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Prime Minister

I don't like "sudden" announcements
 resignation. I will resubmit
 with caveat. mhm advice.
 correct me
 MGS 11/7

ENERGY CONSERVATION AND EFFICIENCY

On coming to the Department of Energy I have been very surprised and concerned at the situation I find on energy conservation and efficiency. Government organisation on energy conservation is in confusion and lacks thrust. I would like to seek your help in putting this right without delay.

Energy conservation is important politically and economically. We have every interest as a nation in being in the lead on all aspects of energy supply and use, but on energy conservation I believe our performance compares unfavourably with that of other European countries. A better performance on energy conservation and efficiency can help industrial costs, make high energy costs more tolerable to domestic consumers, provide some much-needed employment and build up expertise for exports. In the long term it can ease the problem of a run-down in the yield to the economy of the North Sea. It is also important politically because the conservation lobby is strong, and our position on nuclear power is weakened if we are not seen to be pursuing conservation and the right choice of fuels energetically. More generally, I greatly dislike a situation in which the Government looks muddled, foot-dragging and ineffective; and finds itself unnecessarily on the defensive in Select Committees and in public.

The immediate problem is the diffusion of responsibilities between Government Departments. There was a report in the Rayner series nearly a year ago which proposed a solution to this. On 28 April my predecessor, in a letter to Tom King which was widely copied, proposed a unified budget under the Secretary of State for Energy for public expenditure specifically ear-marked for energy conservation. There was a reference in the Manifesto to the establishment of an Energy Efficiency Office.



What I should like to do is to announce without delay that the Government accepts the Rayner Report recommendations on organisation and is establishing an Energy Efficiency Office on that basis. It would administer under my authority the unified budget which Nigel Lawson proposed. That would make it possible to respond positively to recommendations which have been made by the Select Committee on Energy; and open the way to improving the quality and effectiveness of our conservation effort. It would involve transfer of some responsibilities and resources from other Departments, notably from the Department of the Environment in relation to home insulation. But the resources involved are trifling in relation to the spend and responsibilities of the other Departments concerned although they are crucial, both presentationally and practically to the work of the Energy Efficiency Office.

I would greatly welcome your help on this.

I am copying this minute to the Chancellor of the Exchequer, to the Secretaries of State for the Environment, Trade and Industry, Transport, Scotland and Wales, to the Chief Secretary and to Sir Robert Armstrong.

Secretary of State
for Energy

6 July 1983



The Board of Directors of the Bank of England
 have considered the report of the Committee
 on the subject of the proposed
 amendments to the Bank Act 1944
 and have approved the same.
 The Board of Directors of the Bank of England
 have also approved the proposed
 amendments to the Bank Act 1944
 and have recommended that the
 same should be passed by the
 House of Commons.
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