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10 DOWNING STREET

From the Private Secretary

8 August 1980

The Prime Minister has now read your Secretary of State's minute of 31 July on energy conservation and the draft paper for Cabinet or E Committee which he enclosed with it.

The Prime Minister suggests that, rather than circulate the draft paper to colleagues, Mr. Howell should raise the subject orally in Cabinet in the autumn; and that in the light of the discussion in Cabinet, he might consider circulating a paper subsequently.

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

I. P. LANKESTER

Julian West, Esq.,
Department of Energy.

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Prime Minister

PRIME MINISTER



In the light of your discussion with Mr Howell at lunch, do you wish the attached paper to be circulated - presumably to all Ministers in charge of Dept's (i.e. Cabinet)?

ENERGY CONSERVATION

When my colleagues and I lunched with you on 14 July you explained that you were reluctant to agree that this subject should be put to E Committee on the basis of the draft paper which I sent you on 3 July because that paper did not provide a sufficiently specific basis for ministerial endorsement. An alternative might be for me to raise the subject orally in Cabinet and invite my colleagues to develop discussions with Mr Moore.

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My objective in suggesting a paper for agreement in Cabinet or E Committee was to secure a strong general endorsement of the need for all Departments to pay a lot of attention in both administration and policy to the efficient use of energy. I think it would help to secure this commitment for me to circulate a short paper. I have somewhat revised the draft of 3 July to meet your points but it is still in general terms - that is inherent in the approach.

I hope you will agree that I should now circulate this paper to Cabinet or E either for discussion if colleagues wished to raise points or for agreement by correspondence. This might be the quickest and best way of getting our efforts carried forward, although if you still wished me to raise the subject orally in Cabinet I would be glad to do so.

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

I think the enclosed paper will not go down at all well.

Secretary of State for Energy
31 July 1980

Further,

- it sets up or perpetuates yet another committee - which will achieve very little.

Discussed with the Prime Minister who has now agreed that Mr Howell should raise this orally.

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DRAFT PAPER FOR CABINET OR E COMMITTEE

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 tonnes of coal equivalent 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 its energy use we must set the example in the public sector. That example cannot be set by the Department of Energy alone. Responsibility for different sectors of the economy is so widely spread among us that I am bound to look to my colleagues to promote actively the efficient use of fuel in their areas of responsibility.

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 1972/73: 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 have made an Order to reduce to 19°C the maximum heating limit in many buildings including offices, shops and factories.

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4. But much remains to be done. With the pressure 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 over-ride other policies to which we attach importance except of course the over-riding need to constrain public expenditure to which the efficient use of energy should contribute.

5. Specifically I suggest that:-

- (a) Energy efficiency, as a major element of Government policy, should be included as a matter of course in consideration of new policies.
- (b) All Ministers should ensure that energy conservation is given high priority in the work of their Department and should instruct their Principal Establishment Officers to see that this is done.
- (c) All Ministers concerned should actively promote energy efficiency in the nationalised industries, local authorities and other public bodies.
- (d) Reduction in public expenditure should not be achieved at the expense of fuel efficiency - the necessary savings must be found in other ways.
- (e) Progress with energy conservation in the public sector should be simply but rigorously monitored.

6. Much work will be needed to develop effective detailed policies on these lines. Officials should be instructed to carry it out under the supervision of the informal committees of Junior Ministers under the Parliamentary Under Secretary of State, Department of Energy (Mr Moore). I will report regularly to Cabinet/E Committee.

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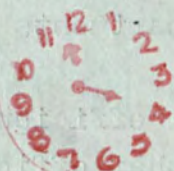
7 I ask my colleagues to:-

- (a) recognise that efficiency in the use of energy is an important concern of all Departments of Government;
- (b) endorse the approach to fuel efficiency in the public sector in para 5 and agree that officials under the supervision of the informal Committee of Junior Ministers under Mr Moore should urgently prepare detailed proposals to give effect to it.

30 July 1980

31 JUL 1980

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