

CONFIDENTIAL



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215)
GTN 215) 5147
(Switchboard) 215 7877

From the Minister of State
for Industry and Information Technology

GEOFFREY PATTIE MP

Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
Whitehall
LONDON
SW1

8 November 1984

Dear Peter

MORATORIUM ON APPLICATIONS FOR SUPPORT FOR INNOVATION

I am writing to let you know that because the Department's budget to support industrial R & D is already heavily committed for the rest of this financial year and for 1985/86, we shall be imposing a moratorium on the acceptance of applications for some forms of assistance under our Support for Innovation programme (SFI). I intend to announce the changes by way of a written answer on Monday 12 November. I enclose the text of the question and answer I intend to give.

Briefly, the changes mean that with effect from the announcement but for no more than 5 months the Department will not accept new applications for grants for:

- R & D projects from individual firms
- development, application and installation projects for robots and flexible manufacturing systems
- development and investment projects under the Micro-electronics Industry Support Programme and the Fibre-optics and Opto-electronics Scheme.

Applications which have already been received by the Department will still be processed within the limited funds available. Collaborative research projects can yield wider longer term benefits and we shall continue to accept and process applications for these.

Further guidance on the implementation of the changes will be supplied by my officials to contact points in other Departments.

NO2/NO2AAH



I am copying this to the Prime Minister, Willie Whitelaw, John Biffen, Tom King, Michael Heseltine, David Young, Keith Joseph, Patrick Jenkin, Norman Fowler, Michael Jopling and Sir Robert Armstrong.

For ever

Geoffrey Pattie

GEOFFREY PATTIE

DRAFT PQ

Question

To ask the Secretary of State for Trade and Industry whether he is satisfied that enough is being done to encourage more private sector resources to be devoted to research and development.

Answer

1. The Government places considerable emphasis on the need to encourage industrial research and development and has taken practical steps to support it. The number of research and development projects approved for assistance under the Science and Technology Act increased from 356 in 1979/80 to 1612 in 1983/84. The funds allocated for general industrial research and development support grew from £60 million to £200 million over the same period.

2. Our measures have had a significant and widespread impact. Industry now better appreciates the importance of research and development for its future viability. This, together with the improvement over the last three years in profitability and liquidity in industry and commerce has resulted in increased demand for Government support for research and development. In consequence the 1985/86 allocation for innovation grants is now virtually committed.

CONFIDENTIAL

3. In view of this I have decided to review the balance of the Department's support for industrial research and development. Whilst this is being undertaken and with immediate effect no further applications will be accepted for:

- research and development projects from individual firms on standard Support for Innovation terms
- development and investment projects under the microelectronics industry support scheme and the fibre-optics and opto-electronics scheme and
- application, development and installation projects for flexible manufacturing systems and robots.

Formal applications that have already been received by the Department will be processed within the limited funds still available.

4. The review will be completed within five months. I will announce the conclusions at that time. That will also be the occasion for introducing the new arrangements for regrouping all the Department's assistance schemes announced by my Rt. Hon. Friend on 27 July.



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215)
GTN 215 5147
(Switchboard) 215 7877

From the Minister of State
for Industry and Information Technology

CE NO
NBm

GEOFFREY PATTIE MP

Rt Hon Nicholas Edwards MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
LONDON SW1A 2ER

20 December 1984

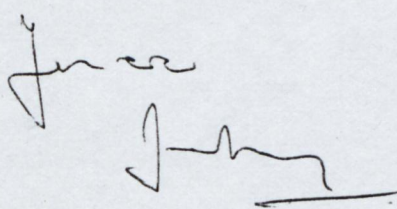
Dear Nicholas

Thank you for your letter of 30 November about the Support for Innovation programme and the review of policy I announced on 12 November.

In my reply to Allan Stewart's letter I explained that the review is an internal exercise but that in order to cover wider technological aspects the Chief Scientists from the Cabinet Office and MoD, as well as the Chairman of the Science and Engineering Research Council, have kindly agreed to participate. When I receive recommendations from officials I intend to circulate the main points more widely for comment before I announce any policy changes.

I am copying this letter to the Prime Minister, Willie Whitelaw, John Biffen, Tom King, Michael Heseltine, David Young, Keith Joseph, Patrick Jenkin, Norman Fowler, Michael Jopling, Allan Stewart, Rhodes Boyson and Sir Robert Armstrong.

Will request if required


GEOFFREY PATTIE

DE3AAH

9 8 7 6 5 4 3 2 1
11 12 1

27 DEC 1984

NBPM
AT 6/12
CMB



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215)
GTN 215) 5147
(Switchboard) 215 7877

From the Minister of State
for Industry and Information Technology

GEOFFREY PATTIE MP

Allan Stewart Esq MP
Minister for Industry
and Education
Scottish Office
Whitehall
LONDON
SW1A 2AU

6 December 1984

Dear Allan

Thank you for your letter of 21 November about the moratorium I announced on certain categories of SFI support and the review we are conducting of policy in support of industrial research and development.

