DEPARTMENT OF TRADE AND INDUSTRY
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JU240
Secretary of State for Trade and Industry

4 April 1985

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Whitehall SW1

cc PS/Ministers
PS/Sir Brian Hayes
Mr Williams RTP
Dr Lewison RTP1
Dr Hopkins RTP1
Ms McAlpine RTP1
MR Roth

D Nigel

R&D PRIORITIES ACROSS GOVERNMENT

There is currently no formal mechanism for taking a collective view on Government's R&D priorities. With Government expenditure on R&D running at £4 billion a year, I believe we need to remedy this, and to find a way of offering Ministerial guidance on our R&D priorities.

The White Paper, Cmnd 8591, 'Science and Government; Government Observations on the First Report of The House of Lords Select Committee on Science and Technology', announced the introduction of a system of Annual Reviews of Research. The Report of this Annual Review is produced by the Cabinet Office under the direction of the Chief Scientific Adviser, Sir Robin Nicholson, but it is not formally considered by any Cabinet Committee. It is this review which should form the basis for a collective Ministerial view on Government priorities on R&D which can inform the annual PES round.

I would suggest that at least one E(A) session, preferably in September, and including Departments engaged in R&D not normally represented on E(A), should be devoted to examining R&D priorities and that the Cabinet Office Annual Review would provide an excellent basis for putting Departmental R&D bids into context.

I would be glad to have your comments, and of those to whom this is copied. I am copying this letter to the Prime Minister, Geoffrey Howe, Keith Joseph, Michael Heseltine, other Members of E(A), and to Sir Robert Armstrong and Sir Robin Nicholson.

Yours Norman

NORMAN TEBBIT

(c) WO

Confirmed to RN office we were happy for him to proceed in this basis. MA 2/7

WO504

MR ADDISON - No. 10

28 June 1985

E(A) DISCUSSION R & D PRIORITIES ACROSS GOVERMENT.

Further to my minute of 14 May on R & D priorities across Government and your response of 17 May. I have undertaken extensive discussions with Departments through the Chief Scientists' Sub Committee and have concluded that the paper I should prepare for E(A) will be focussed on the first and third of the three topics which I listed on the second page of my minute to the Prime Minister of 14 May. There is really insufficient material to put the second topic before Ministers at the present time although certain aspects of it will be included in the presentation of the first topic.

2. I undertook to send a further minute on this subject in the last sentence of my earlier minute to the Prime Minister and I assume that, having agreed that I should go forward on the basis of my earlier minute, she will be content with this format for my E(A) paper.

pp SIR ROBIN NICHOLSON
Chief Scientific Adviser

Moriatum: Ind. Pol. Nov. 84

JF8159

PRIME MINISTER

R&D PRIORITIES ACROSS GOVERNMENT

I am glad to have your agreement to my proposal for a discussion in an enlarged E(A) on priorities across Government. I note your wish that we consider R&D priorities as a whole and I believe that such a discussion on setting priorities would be most timely.

2 I look forward to seeing Sir Robin Nicholson's paper which is being prepared to focus the discussion. It would be essential to have in addition the results of the 1985 Annual Review of Government Funded R&D together with ACARD's advice upon it. Provided that Sir Robin and Sir Henry Chilver could meet the schedule the consensus view for a meeting towards the end of July seems appropriate.

3 I am copying this letter to Geoffrey Howe, Keith Joseph, Michael Heseltine, Nigel Lawson, to the other members of E(A), Sir Robert Armstrong and Sir Robin Nicholson.

N T

29 May 1985

Department of Trade and Industry

999-49

DCA (14)

file

10 DOWNING STREET

From the Private Secretary

MR HATFIELD
CABINET OFFICE

R & D PRIORITIES THROUGHOUT GOVERNMENT

You will have seen my letter to Richard Broadbent indicating that the Prime Minister has agreed that an enlarged E(A) should discuss R & D priorities. I have now had a word with Sir Robin Nicholson, and discussed how we should take this forward.

The meeting should, if possible, be fixed for the first two weeks in July. Those who need to be invited, in addition to the normal E(A) members, are as follows: Foreign and Commonwealth Office, Department of Education and Science, Ministry of Defence, Department of Health and Social Security and Home Office.

