



PRIME MINISTER

ORGANISATION OF THE ELECTRICITY SUPPLY INDUSTRY IN ENGLAND
AND WALES

In his minute to you on this subject, David Howell proposes an early statement on the future of the esi, announcing in effect that there will be no change. As you know, Michael Marshall is helping me prepare a paper on the scope for further privatisation and promotion of competition in the public sector. The injection of competitive considerations into parts of the public sector is such an integral part of our economic philosophy that I feel that it would be inappropriate to make the conclusive statement of the kind David proposes in respect of the future structure of any nationalised industry, apart from those for whom privatisation measures are already agreed, in advance of the completion of this work. I know how keen David is to move in the direction of privatisation and decentralisation and I accept much of what he writes, yet there may still be possibilities which might be considered. I am hoping to see David shortly on this subject and think that until we have carefully considered all the options we should hold our fire. I hope that David can therefore agree either to refrain from making any statement at present or to making one which rules out unification of the esi, leaving a way open to privatisation. I am copying this to the recipients of the earlier correspondence.

K J

10. March 1980

Department of Industry
Ashdown House
123 Victoria Street

10 MAR 1980





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

01 211 6402

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
SW1

24 March 1980

Dear Tim,

R M

ELECTRICITY INDUSTRY ORGANISATION

My Secretary of State has met Sir Keith Joseph to discuss the option of some kind of privatisation of the electricity supply industry, as requested by the Prime Minister (your letter of 11 March refers). He will be responding shortly to the Prime Minister.

I am sending copies of this letter to the recipients of yours.

Yours sincerely,

W J Burroughs
Private Secretary

Bill

24 MAR 1960



Nat hnd

Y SWYDDFA GYMREIG

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)



WELSH OFFICE

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)

Oddi wrth Ysgrifennydd Gwladol Cymru The Rt Hon Nicholas Edwards MP

From The Secretary of State for Wales

CONFIDENTIAL

14 March 1980

De David

R 12413

I have read with interest your recent minute to the Prime Minister about the organisation of the electricity supply industry in England and Wales. This has important implications for Wales and any uncertainty about the structure of the industry there ought, I agree, to be removed as soon as possible.

Like you, I would want to argue against any radical reorganisation of the industry involving legislation and perhaps the dissolution of the CEBG and the Area Boards and the substitution of a centralised authority. In my view Area Boards, with their local part time members and a degree of independence, have proved their value over the years. If of course there are ways, such as you propose, of improving the organisation and accountability of the CEBG and ensuring closer co-operation between that Board, and other Boards and the Electricity Council, I would be happy to see these pursued. But I would hope any changes would not alter the strength and responsibility of the CEBG's regional organisation.

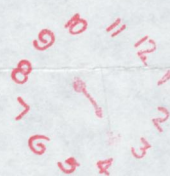
I look forward to knowing the outcome of the further discussions you propose with management, unions and consumer interests.

/ Copies of this minute go to the Prime Minister and the other recipients of your minute.

John Evans
Neil

The Rt Hon David Howell MP
Secretary of State for Energy
Department of Energy
Thames House South
Millbank
LONDON SW1

14 MAR 1950



A circular red postmark is located below the date stamp. It features numbers 1 through 12 arranged in a circle, with a small star in the center. The numbers are oriented such that 12 is at the top and 6 is at the bottom.

CONFIDENTIAL



file

13

Nationalised
Industries

10 DOWNING STREET

From the Private Secretary

11 March 1980

bf 19.3.80

Electricity Industry Organisation

The Prime Minister has now considered your Secretary of State's minute on the above subject, and she has also seen the Secretary of State for Industry's and the Chief Secretary's minutes of 10 March.

The Prime Minister agrees with Sir Keith Joseph that before an announcement is made on the future structure of the industry, the option of some kind of privatisation should be considered. She hopes that Sir Keith and Mr. Howell will consider this urgently so that a final decision can be taken on whether an announcement should be made on the lines proposed in Mr. Howell's minute.

I am sending copies of this letter to John Wiggins (HM Treasury), Ian Ellison (Department of Industry), George Craig (Welsh Office), Godfrey Robson (Scottish Office), Stuart Hampson (Department of Trade) and David Wright (Cabinet Office).

T. P. LANKESTER

W.J. Burroughs, Esq.,
Department of Energy.

CONFIDENTIAL

812



PRIME MINISTER

ORGANISATION OF THE ELECTRICITY SUPPLY INDUSTRY IN ENGLAND AND WALES

David Howell sent Geoffrey Howe a copy of his recent minute to you in which he seeks approval for his proposal for improving the electricity supply industry's decision making at strategic levels and its organisation.

2. I entirely agree with David Howell that working relationships within the industry, particularly between the CEGB and the rest of the industry, are less than satisfactory. Our experience with the industry's EFL this year has demonstrated in particular that its financial control is not as tight as it should be. One reason for the belated report to the Government of the prospective breach was, I think, the poor relationship between the CEGB and the Electricity Council which is mentioned in David Howell's minute. I am therefore glad that he is proposing to improve CEGB accountability and to encourage the various parts of the industry to work more closely together. The appointment of a full-time Finance Director to the CEGB's Board should help strengthen their financial control, provided, of course, that the CEGB provide promptly the financial information which the Council require in order to monitor and enforce the EFL. I understand that the industry have already taken steps to this end.

3. I am sending a copy of this minute to the Secretaries of State for Energy, Industry, Wales, Scotland and Trade, and Sir Robert Armstrong.

W. J. B.

JOHN BIFFEN
10 March 1980

10 MAR 1980

