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Treasury Chambers, Parliament Street, SW1P 3AG

28 August 1979

PS/Secretary of State for Energy
Department of Energy
Thames House South
Millbank
LONDON
SW1

Dear private secretary,

The Financial Secretary has read with interest the letter of 15 August from Mike Pattison at No 10 recording the Prime Minister's surprise that the NCB's interest in Sankey has not been considered in Whitehall discussions about the scope for sale of assets.

The Financial Secretary recalls that your Secretary of State said in his letter of 4 July that the potentially saleable assets of industries other than BNOG and BGC were for the most part much less valuable and those whose sale is likely in the event to prove practicable and desirable would probably not be on a scale significant to affect the Treasury's overall Budget judgement. Presumably your Secretary of State had assets like Sankey in mind when he made this statement.

The Financial Secretary accepts that the sale of Sankey and other small companies would not affect Budget judgements, but he does not think that this is a sufficient reason to hold up further consideration of the disposal of such assets. Such sales could provide a useful contribution to meeting the Government's wider political objective of replacing, wherever possible, state enterprise with private enterprise. The Financial Secretary would therefore like to have your Secretary of State's views on the sale of Sankey. If legislation is required, appropriate provisions could presumably be included in the forthcoming coal legislation for which there is a place already in the programme.

The NCB, and indeed the other nationalised energy industries, may have other companies and activities which are candidates for disposal and the Financial Secretary hopes that your Secretary of State is giving consideration to the possibilities here. He would like to know the outcome in due course.

I am sending a copy of this letter to Mike Pattison (No 10) and to Peter Mason (Department of Industry).

Yours sincerely,

P Diggle

P C DIGGLE

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