Rpt M. to check 25/6

All the Departments to be involved have seen the Ministerial correspondence on the proposal, save for Health and Social Security and Home Office. I shall arrange for them to be brought up to date once the meeting is fixed. I would therefore be grateful if you would alert me at the appropriate time.

I am sending a copy of this to Sir Robin Nicholson for information.

(Mark Addison)

21 May 1985

RW

File

D8G

10 DOWNING STREET

From the Private Secretary

SIR ROBIN NICHOLSON

I enclose a copy of a letter which has been sent round following the Prime Minister's consideration of your minute of 14 May. You will see that she has agreed to the proposal that an enlarged E(A) should consider R & D priorities across Government, before the public expenditure bilaterals begin. She would also like to take up your offer to prepare a paper of the kind suggested in your minute.

I will get in touch with Sir Robert Armstrong's Office to discuss the detailed arrangements for the enlarged E(A) meeting.

Mark Addison

17 May 1985

D8G

file

DSG

10 DOWNING STREET

From the Private Secretary

17 May 1985

R & D PRIORITIES ACROSS GOVERNMENT

The Prime Minister has seen the correspondence initiated by the Secretary of State for Trade and Industry on 4 April in which he proposed a discussion in an enlarged E(A) on R & D priorities across Government. She agrees that such a discussion would be useful, and has asked Sir Robin Nicholson to prepare a paper to help focus it. She hopes that the enlarged E(A) would consider R & D priorities as a whole, thought it might well begin by tackling the civilian side.

I am copying this letter to the Private Secretaries to the Foreign Secretary, the Secretary of State for Education and Science, the Secretary of State for Defence, to the Private Secretaries to the other members of E(A) and to Richard Hatfield (Cabinet Office) and Sir Robin Nicholson.

Energy
Environment.

DoT
IR
HE
Env
DHSS
ERS
HO

Mark Addison

Richard Broadbent, Esq.,
Office of the Chief Secretary,
H.M. Treasury.

DSG

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 26/1

16th May 1985

Dear Norman

R&D PRIORITIES ACROSS GOVERNMENT

Thank you for copying to me your letter of 4th April to Nigel Lawson proposing that there should be an annual Ministerial review of Government priorities on Research and Development as part of the run-up to the PES round.

I agree that such a review would be useful. It would, however, be important for the analysis on which it was based to take full account of the different purposes which R&D expenditures serve for Government Departments. In the case of my own Department, these expenditures form an integral part of the identification, selection and procurement of the weapons and other equipment for the Armed Forces with the bulk of the expenditure taking place with industry under contract. Its purpose is, therefore, very different in character from the R&D incurred by other Departments in their various sponsorship roles.

But in the first analysis we should agree to meet to discuss these matters comprehensively.

I am copying this letter to the Prime Minister, the other members of E(A), Geoffrey Howe, Keith Joseph and Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever

Michael Heseltine

The Rt Hon Norman Tebbit MP

IND Pol
DOD 84 Moratorium

PRIME MINISTER

R & D PRIORITIES ACROSS GOVERNMENT

The Trade and Industry Secretary proposed a discussion in an enlarged E(A) on R & D priorities across Government.

Sir Robin Nicholson's note, attached, agrees that this would be a good idea and considers that it should take place before the public expenditure bilaterals begin. His minute is at Flag A. The Ministerial correspondence is at Flag B.

Sir Robin proposes that he should prepare a paper for the meeting on how UK investment in R & D compares with our competitors; how Departments compare in the way they encourage R & D; and on whether there are ways of supporting R & D which cut across departmental boundaries.

Sir Robin notes that discussions on R & D have to date been conducted by officials and Ministers on a rather ad hoc basis, though it is fair to say that MISC 110 has been charged with looking at defence R & D. Sir Keith Joseph has said that the enlarged E(A) discussion should focus on civilian R & D to begin with. But it seems to me that, at some stage, both civilian and military R & D should be considered in the round.

Yes MD

Content with Sir Robin Nicholson's proposal? Would you wish to indicate your hope that the enlarged E(A) should consider R & D priorities as a whole, though it might well begin by tackling the civilian side?

Duty Clerk
AA.

