

THE RT HON JOHN WAKEHAM MP



Department of Energy
1 Palace Street
London SW1E 5HE

01 238 3290

The Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

cc PM
NBPM

RCG

24/11

24 November 1989

Dear Norman

LOW INCOME HOUSEHOLDS : GRANTS FOR INSULATION

Thank you for your letter of 21 November in response to mine of the previous day. I enclose a copy of the Press Release I put out on the Parliamentary Answer, from which you will see that I incorporated your suggested amendment. In talking to the Press I was able to brush off all questions about the details of the scheme by emphasising that these will be announced in due course following consultation.

However, in due course, I am bound to be pressed on what the new scheme will achieve. I think that it is almost inevitable that, not wishing to oppose the new scheme in itself, the opposition will attempt to argue that it is 'too little, too late'. Viz the attached letter from Frank Dobson received today. In responding to that charge it will be important that I can give an effective rejoinder to the claim that it amounts to no more than a device for rechanneling money which was anyway due to be spent on draughtproofing.

I believe that a presentation in terms of a scheme offering greater availability of assistance funded initially by a transfer of provision from the Department of Employment will enable me to give an upbeat presentation on the opportunities afforded by the new scheme, without committing myself to expenditure for which I have no provision. If in the event we can agree an increased provision in next year's survey then that would be entirely consistent with such a presentation. But the presentation does not commit us to such an increase since even in its absence the new scheme will widen availability by enabling a broader



geographic spread of insulation work into areas where there is little or no coverage of projects operating under Employment Training, and by avoiding the present under-spend which has emerged under Energy Grant should also allow some increase in expenditure and houses treated compared to present levels.

Since the new scheme does not have a predetermined end date, and the transferred provision covers only the PES years, it is reasonable to describe it as providing initial funding whether or not we are able to make a subsequent increase in provision for the later years. In responding to direct questions about the level of resources available, I will, of course, need to refer to the sums to be transferred once the precise figures for these have been agreed. I shall then need to argue that I have no reason to think that these will be inadequate for bringing the new scheme into operation, but provision for years after 1990/91 will be examined again in next year's survey in the normal way.

I have always been clear that longer term targets for numbers of homes to be treated under the new scheme substantially below the minimum recommended by the Select Committee on Energy would not be 'sellable' in the present climate. I appreciate, of course, that I cannot commit the new scheme to achieving targets which would be inconsistent with the resources available to it, but I must be free if necessary to indicate the sort of levels to which I hope the scheme will eventually aspire.

I am happy to give you the assurance that my officials will consult yours on the detailed design of the scheme and on the arrangements for auditing which will be developed in the coming months.

A copy of this letter has been sent to recipients of yours.

A handwritten signature in dark ink, appearing to read 'John Wakeham', with a stylized flourish at the end.

JOHN WAKEHAM



HOUSE OF COMMONS
LONDON SW1A 0AA



John Wakeham,
Secretary of State,
Department of Energy,
Thames House,
Millbank,
LONDON SW1P 4QJ

SECRETARY OF STATE'S OFFICE	
TO	
FOR	
DR	
APPR	
PLEASE BY:	
VIA	22/11 PS/MAS

22 November 1989

Dear John Wakeham,

Home Insulation

Today's announcement of help for home insulation projects to be administered by the Energy Efficiency Office raises some fundamental questions.

Neighbourhood Energy Action schemes have been devastated by the move from the Community Programme to Employment Training. The number of trainees working on schemes has been cut from 7,661 last August to 3,393 today. The real drop in the amount of work being done is even greater than that implies because trainees now spend 40 per cent of their time on directed training. So NEA work is now running at around one-quarter of the level of fifteen months ago.

Home insulation now faces another major attack from your Government. As you know, the Housing and Local Government Act takes away the 95 per cent grant to local authorities for roof insulation and draft-proofing for disadvantaged households. No wonder that there is so much concern that insulation schemes will suffer when put in direct competition with the other demands on local authorities' budgets, not least those caused by homelessness.

In any case, we need to be assured that new measures are funded by real additional money. How much will be made available? Is this money to be found from elsewhere in your Department's budget? Is it simply being transferred from the Social Security budget? Or does it represent a change to the Government's spending plans so soon after the Autumn Statement? Your clarification on this is obviously crucial.

