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

01 211 6402

Clive Priestley Esq
Cabinet Office
70 Whitehall
London
SW1

26 March 1982

Dear Clive,

THE EFFICIENCY STRATEGY 1982: THE SCRUTINY PROGRAMME

You might like to have an account of the proposed action agreed when my Secretary of State and Permanent Under Secretary met Sir Derek Rayner on 11 March (your letter to me of 26 February refers):

A: REVIEW OF RUNNING COSTS

Not only will this Department participate actively in this Government-wide review but, following the presentation to the Prime Minister on 24 February, we intend to supplement our existing management control and information systems with certain elements of the MINIS system adapted to suit our circumstances.

B: SCRUTINY OF RELATIONS BETWEEN A NATIONALISED ENERGY INDUSTRY AND ITS DEPARTMENT OF ENERGY 'SPONSOR' DIVISION

It was accepted that the CPRS review, and the work flowing therefrom, made a 1982 Rayner scrutiny in this area of the Department of Energy's affairs inappropriate at this stage.

C: LATE 1982 SCRUTINY INTO ENERGY CONSERVATION

However, both my Secretary of State and Derek Rayner saw advantage in a late 1982 scrutiny covering the scale, disposition and organisation of the Government's energy conservation activities. While this would be a Department of Energy scrutiny, we would also be looking at the resources used by and objectives of other Government Departments involved in energy conservation activities. Suggested terms of reference are attached for this scrutiny, which would begin in the latter part of 1982.

I am sending a copy of this letter to Willie Rickett (No 10) and Jim Buckley (Chancellor of the Duchy's office) and will assume that the Prime Minister, Baroness Young and yourself are content with what is proposed unless I hear to the contrary.

Yours ever,

JULIAN WEST
Private Secretary

DRAFT TERMS OF REFERENCE FOR LATE 1982 SCRUTINY OF ENERGY CONSERVATION

"To examine on the basis of the Government's policy to promote the efficient use of energy and all other relevant Government policies:

- a) the way in which work on energy conservation is handled and organised in the Department of Energy
- b) the relationships in this area between the Department of Energy and other Departments and organisations
- c) the level of resources devoted to energy conservation and the efficiency with which those resources are deployed

and to make recommendations".

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C Priestley, Esq
Cabinet Office
70 Whitehall
London
SW1A 2AS

29 April 1982

Dear Aue,

THE EFFICIENCY STRATEGY 1982: SCRUTINY OF ENERGY CONSERVATION

Thank you for your letter of 30 March. As requested, I attach a proforma on the scrutiny of the Government's effort on implementing its energy conservation policies.

As you know, Eliot Finer started work on the scrutiny on 1 April. The attached terms of reference are those he agreed with Ian Beasley when they met on 2 April.

We agree that Eliot Finer should not be debarred from raising questions of policy if he feels led to do so by the course of his enquiries.

I am copying this letter to the recipients of yours.

Yours ever,



JULIAN WEST
Private Secretary

PROFORMA FOR RAYNER SCRUTINY OF ENERGY CONSERVATION

SUBJECT: Government's effort on implementing its energy conservation policies.

COST : Total Government expenditure on energy conservation in 1981/82 was some £150m (breakdown by Department attached). Some of this was spent by local authorities on implementing central Government policies (eg home loft insulation scheme).

REASONS

1 The need to improve energy efficiency affects all sectors of the economy. Within the Government a large number of Departments are involved in work on energy conservation and there is a large number of programmes. The Department of Energy is responsible for developing energy conservation policy and operates cross sectoral programmes. Other Departments exercise responsibility in their specific areas (eg the Department of Transport in the transport sector).

2 The arrangements for work on energy conservation have developed over time and in an ad hoc way. The division of responsibilities between Departments is not altogether clear. In some cases the work is very different from the bulk of the work of the Department doing it (eg Department of Energy). Moreover, arrangements introduced by the present Government to give greater responsibility to local authorities and other public sector bodies to take their own decisions on expenditure within the total resources available to them has meant that decisions about expenditure on energy conservation have become more dispersed than was previously the case.

3 There is wide interest outside the Government in the arrangements for coordination of work on energy conservation. The House of Commons Select Committee on Energy in a current inquiry has been examining the arguments for and against greater centralisation of energy conservation work in the Department of Energy and even for the establishment of an Energy Conservation Agency.

4 We therefore see a need to examine whether present arrangements both within the Department of Energy and in the Government generally are adequate to secure effective implementation of relevant Government policies, and to recommend how to rectify any deficiencies. These are the aims of the scrutiny.