Yes

Mansion
MD

MARK ADDISON

16 May 1985

VC2AFX

CONFIDENTIAL

FCS/85/136

SECRETARY OF STATE FOR TRADE AND INDUSTRY

R&D Priorities Across Government

1. I am writing to support the suggestion you made in your letter of 4 April to Nigel Lawson (which I have only just received) for a Ministerial meeting to discuss Government expenditure on R&D. For the reasons given by Peter Rees it would I believe be sensible to hold this in late June or early July. In view of the extensive international research links I would welcome the chance to take part in such a meeting.

2. I can understand Keith Joseph's interest in civil R&D (and I second his request for a background commentary from Sir Robin Nicholson), but we should not I believe limit ourselves to this alone. Given that half the R&D budget is devoted to military expenditure, a far higher proportion than any of our European allies, it would be wrong to ignore this important area of research. Whether this is considered at the first, or at a follow-up meeting I am happy to leave to others to decide.

3. I am copying this minute to the Prime Minister,

Nigel Lawson, Keith Joseph, Michael Heseltine and other members of E(A), and to Sir Robert Armstrong and Sir Robin Nicholson.

GEOFFREY HOWE

Foreign and Commonwealth Office

16 May 1985

Industrial Pol; Monetarism - - - NOV 1984

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: J/PSO/13531/85

Your ref:

NBPM

14 May 1985

Dear Nigel,

R AND D PRIORITIES ACROSS GOVERNMENT

Norman Tebbit has suggested that a meeting of E(A) be devoted to a discussion of Government R and D expenditure, a suggestion supported by Keith Joseph and Peter Rees. I do not consider that it is possible to argue against the principle of an E(A) review of such a large and important segment of public expenditure, but I would like to sound one cautionary note.

There are certainly matters of common interest which could be covered at such a meeting, such as how best to maintain an adequate level of basic and strategic research which underpins all Departmental programmes. But we do not undertake R and D for its own sake, but in support of policy. What research is undertaken in support of particular policy items must be a matter for the Minister primarily concerned. Overall R and D priorities must reflect the priorities we assign as a Government to the various policy issues which we cover. In particular I could not support the concept that there is an overall Government R and D policy, separate from the various policy items which the research underpins.

I am copying this letter to the Prime Minister, Geoffrey Howe, Keith Joseph, Michael Heseltine, Norman Tebbit and other members of E(A) and to Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever

Pat

PATRICK JENKIN

The Rt Hon Nigel Lawson MP

CENSO

1107

W0392

MR ADDISON - No.10

14 May 1985

R & D PRIORITIES ACROSS GOVERNMENT

I attach a note for you to place before the Prime Minister as she considers the correspondence initiated by the Secretary of State for Trade and Industry on 4 April. I have sent a copy to Sir Robert Armstrong.

RBN

SIR ROBIN NICHOLSON
Chief Scientific Adviser

Ind. Bl : Moratorium on Applications for Support 11/84

WO393

THE PRIME MINISTER 14 May 1985

R & D PRIORITIES ACROSS GOVERNMENT

You will have seen the correspondence initiated by the Secretary of State for Trade and Industry on 4 April in which he proposed a discussion in an enlarged E(A) on R & D priorities across Government. The Secretary of State for Education and Science and the Chief Secretary have supported the basic proposal but have suggested that such a discussion should precede rather than take place during the bilaterals. Sir Keith Joseph has also suggested that it should focus, at least on a first occasion, on civil R & D, and that I should provide a commentary based on the Cabinet Office Annual Review of Government funded R & D to focus the discussion.

I consider that a discussion in E(A) before the bilaterals begin would be a sensible development of the Annual Review process initiated in 1982 through Cmnd 8591. So far, my Secretariat, with the advice of Departmental Chief Scientists working in STO(CS), have managed to assemble a consistent picture of Government funded R & D in the recent past, at present and to the end of the survey period if Departments' plans are followed. This material has raised several important questions, for example, the level of R & D paid for by the tax-payer in support of the agriculture industry, the pre-emption of scarce resources by defence R & D, and the way in which grants by the DTI for R & D in individual companies are targetted to various sectors of industry. These and other matters are being considered by officials and Ministers on a largely ad hoc basis. A discussion by the Ministers most concerned under the your chairmanship could resolve the important strategic issues that are highlighted by the Review, and would set the context in which individual Ministers and officials can resolve the more specific issues.