In 1985, the Department of the Environment estimated that £693 million needed to be spent on the insulation of the local authority homes in England and over £4 billion generally on heating, insulation and works to remedy condensation. Could you please let me know the latest official estimates, taking account of inflation and deterioration since



1985. Could you also give estimates for non-local-authority housing and for housing in the United Kingdom as a whole.

Money certainly needs to be spent on insulating homes, saving energy, money and lives. But it should be done according to a sensible assessment of need and through local authorities. The voluntary groups administering Neighbourhood Energy Action schemes are to be commended for their efforts to make the best of things. But the home insulation should not be an off-shoot of Employment Training. For the Department of Employment to administer the grants to draft-proof people's homes is quite byzantine and merely reflects your Government's hostility to local authority involvement. Surely home insulation should be directed at the coldest homes and most vulnerable residents and not determined by the state of local ET schemes.

A decade ago, your Government stopped in its tracks Labour's ten-year-programme launched in 1978 to help local authorities insulate homes. So today's announcement is clearly a case of much too little, far too late.

I look forward to your comments and hope you will be able to assure us that any new money is in addition to Departmental budgets announced in the Autumn Statement; that your Government accepts its responsibility to meet the needs identified in 1985 and acknowledges its mistake in halting the 1978 ten-year-programme; and that you will move away from the present chaotic energy conservation arrangements.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Frank Dobson', written over a horizontal line.

FRANK DOBSON MP

DEPARTMENT OF ENERGY

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NEWS RELEASE

171

22 November 1989

INSULATION GRANTS FOR LOW INCOME HOUSEHOLDS

John Wakeham announces new scheme

John Wakeham, Energy Secretary, today announced a new scheme of grants towards the cost of basic insulation measures in low income households in England, Scotland and Wales.

In answer to a Parliamentary Question from John Hannam MP (Exeter) Mr Wakeham said:

"Community Insulation Projects play a valuable role in providing basic insulation measures in low income households. My predecessor and I have therefore monitored carefully the impact on the projects of the transition from the Community Programme to Employment Training. Despite the success of the special support measures introduced by my Rt Honourable friend the Secretary of State for Employment during the past year there is now widespread agreement that particularly in today's changed climate of substantially reduced unemployment we cannot continue to rely solely on training programmes for the unemployed to support a national network of insulation projects. There is an increasing need for projects to develop into community insulation businesses,



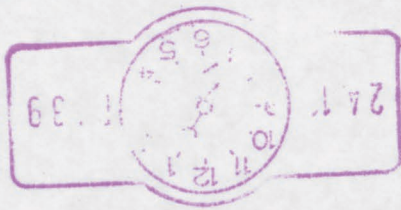
capable of financing themselves directly through the insulation services they provide.

I hope, therefore, to include powers in forthcoming legislation to enable my Department to introduce a new scheme of grants towards the cost of basic insulation measures in low income households in England, Scotland and Wales. Grants towards the cost of draughtproofing, loft, tank and pipe insulation will be available under the legislation. Details of the proposed scheme, which will cover both owners and tenants in both the public and private sectors, will be announced in due course.

This announcement is good news not only for Community Insulation Projects and for those on low incomes but for all concerned with improving energy efficiency, and I am sure it will be widely welcomed."

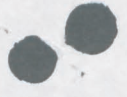
BACKGROUND NOTES

1. John Wakeham today saw one of the Community Insulation Projects in action, visiting the home of Mrs Nellie Prior in Croydon, whose home was being draughtproofed by a CIP run by NACRO's (National Association for the Care and Resettlement of Offenders) Croydon Energy Project.
2. There are about 300 Community Insulation Projects in Great Britain, co-ordinated by Neighbourhood Energy Action with the support of the Energy Efficiency Office. They undertake domestic insulation work, mainly draughtproofing, as part of the training of unemployed people. Over 700,000 low income homes have benefited from their services since the work began in 1982.
3. Energy Grant towards the cost of draughtproofing materials used by Community Insulations Projects under Employment Training is currently provided by the Department of Employment. Once operational, the new Department of Energy scheme will replace Energy Grant. Grants under the new scheme will be available to Training Managers operating insulation projects but will not be dependent on the operation of Training Programmes.



