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SCOTTISH OFFICE  
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CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

24 March 1983

*Dear Geoffrey,*

OBJECTIVES FOR THE SCOTTISH ELECTRICITY BOARDS

I attach a draft of the objectives which I propose to set for the 2 Scottish Electricity Boards (SSEB and NSHEB). The draft takes account of the policy letters which Nigel Lawson has sent, or is proposing to send, to the Chairman of the CEEB and the Electricity Council, although there are a number of differences which reflect the different position of the electricity supply industry in Scotland.

As with previous drafts, the objectives are drawn up as a list applicable to both Board because the Boards plan their generating activities jointly and any objectives which have a bearing on generation planning need to be common to both. It is my intention that the objectives should apply to each Board as a whole and not merely to the respective Chairman. It is also my intention that the list as presently drafted should be published in due course, possibly along with the Boards' Annual Reports.

I had the opportunity to discuss the setting of objectives with each of the Boards' Chairmen last year prior to their appointments. I do not foresee any major difficulties in persuading the two Boards to accept the objectives as drafted, although they may raise detailed points, particularly on corporate planning. I will, however, write separately to each of them spelling out what we will require on that score as part of the new arrangements following the CPRS Report. I also intend that the more sensitive areas of UK procurement policy and of security and duration of fuel supplies should be dealt with orally.

Unless colleagues have any objections to my proposals I intend to write to both Boards setting out their objectives before the end of March.

I am copying this letter to members of E(NI), to Sir Robert Armstrong and John Sparrow.

Yours ever,

George





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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon George Younger TD MP  
Secretary of State  
Scottish Office  
Dover House  
Whitehall  
London SW1A 2AU

30 March 1983

*George*

OBJECTIVES FOR THE SCOTTISH ELECTRICITY BOARDS

Thank you for your letter of 24 March 1983 to Geoffrey Howe enclosing draft objectives for the Scottish Electricity Boards. Subject to any comments from colleagues, I am content for these to be sent to the Chairman as you propose, but with one change.

While the activities suggested in paragraph 8 can certainly be encouraged, I think that it should be made clear that any expenditure must meet the Board's normal financial criteria. This would follow the approach taken to combined heat and power in the Energy Bill.

We think that it is useful to make clear the timescale in which reports are needed. While it might stimulate an unnecessary degree of interest to specify a date for a report on the introduction of private capital in the published objectives, could you set a date privately (as was done in the case of the CEGB)?

I am copying this letter to members of E(NI), to Sir Robert Armstrong and to John Sparrow.

*Leon*

LEON BRITTAN



1983 MAR 15

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