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PREM 19/2836

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PART 9

CONFIDENTIAL FILING

Maintaining the Strength of the Science Base Science Budget. [In attached folder: Deloitte, Haskins and Sells report and Report to Govt by Coordinating Committee on Marine Science and Technology (Full & abridged) MRC Clinical Research Initiative [illegible] appraisal - Executive summary for Medical Research Council and Appendices]	SCIENCE AND TECHNOLOGY PT1: September 1983 PT9: July 1989

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~6.7.89~~							
~~9.8.89~~							
~~2.10.89~~	TPm						
~~3.11.89~~							
~~3.10.89~~							
~~3.10.89~~							
~~11.10.89~~							
~~21.10.89~~							
~~28.11.89~~							
~~8.12.89~~							
~~8.12.89~~							
15.1.90							
PART CLOSED							

PART 9 ends:-

PG to PLM 22.12.89

PART 10 begins:-

PG to DES 2.1.90

CF

Pl ask CRB / Fairclough [illegible] for advice

& note the PM needs to consult on

this by 5 January pl. B/F

next day pl. PRCG

20/12

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

The Rt Hon Christopher Patten MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

19 DEC 1989

Dear Chris,

CO-ORDINATING COMMITTEE ON MARINE SCIENCE AND TECHNOLOGY - REPORT TO GOVERNMENT

The Chairman of this Committee, Sir John Mason, has recently submitted his Report recommending a " National Strategic Framework" for the UK in the field of marine S & T. I understand that copies have been made available to all Departments with Members and Assessors on the Committee. Other copies are circulated with this letter.

The Committee has been an unusual one in that, besides experts in marine science and technology and those in the industrial field, several Government Departments with marine science responsibilities are represented as full members. For this reason the Report is to Government as a whole, although it was earlier agreed that it should be submitted through the holder of my post.

My initial reaction to the Report is that while the proposed Strategic Framework is plausible and needs now to be addressed seriously by Government, the Report as a whole has a number of limitations in terms of consistency and robustness of argument. Although it rightly draws attention to a number of issues concerning future co-ordination in this field, these have only been addressed superficially and careful thought will clearly be needed about whether a co-ordinating mechanism, such as the CCMST itself, will continue to have a role to play. I therefore believe the main focus of our response should be on the proposed National Strategic Framework and the associated question of future co-ordination in this field.

There is an immediate need to agree on the handling of the Government's response. The suggestion to establish this Committee, originally proposed in a different form by the House of Lords Select Committee on Science and Technology, was the outcome of advice from the then Chief Scientific Adviser. In view of this, John Fairclough may feel that it would be appropriate for the co-ordination of a Government response to be conducted within the Cabinet Office S & T Secretariat. If not, however, this Department would be prepared to continue its role as direct line of contact with the Committee by taking the necessary co-ordinating action. I would in that event envisage the normal process of discussion between officials as a prelude to advice for Ministers on the response.

Sir John Mason has sought my agreement to the publication by the CCMST of this Report. Since the work of the Committee is well known in the marine science and technology field, and since it is likely to be some time before a Government response is ready, I propose to agree to his request for early publication. It will enable public discussion to take place in the S & T field and will prevent the selective leakage of the Report that might otherwise occur. While the Report contains criticisms of past Government action, there is counter-balancing material at various points. Sir John Mason is, however, an eloquent advocate of the marine S & T cause and may be expected to try to keep up the public profile of his Committee. This could cause difficulties later if - as seems possible - we see a need to move to different co-ordination arrangements in this field.

I would now welcome your agreement, and that of other colleagues whose Departments are in membership of this Committee, to the course of action I propose. I would be grateful to receive responses by January 10th.

I am sending copies of this letter to the Prime Minister, John Major, Douglas Hurd, Tom King, Nicholas Ridley, Malcolm Rifkind, Kenneth Clarke, Cecil Parkinson, John Wakeham, John Gummer, Sir Robin Butler and to the Chief Scientific Adviser.

PRIME MINISTER

FUTURE STRUCTURE OF THE RESEARCH COUNCILS

John MacGregor mentioned to you earlier in the week that he will be coming forward with proposals on the Research Councils. His minute attached fulfils that promise.

He has three key proposals:

i. reconstituting the ABRC with fewer members, a strengthened secretariat and David Phillips in future as full-time chairman. The slimmed-down body would have an explicit remit to improve co-ordination between the different Research Councils;

ii. giving approval in principle to a merger between the AFRC and the NERC, and setting up a small group under David Phillips to carry out work on the detailed arrangements;

iii. not proceeding at this stage with the appointment of Lord Jenkin as chairman of the AFRC. (It transpires you did agree to this possibility in December 1988.) But to keep him in mind as the best candidate to chair a new merged AFRC/NERC, and meantime appoint Professor Bill Stewart as interim chairman of the AFRC when Lord Selborne retires.

The case for these changes is summarised in John MacGregor's minute, and set out in more detail in the attached paper by officials.

i. Reconstituted ABRC

There is a need for improved co-ordination between the Research Councils. The question is whether the detailed arrangements proposed best meet this requirement, and whether you are content for David Phillips to be at the helm.

ii. Possible merger of AFRC and NERC

When John MacGregor mentioned this possibility earlier in the week you were rather doubtful, and cautioned against change for change's sake. But you will want to consider whether the arguments set out in paragraphs 10-13 of the officials' paper convince you that there is a good case for a merger; and if so, whether it is right at this stage to approve a merger in principle in advance of the detailed arrangements being worked out. One point to note in the detailed officials' paper (paragraph 14), which is not brought out in John MacGregor's minute, is that although the AFRC want a merger the NERC remain to be persuaded of its merits.

iii. Chairmanship

You will want to consider whether you are content with the proposed interim appointment of Bill Stewart as AFRC chairman, and with the plan for Lord Jenkin to become chairman of a merged AFRC/NERC.

We have other plans for him. MS

Conclusion

i. Content with the proposed ABRC reconstitution under David Phillips? Yes

ii. Content with the approval in principle of an AFRC/NERC merger and of the proposed detailed work? See below

iii. Content with the Stewart and Jenkin appointments? We have other plans for Prof. Stewart MS

HCC.

PAUL GRAY
22 December 1989

Negative - It seems to me that a merger would be much more to the advantage of Agricultural than NERC science to much of NERC's work. NERC scientists would be worried about Antarctic / Arctic / Ocean Circ.) Satellite Observation / Computer Climate Models. I don't think we could have a merger unless it works in detail and is agreed. MS

cst.ps/2ic22.12/lets

Treasury Chambers, Parliament Street, SW1P 3AG

C R Walker Esq
Private Secretary
Cabinet Office
70 Whitehall
London
SW1A 2AS

22 December 1989

Dear Mr Walker

ACOST ADVICE ON NATIONAL PRIORITIES: GOVERNMENT RESPONSE

The Chief Secretary has seen the draft response circulated under your letter of 18 December and is content with it.

I am copying this letter to the Private Secretaries of other members of E(ST).

Yours sincerely

Isleen Campbell

ISLEEN CAMPBELL
Assistant Private Secretary

Sci + TECH: Budget Pty

PRIME MINISTER

THE FUTURE STRUCTURE OF THE RESEARCH COUNCIL SYSTEM

We spoke earlier this week about my plans for sharpening up the Research Council system so that we are better able to respond quickly and effectively to new scientific opportunities.

Like my predecessor, I am troubled by the failure of the five Research Councils to coordinate their efforts in areas where they have common or overlapping interests. While they are quick to seize opportunities which fall full square within their own particular remits, I have noticed a much slower rate of response when new opportunities arise, as they often do, at the boundaries where their responsibilities meet. This concern is not new. Towards the end of last year, the House of Lords Select Committee on Science and Technology recommended the amalgamation of the Agricultural and Food Research Council (AFRC) and the Natural Environmental Research Council (NERC). And, earlier this year, a study chaired by Mr Dick Morris, Deputy Chairman of the Advisory Board for the Research Councils (ABRC), recommended that the five Research Councils should be replaced by a single National Research Council. The ABRC rejected that proposal but have recommended some significant reforms. There is considerable interest in the academic and scientific community in the Government's response.

I am now writing to seek your approval and the approval of colleagues to:

a. the reconstitution of the ABRC from a body with 26 members to one with 14 members; with a full-time Chairman; with a strengthened secretariat; and with a more explicit remit to improve coordination and joint working among the five Research Councils; and

b. signalling our approval in principle of a merger between the AFRC and the NERC. I propose to announce that work is to be undertaken by a small group under Sir David Phillips' Chairmanship on the detailed arrangements for bringing about such a merger.

The background and detailed case for these proposals is set out in the attached paper prepared by my officials. I would like to bring out what I regard as the essential benefits of the two reforms I am proposing.

I am convinced that a smaller and more authoritative and purposeful ABRC will work to the benefit of UK science and UK scientists. It will do so by giving the Research Council system a dynamic central organisation able to meet the changing needs of science and bring about more effective cooperation at the boundaries where so many of today's research opportunities arise. This gives us the best opportunity for improving cooperation among the Councils whilst avoiding the disruption, transitional costs and the need for legislation associated with other, more radical proposals. The new ABRC would probably need a full-time Chairman: I am glad to say that David Phillips is prepared to take that on.

The boundary line which causes me most concern is the one erected between the agricultural and natural environments because of the existence of two separate Research Councils. I have not been able to find any satisfactory justification - on scientific or management grounds - for perpetuating this division and I think that we should move to eliminate it. The scientific gains we could expect from such a move are set out in the annex at paragraphs 10 and 11. I have discussed this in general terms with Chris Patten and John Gummer and they agree that I should launch a study to examine the practicalities of achieving closer association and a merger. I would take great care to present this study as demonstrating the Government's commitment to sustaining basic research in the fields of agriculture,

environment and food. John Gummer and I have agreed that the study should consider the options for the best location and handling of food research, including the possibility of it being taken directly into the food safety division of MAFF.

As for timing, I would like to write to David Phillips early in the new year saying that I am setting in hand the work necessary to reconstitute the ABRC with effect from spring 1990 and inviting him to go ahead with his study on the practicalities of merging the AFRC and the NERC with a view to making recommendations by the end of March 1990. I shall, of course, come back to you and colleagues about the composition of the new ABRC.

Finally, the current uncertainty means that I cannot proceed, as planned, to the appointment of Lord Jenkin as Chairman of the AFRC, a course you approved in December 1988. But he is very keen to chair a new, merged Council and, as we discussed, I think that he would be a very good choice as its first Chairman. In the meantime, and with the agreement of John Gummer, I propose to invite Professor Bill Stewart, the Secretary and Deputy Chairman of the AFRC, to act as Chairman when John Selborne retires at the end of the year. This seems the most sensible interim arrangement.

I am sending copies of this minute to members of E(ST), to Sir Robin Butler and to the Chief Scientific Adviser.

JM

DEPARTMENT OF EDUCATION AND SCIENCE

21 December 1989

THE FUTURE STRUCTURE OF THE RESEARCH COUNCIL SYSTEM

1. This paper considers the background and case for two reforms:

   (i) the reconstitution of the Advisory Board for the Research Councils (ABRC) from a body with 26 members to one with 14 members; with a full-time Chairman; with a strengthened secretariat; and with a more explicit remit to improve coordination and joint working among the five Research Councils which would be encouraged to develop a more corporate approach to the needs of UK science as a whole; and

   (ii) announcing that work is to be undertaken by a small group under ABRC auspices and under Sir David Phillips' chairmanship, on the detailed arrangements for bringing about a merger between the Agriculture and Food Research Council (AFRC) and the Natural Environment Research Council (NERC); that would be taken, correctly, as a signal of the Government's approval in principle of a merger.

Background

2. In May 1988 the ABRC set up a sub-group to review the Research Councils' overlapping responsibilities for the increasingly important and pervasive biological sciences. Notwithstanding its specific biological remit, this sub-group extended its range to look at the entire span of Council responsibilities. In its report this April (the "Morris Report"), it concluded that the five existing Research Councils should be replaced by a single National Research Council constituted as six semi-autonomous divisions overseen and co-ordinated by a holding Board and Director-General. In the meantime, in October 1988, the House of Lords Science and Technology Select Committee had recommended the merger of the AFRC and NERC.

3. While accepting the powerful arguments pointing to the need for reform, Mr Baker in June 1989 invited the ABRC to look very carefully at the case for a National Research Council made in the Morris Report. He also drew the Board's attention to the fact that the Morris proposals would require legislation and underlined the high premium on scarce Parliamentary time.

4. The ABRC has now offered the Secretary of State their considered advice in the light of this invitation. It comes in two parts - ABRC (89)65 and Sir David Phillips letter to the Secretary of State of 1 December following discussion of ABRC(89)70. The ABRC:

A. recommends the reconstitution of the ABRC along the lines outlined at 1(i); and

B. favours in principle a full merger of the AFRC and the NERC but recommends that a further study be undertaken to examine the practicalities of achieving closer association and a merger.

This note now outlines the case for these two measures.

Reconstituting the ABRC

5. The rapid pace of developments in science does not fit well with the idea of self-contained scientific areas which 'belong' to one or other of the Research Councils. The increasing tendency is for the most exciting research opportunities to arise at the boundaries, between disciplines and between Councils. There have been repeated calls for greater inter-Council cooperation and collaboration. While some good joint work has been done, the Councils remain more at home within their own areas and their response to new opportunities in interdisciplinary, cross-boundary areas is not as fast or as decisive as it should be. The DES judgement is that we have now exhausted the progress that can be made through exhorting the Councils to coordinate their efforts.

6. A National Research Council is ruled out not only for practical reasons (excessive perturbation and blight) but also because such a body could easily become an over-centralised bureaucracy, stifling flexibility and diversity. It would also require leglisation. A path of evolutionary reform is preferred so that we can push ahead at an acceptable pace and be ready to vary the distance we travel in the light of experience. The ABRC has set a helpful set of initial aims for the first leg of the reform (paragraphs 12 to 14 of ABRC(89)65) and the proposed reconstitution of the ABRC (paragraphs 18-27) has been put forward with the full support of all the current members of the Board. A smaller and more purposeful Advisory Board, working to the agreed objective of a more corporate approach to research issues, seems the best available route for setting evolutionary reform in motion. As the Board itself notes (paragraph 28) this leaves us free to review the position in the light of experience. We will avoid creating a monolith designed to deal with today's problems.