Joe Lane

Upgrading PMS



CONFIDENTIAL



NBpm

RACG
21/11

Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon John Wakeham MP
 Secretary of State for Energy
 Department of Energy
 1 Palace Street
 London
 SW1E 5HE

21 November 1989

LOW INCOME HOUSEHOLDS: GRANTS FOR INSULATION

Thank you for your letter of 20 November. I am pleased there is now a legislative vehicle for this scheme.

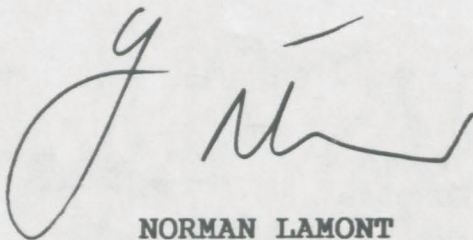
2 I am grateful for your recognition that we must avoid any commitment to the scheme operating at levels of expenditure beyond those for which there is PES provision. But I do not think that your intention to present it as offering greater availability of assistance is consistent with this. We cannot pre-empt next year's public expenditure discussions, so I think it would be very unwise for anything which is said, when you make the announcement later in the week, either formally or informally to suggest that more resources will become available. My understanding is that the current provision would pay for draught-proofing for 170,000 homes. I fully accept that if resources were available to extend the scheme, it would be highly inconvenient were it necessary to take new primary legislation to do so, but as currently designed it provides for discretionary grants and I cannot now make any commitments on its development, beyond current provision. Similarly, there is no need to be explicit about the coverage of labour costs, when the scheme is not finalised and we do not know whether they, too, will need a subsidy.

3. I am broadly content with your proposed Parliamentary answer, but in line with the points made above, I would like to suggest that the second sentence of the second paragraph be redrafted to read "Grants towards the costs of draught-proofing, loft, tank and pipe insulation will be available under the legislation".

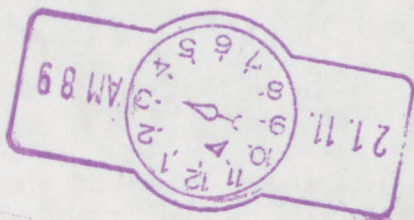
4. As far as the administration of the scheme is concerned I would be very glad if your officials could involve mine fully in the detailed design, since as well as the points I raised previously, I am also concerned at how it is to be audited.

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5. Copies of this letter go to the Prime Minister, Geoffrey Howe, Kenneth Clarke, Norman Fowler, Richard Needham, Tony Newton, Chris Patten, Malcolm Rifkind, and Peter Walker.



NORMAN LAMONT



CONFIDENTIAL

THE RT HON JOHN WAKEHAM MP



Department of Energy
1 Palace Street
London SW1E 5HE
01 238 3290

MBM at his desk.

*Rec 6
20/11*

The Rt Hon Norman Lamont MP
Chief Secretary
H M Treasury
Parliament Street
LONDON
SW1P 3AG

20 November 1989

Dear Norman

LOW INCOME HOUSEHOLDS: GRANTS FOR INSULATION

Thank you for your agreement to the transfer of Energy Grant Provision from the Department of Employment and provision for the Homes Insulation Scheme in Scotland to finance my proposed new insulation grants scheme. Our officials are in contact on the precise figures involved. As you may have heard, agreement has now been reached on inclusion of the necessary powers in the forthcoming Social Security Bill.

My officials have written to yours on the assumptions and targets necessary to enable the scheme to operate within the sums to be transferred. I accept, of course, the need to avoid any commitment to the scheme operating at levels of expenditure beyond those for which I have provision. Nevertheless it will be essential on presentational grounds when taking powers for the new scheme to be able to make clear that this is not simply a device for re-channeling money which were anyway due to be spent on energy efficiency measures. To ensure we obtain full credit for the new scheme I will need to be able to present it as offering greater availability of assistance and to give an indication of the levels of homes to be treated which I hope it will reach in due course. Any such statement will need to be subject to the caveat that the actual level of homes to be treated in any year will depend on the resources I can make available, but I believe that it would be a serious mistake for that caveat to be so prominent as to risk debate focussing unhelpfully on resource issues.

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CONFIDENTIAL



You also expressed concern over possible invasion of privacy which might be associated with 'block' schemes. It will certainly be essential to ensure that the detailed administrative arrangements for the scheme provide adequate safeguards against invasion of privacy. But there is a considerable advantage in terms of administrative efficiency in arrangements such as that under which Energy Grant presently operates which avoid the need for individual prior applications from eligible householders.

