



SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

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PRIME MINISTER

20 March 1985

REVIEW OF SUPPORT FOR INDUSTRIAL R & D

Norman Tebbit has copied to me his minute to you of 14 March. I have one or two reservations about his proposals.

I believe we must ensure that what we propose is clearly seen to be fully consistent with our approach to small firms and the thrust of the work of MISC 108. We will need to bear the needs of small firms carefully in mind when formulating the initiatives in collaborative research that Norman mentions for these initiatives have in the past tended to benefit large firms quite disproportionately. Even more important is that the "special arrangements" for support of R&D in small firms should be sustained by an adequate financial allocation to avoid the risk that, as happened with the old pattern of schemes, we are accused of promising very much more than we are able to deliver or, even worse, have to impose another moratorium. The financial allocations that Norman I believe has in mind - £1m in 1985/86 £2m in 1986/87, £4m in 1987/88 and £5m in 1988/89 - are not, I think, adequate to avoid these problems, particularly over the next two or three years. Additional resources might be found over this period by, for example, imposing a tighter ceiling on support to R&D in large firms or by slowing somewhat the growth of expenditure in spreading awareness of new technology.

I am copying this to Norman Tebbit, Nigel Lawson, Nicholas Edwards and Sir Robert Armstrong. I am also copying it to David Young for his interest in the small firms issues.

G.Y.

G.Y.

Ind. Policy: Support & Innovation; Nov 1984

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SCOTTISH OFFICE  
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The Rt Hon Norman Tebbit MP  
Secretary of State for Trade and Industry  
Department of Trade and Industry  
1-19 Victoria Street  
LONDON  
SW1H OET

3 May 1985

NBPM  
Dear Secretary of State

**REVIEW OF SUPPORT FOR INDUSTRIAL R & D**

Thank you for your letter of 15 April in response to my minute of 20 March to the Prime Minister.

I am very grateful to you for allocating the sums you indicate to cover small firms' R & D projects with eligible costs up to £100K. As you know, I had feared that the sums discussed at an earlier stage between our officials would not have been sufficient, particularly in years 2 and 3, to avoid the risk that we would find ourselves unable to deliver on our promises. Your decision has effectively "scotched" these fears and I hope that my own Department will be able to assist yours in improving the technological base of small firms. No doubt our officials will continue to be in touch about ways of streamlining the administrative procedures which apply to small firms' cases in order to reduce the burdens under which they operate.

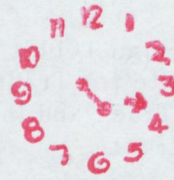
I am copying this letter to the Prime Minister, Nigel Lawson, Nicholas Edwards, David Young, and to Sir Robert Armstrong.

Yours sincerely

E S GOWANS  
Private Secretary  
(Approved by the Secretary of State  
and signed in his absence)

IND PSL NOV. 84  
MORATORIUM

- 3 MAY 1985



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CC NO.



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Secretary of State for Trade and Industry

15 April 1985

The Rt Hon George Younger MP  
Secretary of State for Scotland  
Scottish Office  
Dover House  
Whitehall  
London SW1

NBPM

*D George,*

REVIEW OF SUPPORT FOR INDUSTRIAL R&D

Thank you for copying to me your minute of 20 March to the Prime Minister.

2 As you know, I strongly agree that we should encourage small firms in view of the contribution they can make to innovation. I am also keen to ensure that the shift in emphasis of my Department's support for industrial R&D is consistent with the thrust of the work of MISC 108. In addition to present commitments, I therefore intend to allocate for small firms' R&D projects with eligible costs of up to £100k, £1m, £3m and £5m over the three years beginning 1985/86. To ensure that small firms do not suffer any disadvantage when applying because of their limited resources, the criteria for determining whether a firm should receive support will be less stringent for these projects. Small firms will also be able to apply for support from the funds allocated for all firms where they have projects costing £100k or more.

3 I am copying this letter to the Prime Minister, Nigel Lawson, Nicholas Edwards, David Young, and to Sir Robert Armstrong.

NORMAN TEBBIT

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IND. POL: moratorium on applications  
for support & innovation: Nov 1984



15 APR 1985