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10 DOWNING STREET

(cc: CAB+ R.1885)

From the Private Secretary

29 April, 1985

ENERGY EFFICIENCY MEASURES

The Prime Minister has seen your Secretary of State's minute of 1 April. She welcomes his efforts to make energy savings in the Government estate and endorses his suggestion that Government departments should appoint an energy efficiency co-ordinator. She hopes that the Secretary of State for Energy and the Secretary of State for the Environment can work together to arrange this. She has noted your Secretary of State's view that significant savings can often be achieved with little or no additional cash or staff costs, a view which she believes is borne out by experience in the private sector.

I am sending a copy of this letter to the Private Secretaries to members of Cabinet and to Sir Robin Ibbs and Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

M Reidy Esq
Department of Energy



Ko

Prime Minister

PRIME MINISTER

ENERGY EFFICIENCY MEASURES

X | Peter Walker sent me a copy of his minute dated 1st April, 1985 on potential energy savings in the public sector. I support his recommendations and believe that the sort of steps already being taken in the Department of Energy and the Ministry of Defence could, with advantage, be taken more widely. In ICI we have found that substantial savings of the kind Peter Walker is proposing can usually be obtained with very little new expenditure; where some expenditure is necessary, it is often possible to get full pay-back within a year.

Y | Obviously it would be as well for the PSA to be involved closely with this work and it is important that they should not be driven into a defensive, instead of co-operative, posture. The phrasing of Peter Walker's minute could have this undesirable effect and you may wish to invite him and Patrick Jenkin to work together on this. I am sending a copy of this minute to Sir Robert Armstrong.

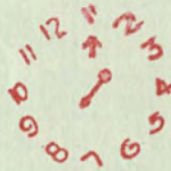
ROBIN IBBS
25th April, 1985

Enoch: Conservative

Mr



25 APR 1951



CONFIDENTIAL

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CCAD



Prime Minister ①

PRIME MINISTER

Agree a reply endorsing Mr Walker's efforts to achieve greater energy efficiency in Govt. buildings, incorporating X & Y from Sir Robin (bb's minute).

Yes mb

AT 26/4

[Handwritten signature]

I have, as you know, been making a determined effort to get the business community to take the cost-effective energy efficiency measures available to them. The evidence is that industry and commerce can save 10% of their energy costs with no expenditure, and a further 10% through capital investment with a payback period of less than four years.

The same sort of arithmetic applies to the public sector, and I am writing to seek your support in ensuring that government, which preaches efficient management, should set a good example in its use of energy.

While the leasing arrangements of the buildings occupied by my department raise particular difficulties, I have taken action here. At my request, the building was surveyed by one of my Market Advisers, and we have followed up those of his recommendations which are susceptible to action by us. Measures now in place or planned for the autumn offer annual savings of 8-9% - with no significant cash or staff cost. This finding is endorsed by Sir R. Ibbotson.

My department is of course a small, policy department, and the money savings represented by the 8-9% are small - but the logic applies, whatever the scale of a department's operations. I have for instance initiated discussions with Michael Heseltine and John Lee at the Ministry of Defence. They spend - apart from industrial activities, military operations, and transport - over £200 million on energy for accommodation, hangars etc. We are convinced that the sorts of savings we have found to be available in all kinds of private sector organisation are available for the taking in the Defence estate. On the industrial side, in one dockyard alone, 25% or more can be saved.



There is now to be high level energy efficiency co-ordinator in MoD - where they already have an energy committee. I would like to see the same initiatives across Whitehall, and understand that one of the recommendations of the multi-department Accommodation Review at present being conducted by MPO is likely to be that every department appoints someone with specific responsibilities for monitoring energy consumption, and securing improvements in it. This is an essential first step, which might usefully be reinforced by a follow-up scrutiny to check whether department's arrangements with PSA for ensuring energy efficiency are adequate.

If all departments were to save 10% on the energy costs of PSA managed buildings alone the savings for government would be £5.5 million. We believe that significantly more than 10% can be saved, at little or no cost. Thames House South is classified by PSA as 'satisfactory' in energy efficiency terms - if that is so, the opportunities over and above what PSA hope to achieve in those government buildings classified as less than satisfactory must be enormous.

I am copying this minute to members of the Cabinet, Sir Robert Armstrong and Sir Robin Ibbs.

SECRETARY OF STATE FOR ENERGY

1 April 1985