7. A reformed ABRC represents the unanimous verdict of the existing ABRC on what is needed to overcome the difficulties which have proved beyond the large and essentially advisory body of the 1980s. What is now needed is the leverage to make individual Research Councils subordinate their own interests to the common good of the country's overall scientific effort. The Heads of the Research Councils

(HORCs) are signed up and ready to accept this sort of intervention in "their" affairs from a smaller, better informed Board, able to offer more authoritative advice and guidance (to which they themselves will have contributed). HORCs know that a failure to mend the old ways can only build up the pressure for further and more radical reform.

8. The course being proposed will need careful handling. Three questions have arisen in debating the effectiveness of a reformed ABRC.

a. The new ABRC will be a formally advisory body; legislation would be needed to convert the ABRC into a formally executive body, operating in the accounting line for monies voted to the Research Councils. The new ABRC can be expected to earn the reputation of a body whose advice is so authoritative that it will be acted upon. In this way, we will get a Board with effectively quasi-executive powers to bring about the reforms and developments we want to see.

b. The advice of the new ABRC will carry more authority because the HORCs will be more centrally engaged in the production of that advice. Their current reluctance to accept ABRC judgements on the way in which they conduct their business stems from their exclusion from some of the Board's key business and from their assessment that, as currently composed, the ABRC is too large for its members to become sufficiently knowledgeable about, and committed to, the very broad range of Research Council work for which the members have a widely-shared, and consequently highly diluted, sense of responsibility. Under the proposed arrangements, the five HORCs would work alongside seven independent members (including the independent Chairman) all of whom would be involved to the same extent in all of the new Board's work. This careful combination of independent advisers and HORCs is intended to generate the sort of critical but well-informed advice which we need across the full range of the Councils' work, especially where their boundaries meet. With a good original selection of independents, Sir David Phillips will be able to mould the new Board into this sort of team.

c. The Government Scientists, now in membership of the ABRC, themselves accept that if the ABRC is to get things done it must be a smaller and more purposeful body. They share Sir David Phillips' judgement that the inter-relationships between Research Councils and other Government Departments have not of late been central to the Board's work and that a more sensible way of

operating would be to hold special meetings on the development of Councils' and Departments' forward research strategies and arrangements for commissioned research. Additionally, Departments' Chief Scientists would continue to receive ABRC papers and have a right of attendance when the Board discusses matters which encroach on their Department's interests. This seems a more sensible and less time-consuming way of maintaining this relationship.

9. But while these questions are important, the acid test of the proposals is whether a reconstituted ABRC will work to the benefit of UK science and, most importantly, UK scientists. The Department believes that it will, by giving the Research Council system a dynamic organisation which can grow and develop flexibly to meet the changing needs of science, with more effective cooperation at the boundaries and a greater responsiveness to new opportunities, reflected in appropriate changes in the balance of research being supported. This type of reform offers the best opportunity for improving co-operation between the Councils whilst avoiding the disruption, transitional costs and need for legislation associated with more radical proposals.

AFRC/NERC merger

10. Perhaps the current administrative boundaries which make least scientific or policy sense are those which separate responsibilities for the cultivated and natural environments between AFRC and NERC. A rapid, desk-top report commissioned by the ABRC from Sir David Smith, Vice-Chancellor of Edinburgh University, came up with an impressive list of the additional benefits which could be gained from putting the two Councils' research programmes under unified management:

(a) There are a number of NERC programmes dealing with aspects of agriculture-environment interaction. The agricultural component of these could be strengthened by the substantial expertise available in the AFRC and bodies to which it has particularly good access (e.g., the farming community, NFU, etc.).

(b) There would be stronger input of 'environmental' and conservation considerations into the design of AFRC programmes, especially those concerned with crop and animal production.

(c) The considerable investment of AFRC in molecular biology could be made available more readily to NERC. Additionally, there would be substantial gains from integrating the scientifically excellent work of the NERC Institute of Virology with related work in AFRC institutes.

(d) The AFRC has substantial investment in photosynthesis research in both universities and institutes. The expertise and facilities could with advantage become more readily available to NERC programmes. This could also extend beyond the Terrestial Life Sciences (TLS) to include aspects of photosynthesis by phytoplankton in the oceans.

(e) Both AFRC and NERC have a variety of programmes dealing with aspects of grassland and pastures. The restructuring of the AFRC Institute of Grassland and Animal Production will now give it a much broader environmental remit; there is a seamless robe waiting to be woven between its activities and the Institute of Terrestial Ecology (ITE).

(f) Both Councils are concerned with aspects of the nitrogen cycle, and especially with the problems of nitrates entering aquatic ecosystems and the water supply. There is little overlap in the programmes, but the synergy would be productive.

(g) Forestry comes within the remit of NERC, but fruit trees are the responsibility of AFRC. Both Councils have interests in agro-forestry, farm forestry, and production of woody plants for biomass. This division does not make a great deal of sense, and a unified approach to research in trees and woody plants is desirable.

(h) The NERC is rightly concerned with aspects of soil conservation and the soil resource generally. The AFRC has traditionally had a major involvement in soil science, although it has suffered a loss of expertise in the last decade or so - reflecting a decline seen in other countries. There are now alarming gaps in UK soil science generally: good soil physics is only available in NERC's Institute of Hydrology (IOH), there are a few soil chemists in AFRC and DAFS, and the few pedologists are in Universities. A unified approach is essential to the revitalisation of soil science in the UK (especially if the Scottish Agricultural Research Institutes are included.)

(i) An allied problem concerns environmental physics (as it affects TLS). The former AFRC strength at Rothamsted (the Penman-Monteith legacy) has virtually disappeared, and NERC has recently lost a key research leader. Even combined, the forces of NERC and AFRC cannot now mount a national expertise on the greenhouse effect. Like soil science, neither subject used to be fashionable, and neither Council developed it. Again, revitalisation needs a unified approach.

(j) The NERC has long experience of involvement in international collaborative programmes and overseas

research. The AFRC would undoubtedly benefit from developing a greater international dimension to its activities.

11. Sir David also noted that the prospect of unified management would open up the potential for additional synergies to develop in the future. For example:-

(a) It would give the opportunity for a truly integrated programme for research in land use in the UK., and especially if research associated with the Forestry Commission and the Nature Conservancy Council also become included.

(b) The present public concern with the global environment includes both the ultimate impact of global environmental changes on agriculture and food production, and also the immediate role of agriculture (and other land use practices) in causing these changes. A unified approach should improve the basis upon which these concerns can be resolved.

(c) A strength of the NERC biological programmes in TLS is their connection with the major programmes into the physical environment, as well as their association with sophisticated physical science techniques such as remote sensing, and complex problems of data handling and storage (as in Geographic Information Systems). This connection, together with AFRC expertise in the application of physical science techniques to biological research, would undoubtedly generate an even stronger tendency to develop interdisciplinary approaches to the wide spectrum of TLS problems than at present.

12. Various half-way houses (including the transfer of just some of the research responsibilities from one Council to the other) did not generate the same advantages.

13. The report also offered a new, integrated research mission very much in keeping with the Government's wish to sustain research in such key and sensitive areas as agriculture, environment and food.

> "The merger should not be simply a marriage of convenience between AFRC and NERC. Rather it should aim to create a new organisation which would take a fresh and comprehensive view of the major complex problems confronting us, and then develop an integrated, coherent set of research programmes not only for environmental, agricultural and land use research in the UK, but also to make a major contribution to global programmes on environmental changes, their causes and their effects on biological

communities including mankind and the production of food. It would have the potential to develop a forward, adventurous vision, generating an overall synergy across the broad front of the present AFRC and NERC programmes."

14. If a merger is to be brought about without legislation, it will require the joint agreement of both AFRC and NERC. AFRC are committed to a merger; the NERC, and in particular its Chairman, Professor John Knill, will need to be persuaded. One of the purposes of the study is to conduct a full analysis of the benefits of a merger, how those benefits can best be achieved, over what timetable and at what cost. As that unfolds, the Secretary of State will be inviting Sir David Phillips to come up with a precise implementation programme, covering, at the most appropriate moment, the position of the key management figures in the two Councils.

15. The momentum for a merger will obviously be greatly enhanced if the ABRC's judgement is backed by a Government endorsement in principle of the case for a merger, subject to the further study of costs and the development of such an implementation programme.

Department of Education and Science
December 1989

COVERING

CONFIDENTIAL

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CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-270 0320

Qd. 0102

Noted at this stage.

RECG
20/12

PS/Secretary of State
Department of Trade and Industry
1-19 Victoria Street
London SW1

18 December 1989

Dear Neil

ACOST ADVICE ON NATIONAL PRIORITIES: GOVERNMENT RESPONSE

In her letter of 6 July the Prime Minister promised Sir Francis Tombs a response to ACOST's, National Priorities Advice, 1989. (Copies of the Advice and the Prime Minister's reply are attached for convenience.)

2. Understandable delays have built up until we now face the risk of embarrassment in dealings with ACOST. Departmental officials are well in the picture.

3. I now attach a draft Government response for clearance by E(ST) Ministers. The previous draft was seen by all departments and significant changes incorporated in the current draft have been cleared bilaterally with the departments most closely involved.

4. It would be very helpful if Ministerial clearance could be obtained as quickly as possible so that the Prime Minister can send the Government Response to Sir France Tombs immediately after the holidays.

5. I am copying this letter to the Private Secretaries of other members of E(ST).

Yours ever
C Walker

C R WALKER

THIRD DRAFT

GOVERNMENT RESPONSE TO ACOST'S ADVICE ON NATIONAL PRIORITIES FOR SCIENCE AND TECHNOLOGY: 1989

1. The Government are grateful for ACOST's Advice on National Priorities for Science and Technology: 1989 which helped to inform discussions in the PES round. The following paragraphs respond to ACOST's main recommendations.

GOVERNMENT S&T BUDGET

2. The Government demonstrated its commitment to maintaining and strengthening the science base by increasing the Science Budget planning figure in 1990/91 by 7%, giving a real terms increase of over 27% since 1979/80. This took account of earlier ACOST advice on priority areas for Government funding of Science and Technology. ACOST's 1989 Advice provided a valuable input into this year's PES discussions, following which provision for environmental research is planned to increase by 21% between this year and 1992/93. The Advisory Board of Research Councils (ABRC)'s review of existing Interdisciplinary Research Centres (IRCs), welcomed by ACOST, has now been completed with ABRC stating that IRCs are successful and should be part of the Research Councils' portfolio of support for research. The Government and Research Councils stand ready to contribute to ACOST's new study of the science base. Government funding for S&T in future years is, of course, subject to annual negotiations in the PES rounds.

3. The Government recognises that there may be changes in the overall amount and type of energy R&D undertaken following privatisation of the nationalised energy industries. The Department of Energy's own R&D programme is not designed to be comprehensive, but complements R&D done elsewhere, both in the public and private sectors. The Department is advised by the independent Advisory Council on R&D for Fuel and Power (ACORD) on the size, balance, and composition of its own programme and those of the nationalised energy industries.

4. Privatised energy industries might place less emphasis on long-term R&D of a strategic nature, and ACORD will be considering what changes might come about to the amount and content of energy R&D following privatisation, and also what role the Department might play in ensuring that important national needs are met. The ACORD secretariat will keep ACOST informed of its deliberations on relevant issues.

5. Following previous ACOST advice and the decisions taken by Government in 1988 to scale down the fast reactor and fusion programmes, the AEA is beginning to reorganise itself, following a study by the business consultants, McKinsey. The reorganisation was welcomed by the Government in Ministerial statements before the Summer recess and the Authority has presented to the Chairman of ACOST its new business strategy designed to exploit its considerable strengths.

INDUSTRIAL R&D

6. ACOST recommends measures aimed at increasing the level of civil R&D in the UK (paragraphs 1, 13, and 14, recommendation 2). The Government welcomes the growth of 30% in real terms of industry's own funding of R&D in the four years to 1987, but agrees that a considerably higher level remains desirable if industry is to maintain and improve its competitive position. UK industry funds and performs R&D to about the same extent, as a percentage of GDP, as industry in USA and to a greater extent than in France or Italy. It still needs to improve, however to match Germany and Japan. The Government considers that its main role is to provide a favourable economic environment; for example, manufacturing profitability in 1988 was the highest since 1969. The Innovation Advisory Board, established by the Secretary of State for Trade and Industry in the middle of last year, is giving priority to an examination of the ways in which the climate for innovation can be improved.

7. The first of ACOST's specific recommendations to increase R&D is for an extension to the Consultancy Initiatives to cover the formulation and management of R&D programmes. The Consultancy Initiatives are reviewed regularly. Following the latest of these, DTI has recently made changes (see paragraph 17 below); ACOST's proposals will be considered during the next review.

8. ACOST's recommendation 2 ii. is that steps should be taken to increase the awareness of the importance of R&D to smaller companies which carry out little or no R&D. While some of the DTI supported collaborative research programmes are aimed at small and medium-sized enterprises (SMEs), the technology transfer programmes are almost entirely aimed at SMEs.

9. Government's view on recommendation 2 iii., concerning the recent decision by the Accountancy Standards Committee to require disclosure of R&D in company accounts, is that any consideration of changes should await experience of how the new arrangements work in practice.

EDUCATION AND TRAINING

10. ACOST recommends that the Department of Education and Science (DES) and others give renewed impetus to measures to increase the number of science and mathematics teachers in British schools and expresses concern about the availability of young people trained in science and engineering (paragraph 2, recommendation 3). The Government shares the Council's view about the importance of increasing the number of science and mathematics teachers. DES has already put a number of measures in hand and will be reinforcing and extending these (eg the Research Councils' recent increases in the value and number of postgraduate studentships). The Government looks forward to receiving the results of ACOST's study, particularly their findings on the effectiveness of current

initiatives. The Department set out its thinking on the problems of teacher supply in its memorandum to the Education, Science and Arts Select Committee in November 1988, and, more recently, in the previous Secretary of State's Inaugural IBM Education Lecture on 23 May 1989.

