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*28/6*

Treasury Chambers, Parliament Street, SW1P 3AG

27 June 1979

T Lankester Esq  
PS/Prime Minister  
10 Downing Street  
LONDON  
SW1

*Dear Tim,*

DISPOSAL OF ASSETS

The Financial Secretary has seen your letter of 25 June to the Chancellor of the Exchequer's Private Secretary in which you report that the Prime Minister would like to take the chair at a meeting of E(DL) Committee to consider the question of timing of the sale of BP shares and possible alternative sales. In the light of this the Financial Secretary is preparing a paper on disposals generally for discussion by E(DL) next week; the paper will discuss a BP sale and other disposals which might be possible this year.

One such possibility is the disposal of BNOC assets - following the Chancellor's letter to the Secretary of State for Energy of 11 June, at least £200m is contemplated from this source as a contribution towards the £1bn mentioned in the Budget speech. The disposal of BNOC assets is, of course, intimately connected with Government's future plans for BNOC, on which I understand that the Secretary of State for Energy plans to submit a paper to E(EA) Committee next week, probably Tuesday or Wednesday. The Financial Secretary thinks that in view of the close link between the future of BNOC and the disposals exercise generally, it would be helpful if the Secretary of State tabled his paper to E(DL), rather than to E(EA). This would give Ministers the opportunity to consider the two subjects together, under the chairmanship of the Prime Minister, and to come to a considered judgement on both.



The Financial Secretary has also been considering how we could meet the Prime Minister's wish, expressed in your letter of 25 June, for a further effort to be made to find alternative assets for disposal so that the proposition of BP shares to be sold can be kept to a minimum. The only possibility that he can see at this stage is for BNOC to sell all its assets to BP as the Secretary of State himself suggested in his Private Secretary's letter of 9 May. So that E(DL) Committee can consider this option in the light of the Prime Minister's comments, the Financial Secretary thinks that the Secretary of State should prepare a separate paper dealing with this proposal for E(DL), in order that its advantages, disadvantages and legal implications may be considered. He hopes that the Prime Minister will agree with this approach.

I am sending copies of this letter to the Private Secretaries to the members of E(DL) Committee, the Attorney General, the Lord Advocate and Sir John Hunt.

Yours,

Paula

P C DIGGLE  
Private Secretary

The financial secretary has also been contacted  
and the Finance Minister's view, expressed in  
his letter of 15 June, is that the Government  
is not prepared to accept the proposal for  
the establishment of a new authority to  
administer the National Lottery. The only  
alternative proposal is that the National  
Lottery should be administered by the  
Government, which would be responsible for  
the financial secretary's account, and the  
Finance Minister's account, and the  
National Lottery Board would be responsible  
for the day-to-day management of the  
National Lottery. The National Lottery  
Board would be responsible for the day-to-day  
management of the National Lottery, and  
the Finance Minister would be responsible  
for the financial secretary's account, and  
the National Lottery Board would be  
responsible for the day-to-day management  
of the National Lottery.

8/11/79  
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27 JUN 1979

The National Lottery Board is a body  
established by the National Lottery Act  
1976, and is responsible for the day-to-day  
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