There might be still greater advantage if it were possible to make arrangements which involved an element of price competition between alternative suppliers. I suggest that my officials consult with yours further on these schemes when they are in a position to discuss their proposals in greater detail.

The next step is for me to make an announcement to enable my officials to begin consultation with selected organisations outside Government on the details of the proposed scheme. I propose to do this by means of a Parliamentary Answer plus press release which I should like to put out shortly after the Queen's Speech, on 22 November. As you will see from the enclosed text, I do not propose to say anything at this stage on the financing of the scheme. Unless I hear from colleagues before noon on 21 November I will take it that the proposed statement causes no difficulty.

Copies of this letter to recipients of yours, to the Lord President and to Richard Needham.

JOHN WAKEHAM

A handwritten signature in dark ink, appearing to read 'John Wakeham', written in a cursive style.

A second handwritten signature in dark ink, appearing to read 'John Wakeham', written in a cursive style.

CONFIDENTIAL



**NEW SCHEME FOR GRANTS FOR INSULATION IN LOW INCOME HOUSEHOLDS:
ARRANGED PARLIAMENTARY ANSWER**

Proposed Question

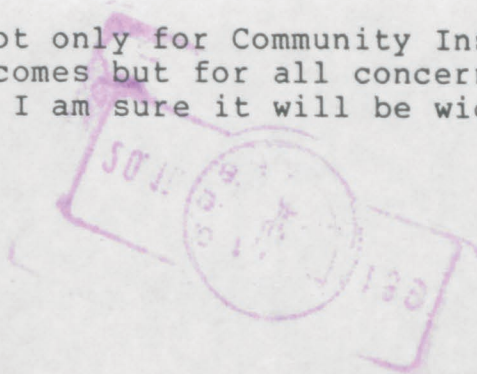
Will the Secretary of State for Energy confirm the Government's commitment to helping the least well off to improve their energy efficiency by introducing new arrangements for supporting the work of Community Insulation Projects?

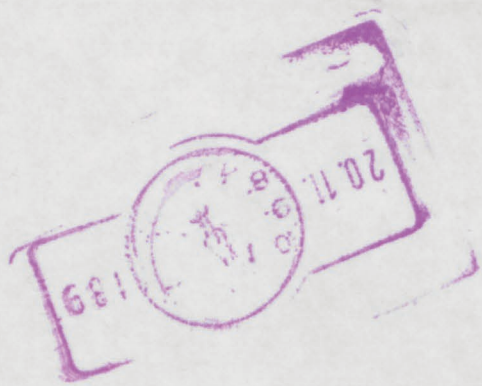
Proposed Answer

Community Insulation Projects play a valuable role in providing basic insulation measures in low income households. My predecessor and I have therefore monitored carefully the impact on the projects of the transition from the Community Programme to Employment Training. Despite the success of the special support measures introduced by my Rt Honourable friend the Secretary of State for Employment during the past year there is now widespread agreement that in today's changed climate of substantially reduced unemployment we cannot continue to rely on training programmes for the unemployed to support a national network of insulation projects. There is an increasing need for projects to develop into community insulation businesses, capable of financing themselves directly through the insulation services they provide.

I hope therefore to include powers in the forthcoming Social Security Bill to enable my Department to introduce a new scheme of grants towards the cost of basic insulation measures in low income households. I propose that these grants should in due course be available towards the cost of both materials and labour for draft proofing and loft, tank and pipe insulation. Details of the proposed scheme, which will cover both owners and tenants in both the public and private sectors, will be announced in due course.

This announcement is good news not only for Community Insulation Projects and for those on low incomes but for all concerned with improving energy efficiency, and I am sure it will be widely welcomed.







ck
2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

NBPM at this stage.

*Acco
v/co*

The Rt Hon John Wakeham MP
Secretary of State
Department of Energy
Thames House South
Millbank
LONDON
SW1P 4QJ

26 October 1989

Dear Secretary of State

clap.
LOW INCOME HOUSEHOLDS: GRANTS FOR INSULATION

In my letter to you of 2 October I said that I strongly supported the principle of the scheme you were proposing but pointed out my concern at the suggestion that the forthcoming Environmental Protection Bill should be used to accommodate the necessary legislation to introduce your proposed new grant scheme for insulation in dwellings occupied by low income households.