11. In recent years the introduction of the General Certificate of Secondary Education (GCSE) and the Technical and Vocational Educational Initiative (TVEI) have increased the numbers of young people studying balanced science in schools. The National Curriculum which is now being introduced will ensure that all pupils study science and technology from 5 to 16, and all pupils will be expected to take science to GCSE. Improved continuity of experience from 5 to 16, and attainment targets which give all pupils something to aim at, will raise standards significantly and improve the scientific and technological knowledge-base of the nation. Many more pupils will have the qualifications to pursue AS and A level studies or other post-16 studies in science and technology. The Government aim is for all young people who do not stay in full-time education to have the opportunity to achieve a recognised vocational qualification. The Government attaches importance to improved advice for young people on post-16 study and careers, and local education authorities must commit themselves to this as part of TVEI.

ANNUAL REVIEW

12. ACOST's fourth recommendation is for more analysis in the Annual Review on spend by technologies and on qualified scientific and engineering manpower - and for a more rapid processing of comprehensive information on industrial R&D. Analyses based on technology classifications have proved to be unreliable because of the effects of personal judgements in classification; this classification becomes even less trustworthy as Government R&D funding is focussed more towards basic science. There are no plans to reinstate it. The 1989 Annual Review contained, in response to ACOST and other requests, data on scientific and engineering manpower. Manpower data will continue to be given in future years. However, as the provision of greater detail on manpower in industry and greater emphasis on small firms would increase the form-filling burden on firms, particularly small businesses, very strong justification would be needed for this. The delay in publishing the industrial R&D sample survey results is due mainly to the slow return of forms from industry. Compared with the sample survey, the quadriennial full survey is more complex and covers many more businesses. It therefore takes longer for industry to respond and the returns themselves require careful checking.

DTI

13. ACOST advises that DTI should take a less detached role in technological leadership, with more strategic thinking on longer term technological developments (paragraph 6, recommendation 5). DTI agrees that such strategic thinking is important, but believes that the lead should be provided by those who carry out research, develop and exploit technology. The Department therefore draws heavily on advice from Research Councils and industry in formulating priorities for research programmes - for example, the four main areas of technology supported through LINK are biotechnology, electronics, advanced materials and advanced manufacturing. DTI also values the strategic advice of ACOST and CEST.

14. The Council suggests that DTI laboratories are finding it difficult to fulfil a useful role (paragraph 9, recommendation 5). Following a review last year, clear remits were announced for the Research Establishments; their principal function is to support Departments in the development and implementation of their policies. Much of the effort is devoted to the National Measurement System, with substantial resources also in support of protection of the environment, public health and revenue collecting activities. The move of all the DTI Research Establishments to Executive Agency status will further strengthen and clarify their roles. Not only will each agency respond to demands from DTI and other Departmental customers, but each will have a corporate plan prepared by the Chief Executive, with advice from a Steering Board whose membership includes industrialists and business people.

LINK AND EUREKA

15. The Government welcomes ACOST's strong support for LINK and EUREKA (paragraphs 7, 8 and 26, recommendations 6 and 9) - indeed these are the two highest priorities within the DTI's collaborative research portfolio and it is planned that they will account for a rapidly increasing share of it. DTI and SERC were the first major movers in LINK and other Departments and Research Councils are now becoming more involved; a good number of programmes have been launched and many more projects are coming through. The Government believes that it is yet too early for the review of LINK proposed by ACOST.

16. Recommendation 9 deals with ACOST's valuable proposals on EUREKA which have been made separately to DTI. DTI has already implemented some of the proposals and the EUREKA Office has been strengthened; others are being reviewed prior to providing ACOST with a carefully considered response.

SMALL FIRMS

17. The Council's recommendations (paragraphs 16, 17 and 18, recommendation 7) on small firms are drawn from the wider recommendations in their major report of July 1989 'Overcoming Barriers to Growth in Smaller Firms'. The Government has responded separately on that report. However DTI has already made some

changes to the Consultancy Initiatives which go some way to meeting the Council's recommendation for a technology audit. The terms of reference for a standard 5-day consultancy on manufacturing now provide for an assessment of a firm's current level of technology, including recommendations on improvements in technology to meet business goals. Also under a Design consultancy a firm can obtain an assessment of its products and technology, and advice on improvements (including recommendations on intellectual property and technology licensing).

GLOBAL ENVIRONMENTAL RESEARCH (GER)

18. The Government agrees with ACOST's recommendation (8) for an increase in support for fundamental science in GER. As well as chemical and biological aspects, continued emphasis is needed on physical processes which are vital to an understanding of both atmosphere and ocean. This year's PES round has increased provision to sustain scientific research programmes while meeting the construction costs of the Antarctic research and logistics vessel RRS James Clark Ross; and for a UK contribution to ERS-2, for an Along Track Scanning Radiometer to measure surface ocean temperature. The Prime Minister, in her speech to the UN General Assembly on 8 November highlighted the importance of GER work and of the major contribution the UK could make through the Climate Research Centre to be set up at the Meteorological Office, Bracknell. A significant part of the increase in funding for environmental R&D mentioned in paragraph 2 above will be used to fund this work.

19. ACOST recommends a directorate to 'task force' UK participation in domestic and international research - and the establishment of a greenhouse gases review group (recommendation 8). Government sponsored GER R&D involves the Research Councils and spans several Departments. The Government does not accept the proposal for a task force, but is aware of the need for proper coordination and is currently considering the most effective mechanisms for guiding and informing all aspects, including the economic and social implications of global environment change.

20. The Government welcomes ACOST's recognition of the private sector role in GER (paragraph 20). Work in industry to devise environment-friendly substitutes for a number of materials and industrial processes should lead to big business in the future. This very much follows the lines of the exploitable science discussed in paragraphs 22-24 of the Advice.

DEPARTMENT OF HEALTH

21. ACOST recommend (paragraph 29, recommendation 10) that the Department of Health should include industry representatives on its R&D funding committees as far as possible and that it should study further the opportunities in the primary health sector. The latter is given high priority in the R&D support by the Department of Health. The Department has invited both ABHI and BTG to sit on the R&D Co-ordinating Group on Medical Equipment. The role of this Group is being reviewed; its co-ordinating activities will be sharpened.

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

06 JUL 1989

Dear Sir Francis,

Thank you for your letter of 30 June and for sending me the National Priorities Advice 1989 which ACOST has prepared during the last twelve months.

As you suggest, I have arranged for the Advice to be circulated to Ministers in charge of Science and Technology spending departments and will let you have a response based on their comments in due course. The Advice will also be made available to the Chief Secretary before he begins his discussions with spending Ministers in the forthcoming Public Expenditure Survey.

I am grateful for the work which the Council has done over the last year, including its advice on Global Environmental research. I enjoyed the opportunity to attend your Council's meeting in February and look forward to the seminar of young scientists which you are arranging for September. I hope the advice which your Council will offer on the mid-term review of the EC Framework Programme and the studies you have set in hand on Manpower and the Science Base for next year will yield useful results.

Yours ever,

Margaret Thatcher

Sir Francis Tombs

SAH

File: PPA tombs

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBIN BUTLER

DEPARTMENTAL CHIEF SCIENTIFIC ADVISERS AND CHIEF SCIENTISTS

The Prime Minister has seen your minute to me of 12 December and has agreed to proceed as you recommend. She has written to Sir Francis in the terms attached.

AT

ANDREW TURNBULL
13 December 1989

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

13 December 1989

Dear Sir Francis.

Thank you for your letter about the quality of scientific advice available to Government departments. Could we discuss the issue when we meet on 6 March to prepare for the ACOST meeting on 14 March. In the meantime I am asking John Fairclough to put together an analysis of the arrangements for scientific advice in each department and of how they have developed in recent years.

Kind regards.

Yours sincerely

Margaret Thatcher

Sir Francis Tombs

Prime Minister
Agree to discuss this with Sir Francis at your meeting to prepare for the ACOST meeting?
A draft letter is attached.
AT 12/12

Ref. A089/3247

MR TURNBULL

Departmental Chief Scientific Advisers and Chief Scientists

You may like an ~~immediate~~ quick comment from me on Sir Francis Tombs' recent letter to the Prime Minister. In preparing this, I have consulted the Chief Scientific Adviser.

2. Sir Francis Tombs' letter appears to be making three points, although these are jumbled up:

(i) There is a trend towards less external input into departmental scientific advice;

(ii) Departments should take a more pro-active role towards the EC;

(iii) In several cases the rank of Chief Scientist has been down-graded; and the DES and Department of Transport do not appoint Chief Scientists/Engineers.

I take these points in turn.

3. I am not conscious of a trend for Departments to have less external scientific advice. It may be that they do not have enough, and Lord Rothschild's report on R&D in the early 1970s recommended that each Department should have an external Chief Scientific Adviser as well as an internal Chief Scientist: not all Departments have achieved this. But most Chief Scientist posts these days are advertised outside the Government as well as within it. We do not always get a satisfactory response, as you will recall from the recent case of the Head of the Defence Research Agency; but Professor Oxburgh was brought in from outside (and he is full time, not part time as Sir Francis Tombs

suggests) and is proving very satisfactory. I do not therefore detect a trend in the direction described by Sir Francis Tombs.

4. On his second point about a more pro-active attitude towards Brussels, both Mr Fairclough and I think that there is something in this. Departments tend to hang back because a more pro-active role tends to imply spending more money, whereas our general policy towards EC R&D is that we should spend less. But we are inclined to agree that the UK needs to get involved with the Commission's proposals at a more formative stage, often to nip the more ambitious ideas in the bud.

5. On the third point, I do not think that it is true to say that "in several cases...the rank of Chief Scientist has been down-graded". Following the retirement of Dr Holdgate at Grade 2 in the Department of the Environment, he was succeeded by David Fiske at Grade 3 level, but Fiske is, as the Prime Minister knows, very good. I do not know of any other cases. As regards the DES and Department of Transport, it is true that they do not appoint Chief Scientists, although the DES has available to them the advice of Sir David Philips as Chairman of ABRC and the Department of Transport has the advice of the Head of the Road Research Laboratory.

6. I am not attracted by the idea that ACOST should examine these questions and offer advice, particularly since it is clear that Sir Francis Tombs starts with an expansionary view. I suggest that you should deal with the present letter by giving the Prime Minister a short reply saying that she would be glad to talk about this matter when she sees Sir Francis Tombs in March. Before then, I have asked Mr Fairclough to provide an analysis of the arrangements for each Department and how they have developed since the Rothschild report, which could act as a basis for the Prime Minister's discussion with Sir Francis.

R.B.

ROBIN BUTLER

12 December 1989

SCIENCE & TECH : Budget pr 9

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

8 December 1989

Dear Sally.

I am writing to confirm that Sir Francis Tombs' meeting with the Prime Minister to discuss the ACOST meeting will be held at 0930 on Tuesday 6 March. The meeting will last half-an-hour.

Yours sincerely

Amanda

(AMANDA PONSONBY)

Miss Sally Marshall

cst.ps/1n16.12/lets

UNCLASSIFIED

Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon Sir Geoffrey Howe QC MP
Lord President of the Council
Privy Council Office
Whitehall
London
SW1

8 December 1989

Dear Geoffrey

PRIORITIES IN MEDICAL RESEARCH

Kenneth Clarke copied to me his letter of 30 November enclosing a draft White Paper in response to the House of Lords Select Committee report.

2 My officials have now approved the new Chief of Research and Development post, subject to certain conditions. I am content with other aspects of the draft. The way is thus clear, so far as the Treasury is concerned, for Kenneth to proceed as he proposes.

3 I am copying this letter to members of H and E(ST) Committees and to Sir Robin Butler.

Yours ever

NORMAN LAMONT

SCI + TECH: Budget

ACOST
Advisory Council on Science and Technology
70 Whitehall, London SW1A 2AS
01-270- 0109

R 6/12
11 B/F with FERB reply..

Qn 0544

The Rt Hon Margaret Thatcher MP
The Prime Minister
10 Downing Street
London SW1

December 1989

Dear Prime Minister,

DEPARTMENTAL CHIEF SCIENTIFIC ADVISERS AND CHIEF SCIENTISTS

I feel that it is important to tell you of some misgivings I have on the quality of scientific advice available to Government Departments.

As Chairman of ACOST I have some immediate experience of this through the attendance at ACOST, as assessors, by Chief Scientific Advisers and Chief Scientists. It is my impression that over the last few years there has been a decrease in the quality of advice based on experience external to the Government Service. The Departments of Energy and the Ministry of Agriculture, Fisheries and Food have appointed both a Chief Scientist who is a civil servant and a part-time Chief Scientific Adviser who is an external appointee. The Ministry of Defence has a part-time Chief Scientific Adviser who is an academic and a deputy Chief Scientific Adviser who is an official. Other departments have either one or the other but not both. In the case of the Department of Environment and the Department of Trade and Industry there is only a Chief Scientist/Engineer who is a civil servant. In some cases Chief Scientists have available to them advice from Boards or Committees on which independent people sit but this does not compensate for the lack of persons involved in policy and decision making who can combine independence with industrial and/or academic experience.

ACOST meetings would benefit from the presence of more Chief Scientific Advisers and Chief Scientists who have considerable industrial and/or academic experience and who are full-time or nearly so. As it is we often have inputs from officials who

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simply give a narrow Departmental line. As you know ACOST has taken a considerable part in giving you advice on the new European Commission Framework proposals. It is clear to us that some of the difficulties we have might be lessened if Departments took initiatives at high level in Brussels to promote UK views in the earliest possible planning stages. This, again, requires Departmental Chief Scientific Advisers of wide experience who can act in concert with the Chief Scientific Adviser, the Cabinet Office.

