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SECRETARY OF STATE FOR ENERGY
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ccpc
seen by
CAF 8/2

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
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6th March 1989

Dear John,

CLIMATIC CHANGE: ENERGY EFFICIENCY IN THE PUBLIC SECTOR

At the meeting with the Prime Minister on 12 January ^{after 11.5} it was agreed that a new campaign should be launched to promote energy efficiency in the public sector. I have been considering how best to take this forward. I enclose the draft of a paper I propose to put to colleagues.

I attach particular importance to the arrangements for ensuring adequate levels of investment and incentives. We have to recognise that we will not save money without some initial investment. One of the advantages of energy efficiency measures is, however, that savings are produced very quickly. My proposals envisage an increase in the rate of investment in energy efficiency measures within Government Departments of perhaps £14 million per year, much of which it should be possible to fund from savings in expenditure on energy. However, very little will be achieved and the campaign will not be maintained beyond the first few months unless Departments are allowed to retain some of what they save from year to year. Under present arrangements this is not generally possible and I believe these must be amended. I realise this will involve some cost and will need careful management but it is an essential first step if we are to discharge the remit which colleagues agreed. If you agree in principle I suggest that our officials meet to work-up the details.

I am copying this letter to the Prime Minister, and to Nicholas Ridley.

Young Sweeney
Cecil Parkinson
CECIL PARKINSON

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