My initial judgement of the ground E(A) might cover is in line with the Chief Secretary's. Following Sir Keith Joseph's suggestion, I could prepare a paper which might focus on the following issues:

how does the UK investment in R & D as a whole now compare with our principal competitors? At the time of Cmnd 8591, the Government declared that the proportion of the national wealth spent on R & D was about right but that the distribution of R & D funding needed better analysis. Has the position changed? Are Ministers still content with our present position by comprison with other countries, and with the way in which it seems likely to change over the PES period? Can and should the Government do anything?

how do Departments which have responsibilities for sectors of the UK economy compare in the ways in which they encourage investment in R & D. How do they regulate their spend and how do they ensure the maximum exploitation of the investment?

with the recent example of space in their minds, can Ministers devise a mechanism that would allow Departments to express support (and to find resources) for new R & D programmes meeting National needs which do not fit clearly into the priorities and remits of an individual Department.

If you agree that such a discussion would be useful, I would minute you nearer the time with more specific suggestions.

RBN.

SIR ROBIN NICHOLSON
Chief Scientific Adviser

Ins. B1 : Memorandum on Application for support etc

CONFIDENTIAL

File

10 DOWNING STREET

From the Private Secretary

SIR ROBIN NICHOLSON

R & D PRIORITIES ACROSS GOVERNMENT

As you know, the Secretary of State for Trade and Industry, the Secretary of State for Education and Science, and the Chief Secretary have been in correspondence about this. They are agreed that an enlarged E(A) meeting could sensibly discuss, probably in July.

I should be grateful for your advice before putting it into the Prime Minister.

MEA

Richard Hatfield will be in touch with Sir Robin N. on this. 3/5

30 April 1985

CONFIDENTIAL

10 DOWNING STREET

Mark

Alice for
Sec RN.

Andrew advises
me you are
dealing ?

Margo

001/106

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1E 6RB

29th April 1985

Dear Norman

R & D PRIORITIES ACROSS GOVERNMENT

I am replying to your letter of 4 April to Nigel Lawson.

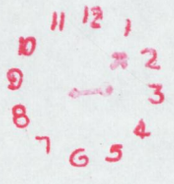
I think that a meeting to consider research expenditure priorities could well be useful. It would allow us to discuss the general scale of spending in different areas; the prima facie usefulness, and purposefulness, of the different areas; and whether there are areas which are doubtfully the responsibility of the Government, or where a measure of value could be introduced by private involvement, or where there may be dangers of significant overlap, or where Ministers may set particular store by work included in someone else's programme.

I am less sure about your suggested timing. A meeting in September could complicate the programme of survey bilaterals in which I am normally engaged at that time. Conversely, the fact that the bilaterals were in progress could prejudice the chances of a genuinely free-ranging discussion of priorities. I understand that Sir Robin Nicholson's Annual Review would be ready in good time for a discussion in July; and, provided that the Prime Minister is content for it to be discussed in E(A) in the way that you propose, I suggest that the meeting should take place then.

I am copying this letter to the Prime Minister, Geoffrey Howe, Keith Joseph, Michael Heseltine, other members of E(A), and to Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever

PETER REES



BG

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON SW1

29 April 1985

Dear Nigel.

R AND D PRIORITIES ACROSS GOVERNMENT

I write to support strongly Norman Tebbit's proposal to you on 4 April, which I have only just seen, for an (enlarged) E(A) discussion on Government expenditure on R and D. I think it should take place in July rather than in September when Ministers are turning their attention to the bilaterals; it would thus provide a considered background for these and for our subsequent decisions.

I would, however, suggest that (at least for a first discussion of R and D priorities) we focus on that half of our R and D expenditure (£2.22B in 1985/6 out of £4.49B total) that relates to civil R and D. I think that this would help by simplifying the criteria that we use for comparing programmes and judging priorities.

I would also like to suggest that, in addition to material from the annual review of R and D, Sir Robin Nicholson be asked to prepare a background commentary on this slice of expenditure, to help to focus our discussion.

I am copying this letter to the Prime Minister, Geoffrey Howe, Norman Tebbit, Michael Heseltine, and other members of E(A), Sir Robert Armstrong and Sir Robin Nicholson.

Yours.

Kenneth