The move to agency status for the research establishments in the Ministry of Defence and other Departments requires policy advice which can only be obtained from active advisers who have extensive rapport with industry. This is again largely true for environmental matters which we regard as a priority. The Department of Energy's relationships with the United Kingdom Atomic Energy Authority would benefit from the close involvement of a full-time Chief Scientific Adviser with broad experience.

A connected issue is that in several cases I understand that the rank of Chief Scientist has been downgraded. Also the Department of Education and Science and the Department of Transport do not appoint Chief Scientists/Engineers. I feel this trend is unsatisfactory and if it continues will inevitably weaken management of research and development in Government. Would you wish ACOST to examine these questions in more detail and offer advice to you?

Yours sincerely,

Francis Tombs

SIR FRANCIS TOMBS

Sci + Tech: Budget Pt 10

CCAO

Northern Ireland Office
Stormont Castle
Belfast BT4 3ST

Rt Hon Kenneth Clarke QC MP
Secretary of State for Health
Richmond House
79 Whitehall
LONDON
SW1A 2NS

RPCG
7/12

6 December 1989

Dear Ken,

PRIORITIES IN MEDICAL RESEARCH

You wrote to Geoffrey Howe on 30 November seeking the agreement of colleagues on H Committee to the publication on 14 December of a White Paper which is the Government response to the 1988 House of Lords Select Committee Report on "Priorities in Medical Research".

Whilst the principal recommendations of the Select Committee related to arrangements for research into the provision of health services in England, their recommendations extended to include the wider research needs in Northern Ireland, as well as Scotland and Wales. The White Paper therefore contains material on research and the provision of health services in Northern Ireland.

I am content that you should move ahead with early publication of the White Paper.

I am copying this to members of H and E(ST) Committees and to Sir Robin Butler.

Yours ever

PB

JB/SOFS/1351

SCIENCE: Budget
Pt 9

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

The Rt Hon Kenneth Clarke QC MP
Secretary of State for Health
Richmond House
London SW1A 2NS

- 5 DEC 1989

Dear Ken,

PRIORITIES IN MEDICAL RESEARCH

I am writing to confirm that I have no objection to the publication of the draft White Paper circulated with your letter of 30 November to the Lord President, subject to the minor drafting points discussed between our officials.

I hope that the set of practical reforms outlined in Section 2 of the White Paper will help convince the medical research community of the strength of our commitment to safeguard the quality of medical education and research. We might usefully build on this by finding opportunities in the coming months to discuss the operation of the new NHS regime, and the role of the CRD, with the Chairman and Secretary of the Medical Research Council.

Yours ever,

John

* Copied to members of H and E(ST) and to Sir Robin Butler.

CAPU

Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

The Rt Hon Kenneth Clarke QC MP
Secretary of State for Health
Department of Health
Richmond House
79 Whitehall
LONDON SW1A 2NS

4 December 1989

NBPM
PRCG
1/12

PRIORITIES IN MEDICAL RESEARCH

In your letter of 30 November to Geoffrey Howe you ask for clearance for the proposed Government response to the above report by the House of Lords Select Committee on Science and Technology.

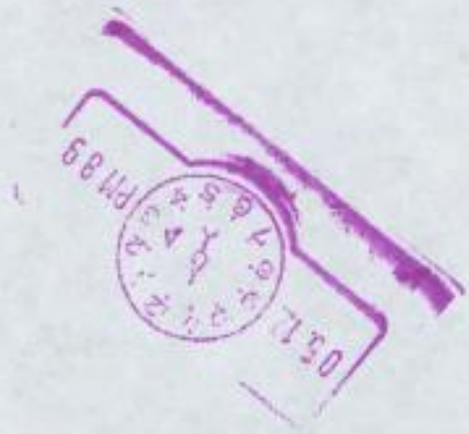
My Department has not previously been involved in consideration of this report. We do not, of course, have direct responsibilities for medical research as such. However our research programmes do contain significant public health elements, covering such areas as food safety (additives, contaminants, natural toxicants and microbiology), applied nutrition, safety-in-use of pesticides and other agrochemicals (both to the operator and to the consumer), animal diseases transmissible to man, and meat hygiene. Together these aspects amount to some £13 million annually. I suggest that paragraph 2.16 of the response, as drafted, is incomplete without some reference to the part played by MAFF. This could be an additional sentence on these lines:

> "The research programmes of the Ministry of Agriculture, Fisheries and Food also cover public health aspects to the extent of some £13 million annually."

/Otherwise I am...

Otherwise I am content with the response proposed.

I am copying this to members of H and E(ST) Committees and to Sir Robin Butler.



JOHN GUMMER

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

4 December 1989

Dear Sir Francis.

Thank you for your letter of 20 November. I would be very pleased to have another talk with you in advance of the meeting of ACOST which I will be chairing in March, and my office will be in touch with yours to arrange a date.

Warm regards.

Yours sincerely

Margaret Thatcher

Sir Francis Tombs

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

4 December 1989

Dear Andy,

PRIORITIES IN MEDICAL RESEARCH

The Prime Minister has seen your Secretary of State's letter of 30 November to the Lord President. She is content with the line taken in the draft White Paper setting out the Government's response to the Report of the House of Lords Select Committee on Science and Technology. She suggests, however, that there might be advantage in including a further short paragraph in the Summary which highlights the Government's financial record and commitment to medical research.

I am sending copies of this letter to the Private Secretaries to members of H and E(ST) Committees and to Trevor Woolley (Cabinet Office).

Yours,
Paul

Paul Gray

Andy McKeon, Esq.,
Department of Health.

10 DOWNING STREET

PRIME MINISTER

Sir Francis Tombs has asked for a meeting with you before you chair ACOST next on 14 March. Sir Robin Butler supports this suggestion.

Content to sign the attached reply?

PAUL GRAY
1 December 1989

PRIME MINISTER

WHITE PAPER ON PRIORITIES IN MEDICAL RESEARCH

The Government needs to respond to the 1988 Report from the House of Lords Select Committee on Science and Technology on "Priorities in Medical Research".

The letter from Kenneth Clarke (flag A) attaches a proposed White Paper. The key point is to resist the proposal for a special new National Health Research Authority, and to substitute a new appointment of an NHS Chief of Research and Development. For the most part other recommendations from the House of Lords are accepted.

You may like to glance at Kenneth Clarke's letter and the summary at the beginning of the draft White Paper.

Ian Whitehead (flag B) recommends that you should accept the draft White Paper, subject to including a further short paragraph in the summary which highlights the Government's financial record and its commitment to research in the NHS.

Content to accept the draft on the basis Ian Whitehead recommends?

PAUL GRAY

Yes

1 December 1989

C:\wpdocs\economic\research.pmm

PRIME MINISTER 1 December 1989

DRAFT WHITE PAPER
'PRIORITIES IN MEDICAL RESEARCH'

In responding to a March 1988 House of Lords' Select Committee Report on 'Priorities in Medical Research', Kenneth Clarke rightly rejects the setting up of a new National Health Research Authority in favour of enhancing the role of the Chief Scientist. A new authority would simply create a large new bureaucracy of its own and unnecessary expense.

In the main, Kenneth Clarke's White Paper is rather cosmetic. The main recommendation is to appoint a full time Chief of Research and Development - in place of the part time Chief Scientist - to advise the Secretary of State and the NHS Management Executive. Furthermore, there appears to be no change in budgetary responsibilities. Yet there are two clear benefits.

First, there are political benefits in the short-term.

Notwithstanding the 34% real increase in MRC funding over the last 10 years, many clinicians believe the Government is not committed to medical research. In the last few months I have often heard the comment 'If the Government is really committed to medical research, why is research barely mentioned in 'Working for Patients'?'. This makes no sense. But unfortunately many doctors believe it. This White Paper will help to readdress the balance, at least presentationally.

Even more importantly, our acceptance of most of the recommendations in the Select Committee Report may help to smooth the passage of the NHS Bill through the House of Lords.

Second, there may be longer-term benefits for patients.

The new Chief of Research and Development will help the policy board to set priorities. And new cost-effective techniques could be disseminated more efficiently. For example, the introduction of fibre optic endoscopy has replaced certain types of invasive surgery. Patient comfort and value for money have both improved. Yet the widespread introduction of this technique has been extremely slow. The new appointment should help to speed up the process.

Recommendation

Accept the draft White Paper subject to one minor point:

> A short paragraph should be inserted in the summary section to highlight the Government's financial track record and commitment to research.

IAN WHITEHEAD

RC/0275p

A

010

DEPARTMENT OF HEALTH

Richmond House
79 Whitehall
London SW1A 2NS
Telephone 01 210 3000
From the Secretary of State for Health

30 NOV 1989

The Rt Hon Sir Geoffrey Howe
Lord President of the Council
Privy Council Office
68 Whitehall

Dear Geoffrey.

PRIORITIES IN MEDICAL RESEARCH

I am writing to seek the agreement of colleagues on H Committee to the publication on 14 December of the attached White Paper which comprises a Government response to the report of the House of Lords Select Committee on Science and Technology on "Priorities in Medical Research", published in April 1988.

The Select Committee's principal recommendations were that we should improve our arrangements for research into provision of health services, at least in England. In particular, there should be improvements in the ways in which NHS requirements for research into its operations are identified, pursued and then disseminated to obtain better value and enhanced patient care from our expenditure on the NHS.

The Committee's recommendations were not dealt with during our more comprehensive review of the management of the NHS. However, since the publication of "Working for Patients" my officials have prepared a response to the Select Committee recommendations which would complement the work of the NHS Management Executive, and which I conclude is a sensible and valid way forward.

I do not accept the Committee's recommendation that a new special health authority - a National Health Research Authority - should be established. To do so would involve quite unnecessary expense and would tend to marginalise research in the NHS rather than promoting it as a tool for management. However, I accept that there is scope to achieve better value from our expenditure on health research. I believe the right way forward is to encourage greater concentration of research effort within the framework of the Management Executive and to establish clearer lines of responsibility to ensure that this is done.

I have discussed the various issues with the NHS Policy Board, which has endorsed the chosen way forward. I propose to appoint a Chief of Research and Development (CRD) to advise and act for me across the full range of my responsibilities and interests in research. The CRD will have particular responsibility for organising a better directed research effort in the NHS. In addition he will subsume the existing consultancy role of the present part-time Chief Scientist for the Department of Health - making it possible to take a co-ordinated approach to the wide range of research issues in which I have interests. The CRD will be a full time appointment. The planned responsibilities and role are set out more fully in paragraphs 2.2 and 2.3 of the enclosed White Paper. The appointment is still subject to Treasury agreement and in particular the details of the job description are under discussion between officials.

The Select Committee did not confine themselves to the research needs of the NHS in England. The proposed response therefore contains material on research and the NHS in Scotland (paragraph 2.27), Wales (paragraphs 2.28 to 2.29) and Northern Ireland (paragraphs 2.30 to 2.32). In addition, Part 3 responds to the Select Committee's comments and recommendations on Science Votes issues, which are primarily John MacGregor's responsibility although I have, of course, a close interest.

I therefore seek colleagues' agreement to publication of the enclosed White Paper. A long period has elapsed (19 months) since the Report was published. There is considerable interest in research issues in the House of Lords (as instanced in the debate on the Queen's Speech on 23 November), and they are likely to be a prominent feature of the debate on 6 December on the future of the NHS to be introduced by Lord Hunter of Newington. I would hope that I could have agreement by Monday 4 December, so that in responding to Lord Hunter, Lady Hooper could announce that the White Paper was at the printers and would be published on 14 December.

I am copying this to members of H and E(ST) Committees and to Sir Robin Butler.

KENNETH CLARKE

DEPARTMENT OF HEALTH

'Priorities in Medical Research'

Government Response to the Third Report of the House of Lords Select Committee on Science and Technology : 1987 - 88 Session.

Presented to Parliament by the Secretaries of State for Health, Education and Science, Scotland, Wales and Northern Ireland by Command of Her Majesty.

DECEMBER 1989

LONDON

HER MAJESTY'S STATIONERY OFFICE

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PART I

DRAFT OF 28TH NOVEMBER 1989

SUMMARY

1.1 This White Paper is the Government's response to the House of Lords Select Committee on Science and Technology's report on 'Priorities in Medical Research" *. It sets out plans to improve the future organisation and management of health research.

1.2 The Select Commitee made recommendations for improving the contribution which medical research can make to arrangements for health care and the delivery of health services. Those recommendations were addressed largely to the NHS in England. The Government accepts the principal thrust of the recommendations that a new initiative is required to help the NHS identify and meet its own research needs.

1.3 However instead of the Select Committee's proposed solution of a 'National Health Authority'. The Government proposes to appoint a Chief of Research and Development who will advise and act for the Secretary of State for Health across the whole range of his interests in research. The Chief of Research and Development will hold a senior post and assume the present responsibilities of the part-time Chief Scientist for Department of Health research. He or she will also take on new tasks in relation to the NHS. This latter work will include:

*: House of Lords Select Committee on Science and Technology, Session 1987-88 3rd Report, 'Priorities in Medical Research' HL Paper 54.

- advising the NHS Management Executive on priorities for National Health Service research and managing a programme of NHS research to meet identified needs, particularly research into the efficiency and effectiveness of health services;

- supporting the creation in the NHS of regional and local arrangements for identifying and meeting clinical and service research needs;

- monitoring the service support and facilities provided by the NHS for externally funded research;

- ensuring that research information is widely disseminated and used by managers and practitioners to improve patient care.

1.4 Part II details this proposal and also outlines, in response to the Select Committee's report and subsequent events, arrangements for:-

- ensuring that research remains a strong force in the NHS following the 'Working for Patients' reforms - assisted by the new Chief of Research and Development and his staff;

- co-ordination between research funders;

- ensuring that there is a strong industrial research base in the pharmaceutical and medical equipment and supplies industries;

- dealing with other concerns of the Select Committee.

1.5 The Select Committee also made recommendations for strengthening the science base for research. The Government's response on these issues is set out in Part III and covers:

- Government funding for the Science Budget and the Medical Research Council, which has increased in real terms by 22% and 34% respectively between 1979-80 and 1989-90;

- maintenance of the basic principles for the organisation of medical research, ie of the dual support system (universities and Research Councils), with most publicly funded medical research being located in (or associated with) medical schools and universities;

- initiatives on clinical research;

- the continued role of charitable funding and its relationship to the Government;

- the pay and career progression of researchers.