TERMS OF REFERENCE

To examine on the basis of the Government's policy to promote the efficient use of energy and all other relevant Government policies:

- a) the way in which work on energy conservation is handled and organised in the Department of Energy;
- b) the relationship in this area between the Department of Energy and other Departments and organisations;
- c) the level of resources devoted by central Government to energy conservation in the rest of the public sector, in industry and commerce, and in the domestic sector; the efficiency with which those resources are deployed; and the effectiveness of the results;

and to make recommendations.

Proposed Starting and Finishing Date

1 April 1982 - September 1982

Examining Officer and Ministerial Reporting Arrangements

The Examining Officer will be Dr E G Finer who will report to Mr Mellor, the Parliamentary Under Secretary of State with responsibility for energy conservation work and for manpower and efficiency in the Department of Energy.

27 April 1982

ENERGY CONSERVATION EXPENDITURE PROGRAMMES - SUMMARY

	£ (estimated) 1974/75
Department of Energy	9.527
Department of the Environment	49.8
Department of Industry	21.317
Department of Education and Science	33.9
Department of Health and Social Security	9.13
Ministry of Defence	4.8
Department of Transport	0.731
Department of Employment	3.4
Ministry of Agriculture, Fisheries and Food	1.038
Scottish Office	7.55
Welsh Office	4.35
Northern Ireland Office	3.482
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TOTAL	£149.025
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With the Compliments of

the

Permanent Under-Secretary of State



SIR DONALD MAITLAND GCMG OBE
PERMANENT UNDER SECRETARY OF STATE

4/19/82
DEPARTMENT OF ENERGY
THAMES HOUSE SOUTH
MILLBANK
LONDON SW1P 4QJ

01-211 4391

14 April 1982

Dear George,

RAYNER SCRUTINY OF ENERGY CONSERVATION

A Rayner Scrutiny is to be carried out by a member of this Department which will touch on the work of your Department. The scrutiny is into the Government's effort on implementing its energy conservation policies. Terms of reference are attached. Derek Rayner has told me that this will be a "particular interest" scrutiny; this means that he takes a closer interest than for normal Rayner studies in the work of the scrutineer and the working out of recommendations, and informs the Prime Minister of the outcome.

The scrutineer is Dr E G Finer, an Assistant Secretary recently posted to Energy Conservation Division. He will be in contact with relevant members of your Department and of other Departments to whose Permanent Secretaries (list attached) I am sending a copy of this letter.

Yours ever,

Donald

G.W. Moseley, Esq., CB
Permanent Secretary
Dept. of Environment
2 Marsham Street
London SW1

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CABINET OFFICE

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30 March 1982

J D West Esq
Private Secretary to the
Secretary of State for Energy

John Julian

THE EFFICIENCY STRATEGY 1982: THE SCRUTINY PROGRAMME

Thank you for your letter of last Friday.

2. Your copy addressees and I have no difficulty of principle with what is now proposed. Your Department's participation in the review of running costs is of some standing and it is good that, in this connection, you intend to supplement your existing arrangements as you proposed. It is agreed that a scrutiny of your working relationships with a nationalised energy industry is not - at this stage - appropriate. The proposal for a scrutiny into energy conservation is welcome.

3. I understand that the Department now hopes to begin the scrutiny soon after Easter. If so, it would be helpful to have a proforma, along the lines indicated in Clive Whitmore's letter to private secretaries of 15 December last, showing the resources involved in energy conservation and which other departments have a hand in this. As far as central government's own consumption of energy is concerned, you may recall that one of the "Rayner projects" carried out at the same time as your own in 1979 was by Martin Fuhr, on behalf of the PSA, into energy conservation in the government estate; your colleagues may like to have a word with John Delafons about this. As far as the draft terms of reference are concerned, I suggest the following points for your Department's consideration:

- (1) The examining officer should not be debarred from raising questions of policy if he feels led to do so by the course of his inquiries.
- (2) With regard to (c) I think it is important to include clearly and specifically the question of which areas the examining officer is to investigate and of the effectiveness which with resources are deployed. Therefore:

"the level of resources devoted to energy conservation by central government in the rest of the public sector, the private sector and the domestic sector; the efficiency with which those resources are deployed; and the effectiveness of the results."

4. I am copying this to Willie Rickett and Jim Buckley.

Yours truly,

C. Priestley

C PRIESTLEY