel efficiency - the necessary savings must be found in other ways.
- d) Progress with energy conservation in the public sector should be simply but rigorously monitored.
- e) The implications for energy efficiency should be considered as a matter of routine when new policies are under considerations.

6. The Informal Committee of Junior Ministers under the Parliamentary Under Secretary of State, Department of Energy (Mr Moore) should follow up these suggestions and keep progress under review. I will bring their reports regularly to Cabinet/E Committee 7.



C O N F I D E N T I A L

(3)

7. I ask my colleagues to:-

- a) Recognise that efficiency in the use of energy is an important concern of all Departments of Government.
- b) Give wholehearted support to the approach to fuel efficiency in the public sector in para 5 and to ensure that it is carried through in their Departments.
- [c) Agree that the Committee of Junior Ministers should follow up the other suggestion in para 5 and keep progress under review.]

3rd July 1980



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