1.6 The Select Committee's recommendations were largely concerned with England, but some were of wider relevance. Accordingly Part II deals with England only in relation to the Chief of Research and Development. Specific passages dealing with Scotland, Wales and Northern Ireland to recommendations on the identification and meeting of NHS research needs are in paragraphs 2.27 - 2.32. The rest of this White Paper refers to the UK.

PART II

HELPING RESEARCH SERVE THE NHS

Chief of Research and Development

(Recommendations 9.1, 9.2, 9.14 - 9.25, 9.34 - 9.35)

2.1. Research is crucial to the future ability of the NHS to meet the needs of its patients. The Government agrees with the Select Committee that the NHS itself should do more to identify and meet its own research needs. A good deal of research is, and must remain, science led. But the NHS does have needs, particularly for research to improve the effectiveness and efficiency of its operations. The Government therefore proposes to take action (in line with the Select Committee's conclusions) to help the NHS to articulate and meet its research needs, to ensure the results of research are disseminated widely and used to develop and strengthen patient care.

2.2 The Secretary of State for Health proposes to appoint a Chief of Research and Development to the Department of Health including the NHS Management Executive. The Chief of Research and Development will:

- be a new full-time post;
- maintain responsibility for Department of Health research;
- carry out new tasks in relation to NHS research;
- report directly to the Permanent Secretary or the Chief Executive of the NHS Management Executive (NHSME), as appropriate;

- have authority to act on those officers' behalf. This will include carrying executive responsibility for NHSME research, and attending NHSME meetings;

- chair a reconstituted Departmental Research Committee with a wider focus to embrace NHS as well as Department of Health research strategy.

2.3 The Chief of Research and Development will be expected to develop a research programme which meets the priority needs of the Department and the NHS. To this end, the Chief of Research and Development will be asked to:

a. act as the chief adviser to the Secretary of State on his responsibilities for and interests in research;

b. advise DH divisions and NHS Management Executive directorates on the formulation of informed customer requirements on police and management objectives to be met by research and development. These will cover the Department's health policy interests, public health research and personal social services research needs as well as NHS matters of direct concern to the Management Executive. The Chief of Research and Development will direct arrangements for determining priorities amongst bids for central research funds;

c. act for the NHSME in helping the NHS to develop effective and efficient regional and local arrangements for identifying and meeting clinical and health service research needs;

d. advise the NHSME on priorities for research and development in the NHS to be undertaken at national level; and act for the NHSME to oversee the work to carry forward those priorities; including managing the budget for any NHS

ME research and development expenditure, as determined by the Chief Executive;

e. encourage effective dissemination of the results of research to improve the quality, management and delivery of services;

f. act with the Chief Medical Officer for the Department as a member of the Medical Research Council. The Chief of Research and Development will play a leading role in advising on the future of the Concordat arrangements with the Medical Research Council when they are reviewed in 1991;

g. represent the Department as required in scientific committees, Government advisory committees and the Advisory Board for the Research Councils;

h. keep under review NHS service arrangements for research which is funded by others but which needs access to NHS facilities, including health research charities, the universities, Research Councils and commercial funders;

i. direct the arrangements for assuring the scientific quality of research directly commissioned by the Department; advise the NHS on the maintenance of scientific standards in its research; and advise on the level of long-term investment in research necessary to ensure that Departmental and NHS needs can be met.

j. advise the Secretary of State, as required, on the research being carried out by non-Departmental public bodies for which he is responsible,

2.4 In order to carry out these responsibilities, the chief of Research and Development will need to take an interest in all forms of research, although basic research will remain principally the

concern of the Medical Research Council. He or she will also be concerned with research into any aspect of health, including primary as well as hospital care. Research that might be undertaken by scientific, nursing and other professional staff as well as medical staff will need to be considered.

2.5 The new post will preserve the individual research interests of the Department of Health and the NHS, while giving an opportunity to build good and strong links between them.

2.6 The Chief of Research and Development will identify and review the expenditure and resources contributing to research, and produce a national research strategy to address the clinical and service needs of the Department and the NHS. On this basis more detailed plans for different sectors can be drawn up.

2.7 The post of Chief of Research and Development will be filled by open competition.

Organisation

2.8 The Chief of Research and Development will be supported by a research management division consisting of staff from both the Department of Health and from the NHS. Additional staff as appropriate will be made available.

2.9 Close contact with the research community will be maintained and the Chief of Research and Development will as required convene

groups to advise on the development of the programme in particular areas.

2.10 The Government is particularly concerned that NHS research should stay within the main stream of NHS management. For this reason the Government does not favour the setting up of a National Health Research Authority as recommended by the Select Committee. This could cut across the responsibilities of the Management Executive, separating research from service delivery. The appointment of a Chief of Research and Development should ensure that research issues are properly and directly addressed and acted on by the Management Executive and the NHS.

2.11 Overall, the Government believes that the appointment of a Chief of Research and Development, backed by the appropriate staff, will:

a. provide a clear national point of reference for advising the NHS Policy Board and Secretary of State on health research;

b. consolidate research arrangements within the Department of Health;

c. help the NHS and the NHSME to define their research needs, including evaluation of efficiency and effectiveness of forms of treatment and patterns of care and the assessment of health outcomes; and ensure those needs are met;

d. lead to the development of systems for the better dissemination of the results of clinical and health service research so that they can be used to improve services. Ownership of research may be expected to carry with it an enthusiasm and obligation to implement its findings;

e. provide a focus within the Department to ensure that NHS service arrangements for research by external funders, and by the NHS itself, continue to be effective and appropriate as the reforms initiated by "Working for Patients" are implemented.

"Working for Patients"
(including recommendations 9.29 and 9.30)

2.12 The Government has carried forward its pledge in "Working for Patients" of firm commitment to safeguarding the quality of medical education and research. The Secretary of State for Health in his speech to the medical education and research community on July 10th 1989, set out a range of measures to support the Government's commitment and said "research helps shape the future of the NHS, and its long term benefits must not be neglected for the sake of purely short term considerations". Some of these measures are set out below.

2.13 Purchasers in the NHS - District Health Authorities and General Practitioners - may come under pressure to examine more closely the services needed by patients, and their costs. But the Government believes that good and important research should have nothing to fear from any closer scrutiny that may result. Good research should be able to prove its value and engage support from hospital managers and others. This will include an awareness on their part of the value of research - the benefits of which tend to be on a longer time scale and with relevance to the wider NHS as well as to the local area.

2.14 The following factors should ensure the maintenance of a strong research base and service support in the reformed NHS:

a. there is a strong tradition of involvement in research throughout the NHS, backed up by the important role of research in the career progression of medical and scientific staff;

b. the Government will take every opportunity to make plain the tripartite nature of the NHS: treating patients today; teaching and training future staff; and undertaking research and development to help improve the future health of the population and patient care. Research is an essential part of the NHS;

c. all hospitals will find that a reputation for high calibre research, especially research into quality and standards of care, will help attract patients. Similarly the scale of provision of time and facilities for research will be a factor that will attract doctors and other senior staff to work in the hospitals concerned;

d. DHAs in England, in concentrating on how best to meet the health needs of their communities, may require local research to identify what those needs are and the effectiveness of services to meet them. There may be room for co-ordination between Districts on research projects, and support from national and regional research projects. The Chief of Research and Development will want to ensure that good quality epidemiological, public health and health services research is carried out and to help Districts to articulate and meet their research needs;

e. the service increment for teaching will be extended to cover the excess service costs not only of teaching but also

of research as sponsored by non-commercial funders in hospitals which support undergraduate medical education (meeting 100% instead of 75% of excess costs of teaching hospitals). It will be a clearly earmarked payment and distributed below Regions on the basis of both research and teaching activity. It will be reviewed within three years. This should help ensure that costs associated with research do not financially disadvantage the hospital where they are incurred when it contracts to provide services;

f. the Department is seeking to identify, with NHS and research interests, whether there are hospitals which are not eligible to receive the service increment for teaching referred to above, but where research adds significantly to service costs. The Secretary of State has already indicated his willingness to consider a mechanism for helping to meet the extra costs incurred by such hospitals as a result of supporting worthwhile research;

g. applicants for NHS Trust status will be expected to make clear in their applications the part they propose to play in research, including any proposals to change the existing arrangements;

h. it is proposed that the legislative framework for the future NHS will continue to include a stratutory duty to provide facilities for clinical research that are reasonably required by a university which has a medical or dental school. In addition to existing powers to provide and fund health research, the NHS and Community Care Bill propsoes to give NHS Trust the explicit power to undertake and commission research and to make facilities and staff available for research by others. The Secretary of State also proposes to take a reserve power which will enable him to give directions to NHS Trusts relating to research amongst other matters, in the rare event that this will be necessary.

2.15. "Working for Patients" will inevitably cause changes in the ways in which the NHS conducts its business. But the Government shares the aims of the research community that research should continue to be a strong force in the NHS. A further major step has been taken to ensure this through the appointment of a Chief of Research and Development. The Government will look to that person to take or advise on any further measures that are needed within the framework of 'Working for Patients'.

Co-ordination of Research Activity

(recommendations 9.28, 9.31 - 9.33)

2.16 Over £1 1/4 billion per annum is spent by health research funders. The great majority of this money is spent by the pharmaceutical, medical equipment and supplies industries. Of the rest, the main research funders are the universities, the Medical Research Council and medical research charities. The UK Health Department's research programme is smaller in scale, amounting to just over £25 million. The Regionally administered Locally Organised Research Scheme provides for NHS applicants over £10 million but research in the NHS is not confined only to this scheme.

2.17. Together with the Select Committee, the Government wishes to retain and foster this diversity which is a source of strength. It rejects pressures for central control and monopoly. Steps will be taken to enhance exchanges of information between the bodies concerned, which with cross-membership of committees will help duplication to be avoided and gaps to be filled. The Government believes that co-ordination on individual issues is best met by mechanisms designed to meet specific needs, rather than an over-arching and perhaps over-bureaucratic body. Decisions on priorities in research should be left to individual agencies - over most of which the Government rightly has little or no direct control and does not intend to seek it.

2.18. Nevertheless close links are maintained with the Medical Research Council, through the annual stocktaking procedure, membership of its Council and Boards and other means. The Chief Medical Officer will continue to be a member of the Council and the Chief of Research and Development will take the place of the Department of Health's Chief Scientist.

2.19. Links also exist with other research councils, the University Funding Council and the charitable and commercial funders in England.

2.20. The new Chief of Research and Development will have an important role in representing the interests of the Department and the NHS in the wider health research community. He or she will build on existing links in developing his advice to the Permanent Secretary about Department of Health central research, and to the Management Executive about research for the NHS.

Pharmaceutical and Medical Equipment and Supplies Industries

(Recommendations 9.40 to 9.43)

2.21. The Government welcome the important contribution of the pharmaceutical and medical equipment and supplies industries This includes provision of health care research for the development and improvement of treatments, building and equipping health care facilities, and benefits to the national economy. The Government agrees with the Select Committee that it is in the national interest to ensure that the United Kingdom maintains a strong industrial research base.

2.22. The Government believes that the United Kingdom continues to provide an attractive environment for international pharmaceutical investment, for a number of reasons. Moreover, NHS purchasing arrangements include recognition of the costs of research and development which companies incur. Under the Pharmaceutical Price

Regulation Scheme, each company is given annually a firm statement of the level of support to be provided in the following year, and provisional indications of support in each of the next two years, thus helping them to plan their R & D budgets.

2.23. The Government notes the Committee's recommendation (9.41) that effective patent life for pharmaceutical products should be protected. However, further progress in protection of pharmaceutical patents would require collective action by a number of European countries. The European Commission has recently begun to address this issue.

2.24. The Select Committee recommended that the pharmaceutical industry should not be charged for the costs of patient care which the NHS would have had to bear in any case when their patients are involved in a clinical trial. The Government accepts this recommendation. But the NHS will continue to make appropriate charges for access to NHS patients and services. These charges will need to be such that they encourage high quality care without putting one hospital at a disadvantage relative to others.

Other Research Issues

(Recommendations 9.26 - 9.27)

2.25. The Select Committee raised the issue of the publication of research funded by the Department. The Government encourages the publication of research commissioned by the Department of Health, and has undertaken that the Secretary of State's consent to publication shall not be unreasonably withheld. In addition the Government has given a commitment to review the Department of Health's contract conditions early in 1990 if by then there is sufficient evidence that the provisions about publication are damaging research. Directors of Departmental funded research units have accepted the Department's assurances on this matter and no consent to publish has been withheld since the research contract conditions were revised in 1987.

2.26. The Select Committee also raised the use of commercial consultants rather than centres of operational research. Research and information requirements will need to be met in a variety of ways, and the boundaries between research and other methods of enquiry may not always be clear cut. Managers will always be expected to seek the most cost-effective approach.