The review is an internal one organised by the Department's Scientific and Technological Assistance Management Group chaired by the Chief Engineer and Scientist. However, in order to cover the wider technological aspects, the Chief Scientists from the Cabinet Office and MOD as well as the Chairman of the Science and Engineering Research Council have kindly agreed to participate. When I receive the recommendations arising out of the review, I certainly intend to circulate the main points more widely for comment before I announce any policy changes.

We will also have the benefit of inputs from industry and the research sector because the Chairmen of our Requirements Boards, that advise us on R & D policy, will be participating fully in our deliberations. While we do not plan to seek wider opinion from outside Government, if we receive constructive representations we will, of course, give them full consideration.

I am copying this letter to the Prime Minister, Willie Whitelaw, John Biffen, Tom King, Michael Heseltine, David Young, Patrick Jenkin, Keith Joseph, Norman Fowler, Michael Jopling, Rhodes Boyson and John Stradling-Thomas and to Sir Robert Armstrong.

John
Jenkin

DEL/DELAAL

GEOFFREY PATTIE

Memorandum on Applic. for Support & Invar.

IWD. POL
Nov 84.

6
5
4
3
2
1
0
11
12

6 DEC 1984



Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

NOPM 18/11/84
CCNO

Minister for Housing and Construction

30 November 1984

Ian Gow

MORATORIUM ON APPLICATIONS FOR SUPPORT FOR INNOVATION

You sent to Patrick Jenkin a copy of your letter of 8 November to Peter Rees about the moratorium on some types of applications under the Support for Innovation scheme. I have seen the responses of Peter Rees and Allan Stewart.

Officials in my Construction Industry Directorate have discussed with your Research and Technology Policy Division the moratorium and the review of support for industrial research and development which you announced at the same time. These matters are of interest to my Department because of its sponsorship of the building materials industry, which accounts for some 5 per cent of gross domestic product and which qualifies for assistance under the SFI scheme, and more broadly because of our sponsorship of the construction industry and the water industry.

I hope that my Department will continue to be kept in touch with the review, and that you will be agreeing the outcome with colleagues affected. Like Allan Stewart, I should like my officials to take part in any inter-Departmental group which you may set up.

Copies of this letter go to recipients of yours and to Allan Stewart, Rhodes Boyson and John Stradling-Thomas.

Ian Gow

IAN GOW

Geoffrey Pattie Esq MP

IND PST. NOV-84
MORATORIUM ON APPLICATIONS

8
9
10
11
12

-4 DEC 1984

NBPW
AT 22/11
22/11



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU
TELEPHONE: 01-233 3000

Geoffrey Pattie Esq MP
Minister of State for Information Technology
Department of Trade and Industry
1 Victoria Street
LONDON
SW1H 0ET

2 November 1984

I was grateful eventually to receive a copy of your letter of 8 November to Peter Rees about the moratorium you have imposed on almost all SFI applications and the review you have initiated into the balance of support for industrial R & D.

As you can imagine, George Younger and I attach the highest importance to this issue of industrial innovation, concerned as we are to encourage the development of new technology industries in Scotland, and you will know that our officials are very much involved with the operation of these schemes. Like you, we believe the SFI programme has been effective at encouraging higher levels of R & D activity, and we welcome your decisions to review this programme.

I understand that your officials will be preparing a report on the SFI programme for a meeting early next year. Given our close involvement in these schemes, and that of other departments to whom I am copying this letter, I wonder if it would not be more appropriate for any such report to be agreed among Departments first. I should, of course, be happy for my officials to join any working group that you might constitute for this purpose.

I had, in fact, gained the impression from your announcement of this review to Parliament that you might have it in mind to exploit the breathing space it provides by consulting outside Government. I am sure that the CBI and other representative bodies would value the opportunity to contribute to your review, and I can see some presentational advantage in doing so.

A copy of this letter goes to the recipients of yours and also Rhodes Boyson and John Stradling-Thomas.

ALLAN STEWART

IND for: Moratorium on Support etc.

Nov 84

22 NOV 1984

12 1 2 3 4 5 6 7 8 9 10 11



1. VTF
2. NBRM
M 12/11
CCND

Treasury Chambers, Parliament Street, SW1P 3AG

Geoffrey Pattie Esq MP
Minister of State for Industry and
Information Technology
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H OET

12 November 1984

Ann Giffney

attached

MORATORIUM ON APPLICATIONS FOR SUPPORT FOR INNOVATION

Thank you for your letter of 8 November.

I am content with the terms of the Written Answer by which you propose to announce the moratorium on Monday, 12 November. I should be grateful if Treasury officials could be associated with the review of support for industrial research and development which you are setting in hand.

Copies of this letter to to the Prime Minister, Lord President of the Council, Lord Privy Seal, Secretary of State for Employment, Secretary of State for Defence, Minister without Portfolio, Secretary of State for Education and Science, Secretary of State for the Environment, Secretary of State for Social Services, Minister of Agriculture, Fisheries and Food and Secretary to the Cabinet.

Peter Rees

PETER REES