



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
2 Marsham Street
LONDON
SW1P 3EB

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ENERGY EFFICIENCY IN THE CIVIL ESTATE

As you know, over the last three years I have been taking forward our energy efficiency policy by drawing energy consumers' attention to the benefits of improving their energy utilisation and to the ways in which this can be achieved. This programme has been extremely successful and I am confident that at a relatively small cost in public expenditure we have already stimulated action which will lead to £500 million a year savings across the nation.

I am concerned, however, that we are not making enough progress in our own backyard. In particular, in the civil estate last year the energy bill actually went up by 6%, primarily as a result of increased electricity consumption. The building users, not PSA, are in the best position to influence much of the electricity used. I am sure you will agree that it is essential that we practice what we preach. In my Department, my energy manager cut the electricity costs within his control by nearly 10% last year. This was despite the trend in the rest of the civil estate and the increased use of computers within the Department.

In April the head of PSA wrote to all Permanent Secretaries outlining the considerable potential which could be achieved by energy efficiency measures, and repeating the Prime Minister's request of last Summer that all Departments appoint an energy manager.

In his letter he made the following important points:

- the energy manager appointed should have sufficient time to devote to the task. Energy Efficiency Office experience shows that 1 man-year of effort for every £1 million spent on energy is cost effective;



- a monitoring and targeting system should be established. This step typically cuts energy bills by 10% without significant investment;
- an initial target of 5% saving starting in Energy Efficiency Year should be established;
- Departments can undertake certain minor works for themselves under PRS. I understand that the permissible spending level increases from £1,000 per job to £5,000 per job in the next financial year.

I should be grateful if you would take a personal interest in the action which your department is taking on these specific points and in the savings which are being achieved. It would be helpful if you would let me know what progress has now been made and what further progress your department expects to make in the remainder of the year. In addition, David Hunt will be following up this letter with his opposite numbers.

I am writing similarly to all members of the Cabinet in charge of Departments, and copying the letter to the Prime Minister and Sir Robert Armstrong.

PETER WALKER