Scotland

2.27 Existing Scottish legislation does not contain powers to establish a Special Health Authority. However mechanisms have been built up in Scotland which fulfil many of the functional objectives which the Select Committee saw as coming within the domain of the Select Committee's proposed NHRA. Features of the Scottish system are:-

a. The Chief Scientist Organisation (CSO), an integral part of the Scottish Home and Health Department, has responsibility for identifying, encouraging, promoting and supporting research and development for the improvement of the NHS in Scotland. The Chief Scientist Office functions as the executive core of CSO. It also has a close working relationship with other parts of the Scottish Home and Health Department, the NHS, health service practitioners, and the research community. The span of CSO activities encompasses the breadth of public health research, the operational research needs of the NHS and locally based clinically orientated research;

b. The standing advisory committees of CSO include a policy committee, the Chief Scientist Committee, on which a health service General Manager serves. Annually this Committee sets its priorities for the future research of the CSO and it currently consults General Managers about the provisional

list of its priorities. The agreed list of priorities for research is published and is, therefore, apparent to the research community. A specialist Health Services Research Committee takes a broad interpretation of this remit to include not only research on organisational and operational matters, but also all public health topics which do not fall readily into the locus of the advisory committees covering clinically orientated research. A Health Board General Manager, the Chief Administrative Medical Officer/Director of Public Health, and the Chief Administrative Nursing Officer are among the membership of the Health Services Research Committee, as are a general pracitioner, community medicine specialist, general physician, general surgeon, sociologist and health economist. The structure of this advisory committee allows proposals before it to be assessed within the context of a good dialogue on NHS requirements and research feasibility of various proposals;

c. Many major research initiatives in Scotland have stemmed from review working groups relating to the Chief Scientist Committee or the Health Services Research Committee. Operational research in the Scottish Health Service is supported by a CSO funded initiative which attracted further funding from a consortium of Health Boards which has established an NHS base for such research. This year a further initiative created a similar jointly funded operational research base in another Health Board;

d. The Chief Scientist is a member of the Health Services Policy Group and the Clinical Resource and Audit Group. The Chief Scientist and the Director of the Chief Scientist Office have an ongoing dialogue with the senior staff of Health Boards on research priorities. These linkages appear to achieve good input of the needs of the Health Service in formulating priorities for future research. They will be enhanced by changes in the NHS in Scotland following the

White Paper "Working for Patients". This provides a new opportunity, not only to increase the relevance and use made of research, but also to form a more coherent bridge with NHS developments to improve health and health services and the manner in which these developments are monitored and assessed. Consideration will be given to improve mechanisms of linking and co-ordinating these activities.

Wales

2.28. Most of the medical research conducted in Wales forms part of an England and Wales programme, and is funded and managed as such. The changes proposed in this White Paper would necessitate significant changes to the research management structure, and the existing joint programme arrangements would not be able to continue in the present format.

2.29. There will be a full review of the arrangements for managing and funding medical research in Wales, which will take account of the need to maintain close links with the Department of Health, the Universities, the Medical Research Council, other research councils and medical research charities. A full range of options will be considered, including the establishment of a distinct Welsh research management unit within the NHS in Wales. The Welsh Office will be discussing with the Department of Health the implications of the options for the current research commissioning arrangements between the two Departments.

Northern Ireland

2.30. The Select Committee's Report emphasises the need to weld together science led research and service need. The integration of the hospital, community health and primary care services, together with the personal social services, in a unified

management structure in Northern Ireland gives the Province a considerable advantage in identifying research opportunities in both the clinical and operational fields which reflect its particular needs.

2.31. The Department's research programme is undertaken principally through three separate organisations whose activities are co-ordinated through common research priorities and an overlap in membership:

a. Central direction and funding of clinical and operational research is secured primarily through the Department Research Group (DRG). It considers research proposals in the context of the Department's priorities, which are selected having regard to national priorities specified by the Department of Health.

b. Secondly, the Department also provides direct funding for a core programme of research undertaken by the recently established Health and Health Care Research Unit (HHCRU), located in the Faculty of Medicine of the Queen's University of Belfast. The membership of the Unit's Advisory Committee, which advises the Director on the Unit's programme of work, is drawn from the Health and Social Service Boards as well as the Medical Faculty and the Department.

c. the third element of the Department's research programme is the support of local research undertaken on its behalf by the Clinical Research Awards Advisory Committee (CRAAC). This Committee is made up of senior clinicians with research backgrounds, together with Departmental, University and Board representatives. The Committee considers applications for grants for research projects in the clinical field against priorities determined locally.

2.32. The Government intends to strengthen existing links with the services through regular discussions with Boards on research priorities. These priorities will then provide the content for the commissioning of research by the DRG, HHCRU and CRAAC. The Government believes that this initiative will strengthen existing arrangements for the identification and funding of research projects in both the clinical and operational fields.

PART III

MAINTAINING A STRONG SCIENCE BASE

Government Commitment to Research and its Funding

(Recommendations 9.3, 9.4, 9.50, 9.51, 9.52, 9.53)

3.1. It is a source of strength to the nation that the UK has a highly active and innovative research community. The Government's declared policy - in medical as well as other research - is to maintain and enhance the strength and quality of the science base in higher education and the Research Councils, consistent with its responsibility for supporting from public funds basic and strategic research in the national interest. The Government welcomes this opportunity to acknowledge the importance and achievements of those engaged in medical research.

3.2. The Government has provided additional sums for the Science Budget every year since it came to office. Overall the Science Budget has increased from £333 million to £816 million between 1979-80 and 1989-90, a real terms increase of 22%. Over the same period the allocation to the Medical Research Council has risen from £57 million to £176 million, a real terms increase of 34%. The Secretary of State for Education and Science announced on 15 November a further increase in the Science Budget for 1990-91 to £897 million; the amount allocated to the MRC will be determined in the light of advice from the Advisory Board for the Research Councils.

3.3. The Government notes the Committee's recommendation for a special allocation for the modernisation and re-equipment of UK medical research facilities. But it believes that equipment needs should generally be assessed in relation to the overall requirements of particular scientific programmes and their efficient operation and support. The Government therefore

intends to continue its present practice of making more broadly-based allocations from the Science Budget; and of leaving to Research Councils and the universities particular judgements about the most effective balance between spending on equipment and on other items such as staff and consumables.

UK Medical Research Infrastructure
(Recommendations 9.5 to 9.12)

3.4. The Government welcomes the Committee's endorsement of the basic principles which govern the organisation of medical research in the UK. It endorses the principle of the dual support system which applies generally between the Research Councils and the UFC, and the system of uncosted mutual support which applies for medical research between DES and the Health Departments; but is proposing some changes in the practice of the former to clarify funding responsibilities. The Government also accepts that most publicly supported medical research should continue to be undertaken in, or associated with, medical schools or universities.

3.5. The Medical Research Council (MRC) has well established machinery through its expert Boards and Committees for responding to and anticipating changing needs, and for effecting necessary changes in the balance of the research which it supports. Additionally, reviews by the Council's new Strategy Committee have strengthened these procedures for assessing priorities and allocating resources across each of its Boards.

MRC and clinical research
(Recommendation 9.13)

3.6. The Government and the MRC fully recognise the importance of the contribution of clinicians and will ensure that they continue to be well represented on the Council and its

constituent Boards. The MRC has a particular concern to encourage research training for clinicians, supplemented by a range of grant support. It has sponsored a number of new developments in clinical research in recent years, including the establishment of the Institute of Molecular Medicine and a Biochemical and Clinical Magnetic Resonance Unit. The Council is currently planning a further major initiative to strengthen the clinical research it supports and to integrate that better with basic biomedical science and patient care over a range of specialisms.

Role of Charities

(recommendations 9.12 and 9.36-39)

3.7. The Government greatly welcomes the very valuable contribution that the medical research charities make to medical research, and recognises, like the Committee, that the donations received by charities give an indication of the public's perception of priorities. But is also plain that the allocation of research funds by charities can only be one factor in the overall process of setting research priorities. It will, however, be important for that process to involve regular consultations between the new Department of Health Chief of Research and Development and appropriate charities, and between the latter and the MRC.

3.8. The Government understands the concern expressed that any increase in private or charitable funding for research might result in a corresponding reduction in Government support. It has given specific assurances that this is not the position,

and is happy to repeat them here. It cannot, however, give equivalent assurances that growth in charitable spending can be matched by growth in public sector research spending.

3.9. The Government has no plans to change the basis on which charities provide support for university research, nor any proposals to reduce the present level of public funding provided directly through UFC block grant to underpin university research projects sponsored by charities.

3.10. There is no doubt that university research programmes benefit considerably from charitable funds; and the Government greatly welcomes the substantial increase in charities' support for research over the last decade. However, most such support only covers the direct costs of the research. Indirect costs have to be met from universities' general funds. There are obvious constraints on the extent to which those funds can be redeployed within a university, and thus there cannot be an unlimited commitment to university departments taking on research projects which are sponsored by charities or others at less than their full costs.

Manpower

(Recommendations 9.44 to 9.49)

3.11. The Government agrees that clinical academics' pay should in principle be linked to NHS doctors' pay, which is settled following the recommendations of the Doctors' and Dentists' Review Body (DDRB). The universities will not be given less favourable treatment than the Hospital and Community Health Service in any decisions to provide additional funds to meet

additional costs arising from DDRB awards. The operation of this policy resulted in an addition to university funding of £2.8 million in respect of the 1989 clinical academic pay settlement, and this was announced at the same time as the related uplift to NHS cash limits.

3.12. In respect of career prospects and programme grants, the MRC seeks to maintain a balance between long-term career posts - mostly in its own establishments or units but some in universities - and short-term posts supported on grants. At the same time it recognises the need to maintain project grants at a level which will ensure that the best of the new and exciting ideas emerging from the scientific community can be supported.

3.13. The Government accepts that the career progression of those engaged in research, especially clinical research, should be taken into account in decisions on NHS manpower policy. As part of the manpower policy set out in "Achieving a Balance" the number of career registrar and senior registrar posts in each specialty is controlled in line with future consultant opportunities. The Committee which advises on this, the Joint Planning Advisory Committee (JPAC) recognises the importance of research and takes account of the need for research experience in the training grades in each specialty. In addition to this its Academic and Research sub-Committee advises on the number of posts earmarked specifically for research. JPAC will continue its work of reviewing training numbers in each specialty during the ten year implementation period of "Achieving a Balance".

R29/11

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Sally Marshall

Qn 0542

The Rt Hon Margaret Thatcher MP
The Prime Minister
10 Downing Street
London SW1

28 November 1989

Dear Prime Minister,

We last met to discuss ACOST matters on 26 January this year when Sir Robin Butler, John Fairclough and George Guise were also present. I found that meeting very useful in arriving at a consensus on ACOST priorities. You will be chairing the Council meeting on 14 March next year and in preparation for this I should welcome an appointment to meet you early in the New Year to discuss the proposed agenda and to review ACOST's present work. As you know we have continued a strong interest in global environment research and I am considering setting up a Standing Committee of ACOST to provide priorities advice as your policies develop. Our studies on the science base, international cooperation and the availability of highly skilled scientists and engineers are likely to be complete within the next 5 or 6 months.

I should be very pleased if you could find time to discuss these and any other issues which you feel have implications for ACOST's future.

Yours sincerely,

Francis Tombs

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

28 November 1989

Dear Stephen,

MRC'S CLINICAL RESEARCH INITIATIVE

The Prime Minister held a meeting this morning with your Secretary of State and the Secretary of State for Health to discuss the MRC's clinical research initiative. Mr. Ian Whitehead (Policy Unit) was also present. Your Secretary of State's minute to the Prime Minister dated 14 November was before the meeting.

The Prime Minister said she regarded aspects of the earlier handling of this issue as most unsatisfactory. The MRC could not walk away from the original purpose-built facilities at Northwick Park without regard to the future use of those premises. If additional expenditure was proposed on alternative facilities this would be at the cost of high grade scientific research being undertaken at other universities and institutes around the country. The original proposal to spend some £80 million on alternative facilities at Hammersmith, with all the additional costs involved in a central London location, had been totally unacceptable.

In discussion the following main points were raised:

(i) The MRC was pursuing a general policy of reviewing all their institutes to establish the value for money being obtained. Their aim was to concentrate the available resources on alpha projects. The conclusion they had reached was that Northwick Park had not been producing high level research and was not attracting staff of sufficient calibre. The result was poor value for money. It was now clear that the original plan for locating the Clinical Research Centre at Northwick Park had been seriously flawed; joint siting with a district general hospital had not worked. It made no sense to continue wasting resources under the present arrangements.

(ii) The Royal Post Graduate Medical School at Hammersmith had a high reputation as an international centre of excellence, and there was a good case for some of the work of the CRC to be transferred to it. On the other hand it was essential to avoid a position in which an initial transfer of a small part of the work to Hammersmith was followed by attempts to regroup an increasing proportion of

the work there. The right policy was to disperse the greater part of the work of the CRC to other centres of excellence in regional centres. That would meet the joint objectives of focusing scarce research funds on key individuals and of limiting costs.

(iii) The MRC should not be allowed to walk away from the purpose-built premises at Northwick Park without any penalty. It was also essential to identify the optimum means of redeploying the facilities and resources that the MRC wished to vacate. A wide range of options might be explored including alternative uses within the NHS. One such possibility might be to transfer the Royal National Orthopaedic from Stanmore; there were however major objections to seeking to expand the role of the Northwick Park District General Hospital also to serve adjacent areas. Alternative non-NHS possibilities included redevelopment for housing purposes and a sale to or joint venture with private sector research interests. There should be no presumption that the NHS was under an obligation to accept the vacated facilities. It was necessary to establish exactly which body or organisation was currently vested with the ownership of the relevant assets.

Summing up the discussion the Prime Minister said it had been noted that new plans for the future of the CRC would be considered in the spring. It was agreed that, before decisions could be taken, it would be essential to identify the optimum means for redeploying facilities and resources released at Northwick Park, taking into account the points raised in the discussion. It was also agreed that the future arrangements for clinical research should include the maximum possible redeployment to regional centres and avoid a progressive drift of an increasing proportion of the work to Hammersmith.

I am copying this letter to Andy McKeon (Department of Health).

Yours,
Paul

(PAUL GRAY)

Stephen Crowne, Esq.,
Department of Education and Science.

PRIME MINISTER

MRC'S CLINICAL RESEARCH INITIATIVE

You saw the latest papers on this the weekend before last, and agreed the next step should be a meeting with John MacGregor. That takes place tomorrow morning. You have subsequently agreed that Kenneth Clarke should attend, but that Sir David Phillips should not.

My earlier minute immediately below summarises the issues, and also has on it your own notes from when you looked through the papers.

You will obviously want to make clear to Messrs. MacGregor and Clarke the strength of your feelings. The key issues to settle at the end of the meeting are:

i) whether you accept that the closure of the CRC at Northwick Park is a fait accompli. (You may want to glance at Ian Whitehead's earlier note at Flag D on this point.)

ii) If so, what use is to be made in future of Northwick Park?

iii) What further should be said at this point to the ABRC/MRC about their further consideration of the future arrangements for the siting and organisation of this research work.

