



Secretary of State for Industry

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17 May 1983

The Rt Hon Nigel Lawson
Secretary of State for Energy
Department of Energy
Thames House South
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Dear Nigel,
ENERGY CONSERVATION

Thank you for sending me a copy of your letter to Tom King of 28 April. The implications of your proposals seem to bear largely upon the Department of the Environment but I am willing to go along with them if Tom is content. I have no objection to your establishing a unified budget for energy conservation, but the size of any PES transfer from this Department will have to be considered by officials. It would only be appropriate for us to transfer what we currently plan to spend on the schemes mentioned in your Annex since, as you say, it is not intended to be a signal for increased public expenditure, and as you are aware, the Industry Energy Thrift and Audit schemes are intended to expire this year and there has never been any intention on our part to set up new schemes to replace them. As far as projects under the Energy Conservation Demonstration Project Scheme are concerned, we would be willing to transfer the non-staff costs associated with the existing projects once your Department has agreed to take over responsibility for funding and monitoring them.

2 I am also content that you should have responsibility for the unified budget and for setting priorities within it, although I would naturally expect that you would consult this Department before setting priorities as between industrial and non-industrial activities and as between different activities impinging on industry. I am glad to see that you are intending to consult us on policy issues which impinge on industry.

3 In order to devise economical and effective arrangements for administration as you propose, I feel it is necessary to have consultation over the way in which resources - both money and manpower - are deployed. As you know, there are a number of Regional Energy Conservation Officers on the staff of this Department and while I welcome the recognition in the Finer Report that they should receive greater guidance on how to do



their work, it is necessary for officials who are concerned with the management of my Department's resources to be consulted about such guidance. As you will recall, I expressed support for the idea of setting up an Energy Efficiency Office when I first responded to you on the Finer Report last year and I hope that you will find these further comments helpful to you in the course of drafting the reply to the Select Committee. We would, however, like to see that reply in draft.

4 I am copying this to the Prime Minister, Leon Brittan, Tom King and Sir Robert Armstrong.

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