It has many attractions and I note that both Malcolm Rifkind and Peter Walker have indicated their support in principle. Although you have my strong support for the principle, I fear I must ask you to consider alternative means to enact your proposals.

When Cabinet approved the Environmental Protection Bill in March our initial estimate of the size was 100 clauses. Inevitably as Parliamentary Counsel has tackled instructions this estimate has had to be revised. In addition, our commitment to deal with the problems of litter and dogs has introduced a major tranche of clauses that we had not counted on in March. I am writing to the Lord President separately about this in view of his letter of 19 October - a copy of which I believe you have seen.



Social Services -
Meeting of Benefits P.S.

I have considered your proposals carefully and taken Counsel's advice on how I could accommodate them without extending the scope and size of the Bill. The short answer is that while the scheme does have clear environmental protection overtones in terms of the indirect effect of increasing the efficient use of energy, it is equally likely to be viewed as an energy, housing or social matter. On this basis to include it in an environmental protection Bill would broaden the scope to the point where we would be open to a wide range of amendments on aspects of energy, housing and social policy.

With the Housing and Local Government Bill nearly behind us I am even more acutely aware of the importance of adhering to Geoffrey Howe's request to resist firmly new topics which would extend the scope of the Bill; it is already clear that we will have to deal with amendments on an extremely wide range of environmental subjects not strictly related to the provisions in the Bill.

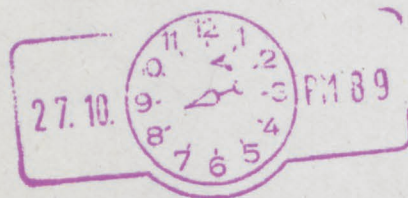
I am sorry that for these reasons I see real difficulties in proceeding as you would like - and as I would like - in ideal circumstances.

I am copying this letter to the Prime Minister, Geoffrey Howe, Norman Fowler, Malcolm Rifkind, Peter Walker, Tony Newton, Kenneth Clarke, David Waddington, Norman Lamont, Bertie Denham, Sir Robin Butler and First Parliamentary Counsel.

CE J Bush

PP CHRIS PATTEN

(Approved by the Secretary of State and signed in his absence)



CCF



Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon John Wakeham MP
Secretary of State for Energy
Department of Energy
1 Palace Street
London
SW1E 5HE

*NBPM at this stage.
ALC
24/10*

23 October 1989

Duff Job

LOW INCOME HOUSEHOLDS: GRANTS FOR INSULATION

Thank you for your letter of 25 September. I have also seen Malcolm Rifkind's letter of 9 October.

2 I am content with the transfer of Energy Grant from the Department of Employment and Scottish Office Programmes to your own to finance the new insulation scheme.

3 We can anticipate both economic and wider policy benefits from the grants, but I think it is a good idea of yours to provide for a full evaluation against agreed targets in 3 years time.

4 One point which does concern me however is the possible invasion of privacy which could be associated with the proposal to allow suppliers of insulation services to put together schemes for multiple households, rather than requiring people to make applications for grants.

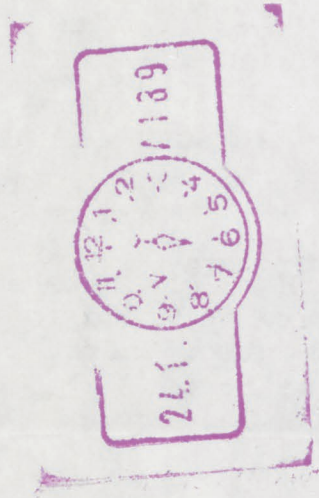
5 Secondly, I was concerned that, even though you have assumed that the cost will rise in later years, it is most important that a scheme is devised which is capable of being run within existing provision in order that next year's PES discussions are not pre-empted. I would therefore be grateful if your officials could let me have revised assumptions which meet this point.

6 I am copying this letter to the Prime Minister, Chris Patten, Norman Fowler, Malcolm Rifkind, Peter Walker, Tony Newton and to Kenneth Clarke.