PAUL GRAY
27 NOVEMBER 1989

c:\WPDOCS\ECONOMIC\MRC.MRM

Paul

PRIME MINISTER

RA

CLINICAL RESEARCH CENTRE: NORTHWICK PARK

You saw the latest papers from DES on this last weekend and agreed that the right next step was for you to talk to John MacGregor. We have now arranged this for next Tuesday 28 November.

John MacGregor's office rang me today to say that he would like to bring Sir David Phillips with him. I can see pros and cons. On the one hand it is the ABRC themselves who are in the lead and so there may be advantage in your being able to talk direct to Phillips as well as John MacGregor. On the other hand, you may prefer to have a more private talk with John MacGregor about the handling of the ABRC. Yes

There is also the question of whether Kenneth Clarke should come. Atlhough the funding of the CRC is an ABRC/DES matter the overall subject does raise Health issues.

(i) Do you want David Phillips to attend? No Rang DES 27/11

(ii) Do you want Kenneth Clarke to attend? Yes invited to attend 27/11

RAC

PAUL GRAY
24 November 1989
c:\economic\crc.kk

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 November 1989

Dear Stephen,

MRC'S CLINICAL RESEARCH INITIATIVE

The Prime Minister has seen your Secretary of State's minute of 14 November. She continues to be seriously concerned about this issue, and would like to discuss it with your Secretary of State. This office will be in touch to arrange the meeting.

I am copying this letter to Andy McKeon (Department of Health), Jim Gallagher (Scottish Office), Trevor Woolley (Cabinet Office) and John Fairclough (Cabinet Office).

Yours,
Paul

PAUL GRAY

Stephen Crowne, Esq.,
Department of Education and Science.

PRIME MINISTER

MRC'S CLINICAL RESEARCH INITIATIVE

You will recall the earlier exchanges about the MRC and Northwick Park.

Mr. MacGregor has now sent you a further minute (Flag A) attaching a copy of the latest financial appraisal by Deloitte, Haskin and Sells (Flag B).

He seeks to defend the present position reached, namely:

- the ABRC decision to reject the MRC's preference for a single National Research Council, but their support for a "major initiative";

- this takes the form of a "distributed approach" to a number of centres of excellence, including Hammersmith. Capital costs are put at some £15 - 20 million;

- no firm decisions have yet been taken but Mr. MacGregor has invited the ABRC to do a more detailed study to quantify the costs of this approach;

- it involves closure of the CRC at Northwick Park with the vacated buildings becoming available for NHS use;

- it is for the ABRC to find resources from the existing science budget, or bid for more in next year's PES.

As well as going through Mr. MacGregor's minute you may want to glance at pages 48-69, and more particularly the conclusions on pages 70-74, of the study at Flag B.

What Mr. MacGregor's minute does not fully bring out is the way in which the present position has been reached. You have seen

some papers earlier this autumn, but I have also had a further exchange with DES that you have not previously seen. I attach the key papers on the autumn exchanges at Flag C so you can see how the story has developed. A major point is that DES have not hitherto - or indeed in Mr. MacGregor's latest minute - properly responded to your major reservations about the run down of Northwick Park. And, as Ian Whitehead's commentary at Flag D reveals, action has already been taken effectively to announce the closure of Northwick Park. Given that all concerned knew of your very close interest in this subject, this is hardly a satisfactory way of proceeding. — It has been quite deliberate and we must not let them get away with changing their mind at great cost to the taxpayer. People who use our assets that way should not be provided with another. MT

The question is what to do next. Ian Whitehead's note suggests that a further exchange of letters is unlikely to achieve much. I think that must be right. I agree with Ian that, unless you are now content to let matters take their course, the best approach would be for you to have a talk with John MacGregor.

Content for me to fix up a bilateral? Yes MT

PAUL GRAY

17 November 1989

c:\wpdocs\economic\mrc

PRIME MINISTER

16 November 1989

MRC's CLINICAL RESEARCH INITIATIVE

On 5 October John MacGregor released publicly an exchange of letters with the ABRC announcing the closure of the Clinical Research Centre (CRC) at Northwick Park Hospital. Just before, a draft of the two letters had been leaked to the press.

John MacGregor's minute seeks your support retrospectively on two main issues:

1. The closure of the CRC.

2. The general plan to disperse resources (money and manpower) among other research sites around the country, including the Royal Postgraduate Medical School (RPMS) at Hammersmith.

Earlier you expressed strong reservations on both.

On the first point, the dye is cast. It will be difficult to turn the clock back at this stage. Dr Dai Rees, secretary of the MRC has already visited the CRC to brief staff on the consequences of the closure. The arguments for and against closure are summarised in the Annex.

On the second point, there is a hidden agenda here. The single-minded empire builders want to build a much larger research centre at Hammersmith. They are still determined to sidestep the crucial problems of transport, housing and recruitment in central London. Hammersmith's research clinicians are unlikely to consider a move elsewhere for predictable reasons. They want easy access to their homes and Harley Street. This is the crux of the problem.

The original plan to build a major new National Research Centre in Hammersmith at a cost of £50-100 million has been shelved. Yet it is highly likely that the cream of the CRC's research groups (around 60-80 scientists) will be moved to a new scaled-down building in Hammersmith costing £15-20 million. The less successful scientists (around 120) will either be retired early or transferred to provincial research sites.

I have also heard that a 40 strong 'Human Genome' research team (ie genetic mapping) will probably be culled from existing research centres and moved to Hammersmith at some point.

The Way Foward

A further exchange of minutes is unlikely to be fruitful at this point. A bilateral with John MacGregor may be the best way of tackling the issues head on.

Two issues could be discussed:

First, it will be essential to discuss the underlying principles upon which any further expansion of Hammersmith should be made. The principles will range beyond the need to create more synergy between basic research and applied clinical research (the scientists' objective) to a wider consideration of the need to prevent a drift of staff into central London. So far, the second point has barely been considered.

Second, now that the closure of the CRC has been announced publicly, it is too late to reverse the decision. But there may be a way of forcing the MRC to rethink their tunnel visioned strategy of a significant expansion of the RPMS in Hammersmith. In a bilateral with John MacGregor, you should agree to confirm his earlier announcement, provided you can be assured on three questions:

1. **Can we be assured that no specific PES bid will be made for a new building in Hammersmith?**

2. **Will pressure be applied to prevent the ABRC from using their £15 million a year contingency fund for a Hammersmith building programme?**

3. **Will there be any adverse impact on health services in North London as a result of the CRC closure?** Before this question can be addresed, the precise knock-on effect of the closure will have to be determined.

If John MacGregor is prepared to give these assurances, the following objectives would be achieved:

1. Any new building project in Hammersmith would need to be financed by the private sector.

2. If private funds are not forthcoming, the MRC will be forced to accept either:

   (a) The dispersal of resources to a number of provincial sites, or

   (b) A new 'National Research Centre' in the provinces. Cambridge is the most likely option.

Increased capital funding may be necesary to compensate the MRC, if there is an additional financial burden. For example, the discounted cost (capital and running costs) of the Cambridge option exceeds the Hammersmith option by £8 million.

IAN WHITEHEAD

ANNEX

THE ARGUMENTS FOR AND AGAINST CLOSURE

There are clear arguments for and against the closure of the CRC:

For:

- Disappointing track record.

- Provides a golden opportunity to clear out the deadwood (although this could be achieved without a closure).

- Lack of a strong postgraduate teaching base is a significant weakness.

- The emphasis on basic reseach rather than applied clinical research has contributed to a weak relationship between the research centre and the district general hospital.

- The quality of UK clinical research could be improved by bringing together basic research and clinical research in a stronger teaching environment. Industry may then contribute a higher level of funding.

- Most interested parties - including scientists and civil servants - appear to support a closure.

Against closure:

- The quality of research at the CRC has improved markedly in the last five years. Some well known scientists have been attracted by good facilities and reasonable funding.

- If closure means an expansion of Hammersmith, more staff will be moved into a central London hospital at a time when transport, housing and recruitment mitigate against this move.

- There is still no clear statement as to the impact of the closure on the local health services.

PRIME MINISTER

MRC'S CLINICAL RESEARCH INITIATIVE

I know that you have been taking a close interest in this MRC initiative and that you continue to have strong reservations about their proposals to carry out a planned run-down of the research activity of the Clinical Research Centre (CRC) at Northwick Park.

I share your concern that we should put the resources we devote to clinical research to the best possible use. Following your exchange of minutes with Kenneth Baker earlier this year, a full appraisal of all the options was carried out. This took careful regard of the points made in Paul Gray's letter to Tom Jeffery of 22 March. The options covered included leaving the CRC at Northwick Park, either as now under the current management arrangements, or under joint management with the Royal Postgraduate Medical School (RPMS) at Hammersmith. The appraisal also looked at options for moving activities out of London.

I think you will be interested to read the conclusions from this appraisal which are set out in pages 46 to 68 of the attached document (which is complemented by a financial appraisal by Deloitte, Haskin and Sells). The table on pages 46-49 showing the CRC's research ratings (a rating of 5 or 6 is roughly alpha equivalent) shows that the Centre performs less well than the MRC would expect of one of its institutes. This is borne out by data on publications in the most influential scientific journals. Over the years 1977 to 1988 the National Institute of Medical Research, which is roughly the same size as the CRC, had more than four times as many papers in the top ten journals and almost ten times as many papers in the next ten most important journals.

As you know, on the basis of this latest option appraisal, the MRC came to the same conclusion as was reached by two previous studies chaired by Sir Michael Stoker and Sir Robin Nicholson, namely that there should be a new National Research Centre based on the RPMS.

When the report came before the ABRC, my representatives urged the Board to consider very carefully the resource implications of what they were being asked to endorse. They stressed the opportunity cost and said that the real question to be addressed was how much of the existing scarce resources available in the Science Budget should be devoted to any kind of clinical research centre, wherever it was located. The outcome was that the Board rejected the MRC's preference for a single National Research Centre. However, they did not in any way dissent from the MRC's judgement that a major initiative is needed to reverse the decline in clinical research in the UK. The ABRC decided that this was best tackled by a redeployment of the resources currently invested in the CRC in a distributed approach with phased developments at a number of centres of excellence, including the RPMS. The capital cost of developing clinical research along these lines probably lies in the region of £15-20m spread over several years. The ABRC decided that this should be found in the first instance from within the present MRC budget though they acknowledged that there would be some claim on the ABRC's own contingency fund (which stands at about £15m a year). The precise proposals - and hence the exact costs - still have to be worked up. This was not done in the course of the option appraisal because the large number of permutations for such a distributed approach could not be analysed within the time and resources available for the exercise.

As you know from my minute of 27 September, I am satisfied that these recommendations were based on solid, detailed evidence and constitute an approach which will be significantly cheaper than the original proposal for a single national centre, and which will offer considerable benefits for the regions. That is why I accepted the ABRC's recommendations - publicly - and I asked them to carry out the more detailed study needed to quantify the costs of the proposed distributive approach, and to advise me on the

financial implications for MRC and the Science Budget. It remains the MRC's firmly held view that good management now requires a corresponding and planned run down of the research capacity at Northwick Park in which the best scientists and equipment will be relocated and the vacated buildings will become available for NHS use. The studies that have been done on this give me no basis for thinking otherwise.

I would be glad to know that you are content with this. There is of course no commitment to the new initiative until either the ABRC has found resources from within the existing Science Budget, or additional resources have been secured in the 1990 PES.

Copies of this minute go to Kenneth Clark, Malcolm Rifkind, Robin Butler and John Fairclough

JM

14 November 1989

Department of Education and Science

GHM

cc E(ST)
CO.

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

13 November 1989

Dear Lord Stanfield.

I am responding on behalf of the Government to the 3rd Report of the Select Committee on Science and Technology, Session 1988-89.

The Government is pleased that the Committee welcomes recent developments since the publication of Cm 185, the Government Response to the 1st Report of the Committee, Session 1986-87, and considers that the Government's new central structure for science and technology is beginning to prove effective.

Since the Committee's report reviews a number of issues which were addressed in its earlier report, the Government is confining its response to four subjects - the Science Budget, ACOST, Manpower and Government Research Establishments.

SCIENCE BUDGET

The Government notes the Committee's warm welcome for the substantial enhancement of the Science Budget which was announced last Autumn for the current year and for the two which follow. The increased resources will sustain top quality science across a broad field of basic and strategic, directed and curiosity-motivated research programmes. They will enable important new scientific opportunities to be grasped and underpin the excellence of UK science into the twenty-first century.

RJ

ACOST

The Committee recommends that ACOST should produce a report to Parliament, perhaps every two years, assessing progress and priorities in Science and Technology. A wide ranging report on progress and priorities in public sector science and technology is of course already made available to Parliament in the Annual Review of Government Funded R&D. In addition, much of ACOST's advice is already published. However some of ACOST's advice to Government, for example that on priorities for science and technology, is confidential. Sir Francis Tombs said in his evidence that he considered much of the influence of such advice came from its confidentiality. The Government agrees with this view and does not consider that ACOST's effectiveness in advising it on progress and priorities would be enhanced if such advice were to be published.

MANPOWER

The Government fully recognises the importance of maintaining an adequate supply of very highly qualified manpower, both for the science base and for industry. Training and development of such manpower is supported through postgraduate awards, postdoctoral fellowships and research grants - all of which are being increased as a result of the substantial enhancement of the Science Budget we announced last Autumn. The Government welcomes the efforts of the Research Councils, through concentration and selectivity, to train and deploy manpower more effectively.

However, as the Committee recognises, the flows into advanced research training depend also on the success of our policies for schools and higher education. The National Curriculum provisions of the Education Reform Act 1988 made science and technology compulsory subjects for all pupils in maintained schools from the age of 5 to 16. The detailed requirements for science in the National Curriculum, which were published in March, cover the key elements of the three main sciences so as to ensure that all pupils have a balanced

science education (whereas now, for example, the majority of girls give up study of the physical sciences before the age of sixteen). We expect that one effect of the new requirements will be to increase the numbers of young people qualified and willing to pursue science-based courses of study beyond the age of sixteen.