[Handwritten signature]

NORMAN LAMONT

SOCIAL SERVICES : Uprating PTS





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 PREIFAT YSGRIFENNYDD
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CT/4796/89



The Rt Hon Peter Walker MBE MP

NBBM
Rec
16/10

cku

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 GWYDYR HOUSE
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FROM THE PRIVATE SECRETARY
 TO THE SECRETARY OF STATE
 FOR WALES

16 October 1989

[Handwritten signature]

LOW INCOME HOUSEHOLDS; GRANTS FOR INSULATION

I have seen your letter of 25 September to Norman Lamont about the provision of financial support for insulation measures in dwellings occupied by those on low income.

I am content to support the principle of your proposals although I think that our officials will need to look carefully at the detail to ensure that there is no overlap with our new renovation grant arrangements.

I am sending copies of this letter to the Prime Minister, Lord President, Chris Patten, Norman Fowler, Malcolm Rifkind, Tony Newton, Kenneth Clarke and Norman Lamont.

[Large handwritten signature]

The Rt Hon John Wakeman MP
 House of Commons
 LONDON
 SW1A 0AA

flag.

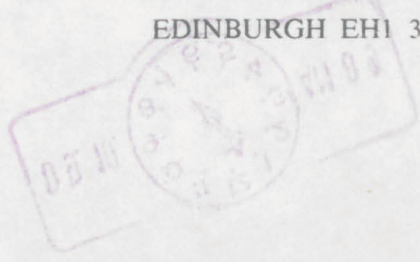
SOC. SEKVS

up rath~~er~~ of benefits p^{ts}.



ST. ANDREW'S HOUSE
EDINBURGH EH1 3DG

CCFO.



The Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

Mr Lamont MP

Rec'd 10/10
9 October 1989

Dear Norman,

LOW INCOME HOUSEHOLDS: GRANTS FOR INSULATION *Chapter 4*

John Wakeham sent me a copy of his letter of 25 September to you, inviting me to agree that the new scheme which he proposes in his letter, for grants for basic thermal insulation of houses, should apply to Scotland as well as to England and Wales.

I am happy to give my agreement to that: I concur entirely with what John says about the advantages of having a unified scheme for Great Britain as a whole. In consequence, the Homes Insulation Scheme (HIS) in Scotland, which is not being abolished by the Local Government and Housing Bill, will have to be wound up and transitional arrangements made when the Scottish HIS is replaced by the new scheme. This will of course mean the incorporation of a very few provisions specifically for Scotland, which should be both short and simple, in the clauses setting up the new scheme in the Environmental Protection Bill.

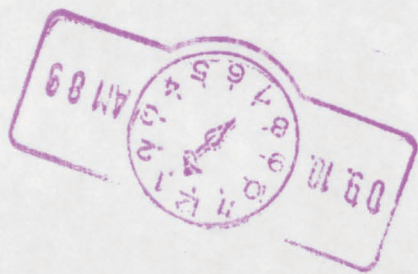
Finally, I am also willing to transfer my PES provision for the present HIS in Scotland to the Department of Energy when the new scheme becomes effective.

Copies of this letter go to the Prime Minister, John Wakeham, Chris Patten, Norman Fowler, Peter Walker, Tony Newton and Kenneth Clarke and to the Lord President.

MALCOLM RIFKIND

SOC SERVS : upgrading of benefits

pt 5





2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon John Wakeham MP
Department of Energy
Thames House South
Millbank
LONDON
SW1

WJPM

BCC

2/10/89 2 October 1989

Dear Secretary of State

LOW INCOME HOUSEHOLDS; GRANTS FOR INSULATION

In your letter of 25 September to the Chief Secretary you set out your proposals for an initiative for a new scheme of grants for insulation in dwellings occupied by those on low incomes.

As you know, I am happy to support you on the merits of the proposal.

I am concerned, however, that there may have been some misunderstanding of our position on whether the proposed Environment Protection Bill could conveniently accommodate this. We must first consider, with the benefit of advice from Parliamentary Counsel, whether the impact of such an addition to the measures already agreed would alter the scope and title of the Environment Protection Bill to such an extent as to jeopardise its presentation and handling. I hope to write to you on this point shortly.

I can assure you that we would like to be able to take on this proposal but clearly we must be absolutely clear about the legislative implications.

I am copying this letter to those to whom you copied yours and to the Lord President, to whom I am also sending a copy of your letter.

CEJ Bush

PP CHRIS PATTEN

(Approved by the Secretary of State and signed in his absence)