The Government has also been taking vigorous action to combat teacher shortages in mathematics, physics and technology. We launched an action programme three years ago to improve recruitment to teacher training courses and into teaching, and to provide training and support for those present teachers of these subjects who are inadequately qualified or experienced. This programme has cost £50 million so far and has been successful in improving recruitment. Chemistry was added to the programme earlier this year, and we aim to continue to expand it as necessary to meet future teacher needs.

The thrust of the Government's policies for higher education has been to ensure that universities, polytechnics and colleges, and the national funding bodies, are more aware of the needs of the economy, and to give them greater flexibility to respond to those needs. This has already yielded all-time record student numbers and participation rates. Within this expansion there has been a further shift toward science-based courses, assisted by the Government's Engineering and Technology Programme, established in 1985 with the aim of creating 5,000 new university places in these subjects. The Government's policies on higher education will be continued and enhanced.

As regards the rewards offered to scientists and engineers, the Government's view is that it is for employers to determine these in the light of their needs for such manpower.

GOVERNMENT RESEARCH ESTABLISHMENTS (GREs)

The Committee recommends that the links between GREs and Government Departments should be loosened and that Departments should commission work from other Research Establishments as the occasion demands. The Government agrees with this view and is setting in hand arrangements to strengthen the commissioning process within Departments, including the establishment of clearer customer-contractor relationships, and to introduce greater competition into the placing of Government research. These go hand-in-hand with plans to improve the internal management of Research Establishments. To this end, all Research Establishments will be considered for Agency status under the Government's Next Steps initiative. The Department of Trade and Industry's Warren Spring Laboratory and National Weights and Measures Laboratory became Executive Agencies in April 1989. Other Agency candidates are the Building Research Establishment (DOE), the Central Veterinary Laboratory (MAFF), the Laboratory of the Government Chemist and the National Physical Laboratory (DTI) and the Forensic Science Service (HO).

Yours sincerely

Margaret Thatcher

The Lord Sherfield, GCB, GCMG, FRS, DL

THIRD REPORT

9 FEBRUARY 1989

By the Select Committee appointed to consider Science and Technology

ORDERED TO REPORT:

CIVIL R&D

1. The Committee welcome recent developments in Civil R&D since the publication of Cm 185, the Government response to the First Report of the Committee, Session 1986-87.[1] Whereas science policy has for some years been neglected, recent events show signs of clearer direction and a greater sense of purpose. This suggests that the Government's new central structure for science and technology is beginning to prove effective.

2. The comments below are made to assist that central structure as well as the House of Lords. The Committee also publish evidence from Sir Francis Tombs, Chairman of the Advisory Council on Science and Technology (ACOST), John Fairclough, Chief Scientific Adviser, Cabinet Office, Sir David Phillips, Chairman of the Advisory Board for the Research Councils (ABRC), and Dr Bob Whelan, Chief Executive of the Centre for the Exploitation of Science and Technology (CEST). The evidence is an integral part of this report; one object of this short enquiry has been to explore developments in Civil R&D with those closely involved.

Science Budget

3. The Committee welcome the 11 per cent increase (in real terms) in the Science Budget announced in the Autumn Statement. This is a good decision. It will help to restore a degree of confidence which is needed following a period of underfunding. How long that confidence lasts will depend on next year's Science Budget. Sir David Phillips said that present planning figures suggest a 2 per cent decline in 1990-91 and a further 1 per cent in the following year (Q 141) and that the inflation factor in science spending was higher than that allowed for by the Treasury (Q 144). The Committee urge that the Science Budget should not fall in this way. They can see no reason why the case for investment in basic and strategic research should be weaker in 1990 than in 1989. The salaries of research teams will have to rise (see paragraph 17) and this will bite into the Science Budget. Moreover the new central structure for science and technology may, in developing new policies, identify a need for new spending. This should not be excluded in advance.

ACOST

4. The Committee are pleased that their recommendation of a Council for Science and Technology has resulted in the establishment of ACOST. They welcome the fact, which is crucial to its success, that ACOST holds some full meetings with the Prime Minister, even though she does not take the chair as the Committee recommended. It is most important that she is seen to be taking a keen and direct interest in ACOST's work. The Committee therefore welcome Sir Francis Tombs' comments about the level of the Prime Minister's interest (Q 22).

5. ACOST has a more fundamental responsibility than ACARD, which it replaced. Its responsibility extends across the whole of scientific and technological endeavour, both to advise Government and as a catalyst to accelerate developments outside Government. Sir Francis Tombs (Q 39) described its three-fold role: to advise Government on the size and disposition of Government spending on R & D; to encourage industry to invest and be more coherent in areas where this seems to be lacking; to identify areas of opportunity to Government research bodies and industry. The Committee endorse all three. In addition the Committee urge an overtly strategic outlook.

[1] Civil Research and Development: Government Response to the First Report of the House of Lords Select Committee on Science and Technology, Session 1986-87, Cm 185, July 1987.
Civil Research and Development: First Report of the Select Committee (Session 1986-87), HL 20, November 1986.

6. Sir Francis Tombs rightly argued that ACOST's approach should be persuasive not prescriptive (Q 43) and that industry is more effective in exploiting science and technology than the Government (Q 45). But that should not rule out a broader strategic approach than appears to be the case so far. In world markets where the keys to prosperity lie, the United Kingdom's industry and Government will be more effective together than separate. Both can benefit from harnessing the imagination and expertise of academic researchers. ACOST is well placed to help industry, Government and the academic world to recognise their common interests. ACOST should adopt that as an additional role and seek, by persuasion, to draw the different sections of the science and technology community closer together in pursuit of complementary objectives, particularly that of increasing the competitiveness and output of British industry.

7. One specially important reason for this approach is the vital importance of an adequate supply of qualified manpower in the right places (see paragraph 17 below). ACOST can contribute to achieving a situation where the brightest scientists and technologists are attracted to future areas of opportunity. Under present circumstances funds and recruits tend to go where the best scientists of today or yesterday work; this, combined with the negative approach of too much of British industry and the City, is no preparation for tomorrow.

8. As Sir Francis Tombs indicated (Q 21) ACOST's advice is now mainly directed to Government. The Government should make that advice publicly available whenever possible. Otherwise the objectives above will not be met.

9. The Committee in 1986 recommended that the central council on science and technology should produce an annual statement to Parliament, assessing progress and priorities in science and technology. They regret that ACOST has no such function. Accordingly they invite the Prime Minister to consider laying such a report from ACOST before Parliament at regular intervals, perhaps every two years.

Near-market research and industry

10. The Committee note the trend of Government policy to move funding for Civil R&D away from near-market research towards basic and strategic research. In general industry should not rely on the public sector to do what any forward looking company should be doing for itself. Basic and strategic research need persistent long-term effort which the public sector is better placed to supply.

11. However, as the Committee's recent report on Agricultural and Food Research has argued,[1] the Government's policy is weakened by a failure to define "near-market" research and is seriously flawed if carried too far. Just because research is near the market, the public interest does not necessarily cease. There is "near market" research which the Government must continue to fund in support of the public good. The transition from public to industrial funding must also be sensitively handled. This means in particular giving enough time for the transition. If industry is told to take on all the funding of near market research in a disorderly rush, there will inevitably be a hiatus in some areas. The only beneficiaries will be our international competitors, especially those which continue to get Government support. Among the losers could be the research establishments and universities which had earlier been encouraged to take on contract research with Government funding and now have to adjust to the new policy.

12. The Committee have also argued, in the Civil R&D report of 1986, that Government support for industry should rise, not fall. The main responsibility for "D" rests with industry but even here some public support is essential to allow competition on even terms with overseas companies supported by their own Governments. Unless the United Kingdom can turn its investment in research into marketable products, we are in danger of wasting a significant part of our resources. Industry will continue to need some public support, even near the market. It is not enough to rely on increasing profitability alone. Moreover, industry is unlikely to be encouraged to invest enough in R&D by the example of Government which, despite a substantial budget surplus, allows only sporadic increases in the overall resources it makes available for publicly funded R&D and the training of scientific manpower.

13. The Government's industrial policy can be assisted by good links between industry, universities and research establishments. A number of initiatives, including LINK and some SERC

[1] Agricultural and Food Research: 1st Report (Session 1988-89), HL 13.

programmes, already try to provide these. The latest newcomer to the field is CEST. This was conceived as the agent for identifying and promoting exploitable areas of science and technology in the public interest, a role first recommended by ACARD. CEST seems to be approaching its remit from a point of view different from that which the Committee expected; it is going to industry to identify blockages to the exploitation of science and technology rather than seeking out new opportunities in science. However it is too soon to pass judgment on CEST's performance. The Committee comment only that CEST has an important but daunting task, for which it has slim resources. The Government should consider whether CEST, in its tactical role (QQ 41, 257, 273), is receiving enough strategic guidance.

The customer/contractor principle

14. The Government's shift in policy for funding Civil R&D has significant consequences for the Government Departments which commission research. If Departments shed responsibility for near-market research, their role as customer will be reduced and "public good" research will make up a growing proportion of the research commissions which survive. But the Departments will still need research contractors and so they have an obligation to sustain them by enlightened commissioning. The Committee's endorsement of the customer/contractor principle for R&D funded by Government Departments, which was welcomed in Cm 185, was not unconditional. It requires strong Chief Scientist's teams, and also the payment, by all Departments, of a general research surcharge to contractors, to promote the vigour and efficiency of the research establishments (including Research Councils) receiving Government contracts. The response in paragraph 21 of Cm 185, which left Departments free to choose whether to pay a surcharge or not, was disappointing in this respect. The Committee's aim was to promote the flexibility of the contractors, not to preserve the flexibility of the Departments in deciding whether to pay up. The Committee welcome the statement by the Chief Scientific Adviser that the principle of a surcharge is now becoming accepted (QQ 91–2) and Sir Francis Tombs' undertaking that ACOST will look at the question (Q 93).

Interdisciplinary Research Centres

15. The Committee have not taken enough evidence on interdisciplinary research centres (IRCs) to justify detailed comments. Broadly however they approve the concept of such centres as a means of focussing effort in selected areas of science and technology, as long as the establishment of IRCs does not mean that small science departments cannot flourish. The smaller and single-subject departments have produced many new ideas and discoveries in the past and will also be a source of staff for IRCs in the future. Furthermore IRCs should not be set up in a hurry. The Research Councils, universities and polytechnics should have time to ensure that structural change is fully funded, lest the new centres be handicapped from the outset. Then, as the ABRC has proposed, a recognised "sunset clause" should be accepted to close down IRCs which have outlived their usefulness or have failed.

16. The ABRC intends to mount a major review of progress in the IRC initiative soon, now that 17 IRCs have been recommended. The Committee agree that it is time to take stock in this way.

Manpower

17. All the United Kingdom's plans for Civil R&D are at risk from one factor, manpower shortages. The Committee highlight this serious point. As Sir David Phillips stressed (QQ 147, 164 166), this is a major and growing concern. The rewards offered to scientists and engineers and those who train them are still abysmally low. Too few children are choosing science and engineering subjects at school—this may easily be a reflection of poor rewards in employment as well as a shortage of good teachers. These factors, combined with demographic change which will cut the working population, make a shortage of skilled staff a certainty, unless remedial action is taken soon. The Department of Education and Science should bring forward proposals for action.

International effort and peer review

18. Cm 185 confirmed that the Government's central machinery for science and technology would consider United Kingdom science and technology policies and priorities for international collaboration. The evidence in the present report adds emphasis to the need for international collaboration. United Kingdom effort cannot be viewed in isolation from the international context in which it operates. Worldwide research, international competition, the interests of multinational

companies, British membership of the European Community and the development of the internal market—all these make a narrow national perspective outdated. They also make more urgent the need to keep the rewards of scientists and engineers in the United Kingdom in line with overseas rates.

19. The Committee endorse the remarks of Sir David Phillips (Q 197) on international peer review. The Research Councils need to improve peer review both in emerging technologies and in specialist areas involving few scientists and few awards. Following the example of such countries as the Netherlands and Sweden, where comparatively small efforts in science are of very high quality, the United Kingdom should make greater use of international review committees to assess the quality of its work.

Government Research Establishments (GREs)

20. The Committee made no recommendation on Government Research Establishments (GREs) in their report on Civil R&D other than to call for a marked improvement in the links between GREs and Research Council institutes, universities and polytechnics. They now go further. Not only should such links be forged. The links between GREs and Government Departments should be loosened.

21. Evidence in recent enquiries encourages the Committee to believe that too close and cloistered a relationship between Departments and Research Establishments can be stultifying to both parties. The Departments ought to be free to commission work from other Research Establishments as occasion demands and ought to give more thought to the commissioning process. The GREs ought to be exposed to more outside influences, both the injection of new staff and ideas and competition, and have greater freedom to develop their own initiatives. This is not an argument for root and branch privatisation because the Government has an obligation to maintain a strong research capability to support the public sector. The Committee agree with the statement by Sir Francis Tombs (Q 99) that GREs should probably operate only in "those areas where there are special Government interests, either security or regulatory".

22. The Committee take this opportunity to welcome the decision to relocate NERC's Institute of Oceanographic Sciences at a site in Southampton linked with the Oceanography Department of Southampton University. This does not involve a GRE in the sense used above, but it is a good example of close working between public sector research institutes and universities which the Committee have often recommended in previous reports, including that on Marine Science and Technology.[1].

[1] Marine Science and Technology: 2nd Report (Session 1985-86), HL 47, Chapter 8.

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 November 1989

Dear Carys.

SCIENCE AND TECHNOLOGY

The Prime Minister was grateful for the Chief Secretary's minute of 9 November, setting out the outcome of his bilateral agreements with colleagues on science and technology expenditure. The Prime Minister has noted this without comment.

I am copying this letter to the Private Secretaries to members of E(ST), Sir Robin Butler and John Fairclough (Cabinet Office).

Yours.
PG

(PAUL GRAY)

Miss Carys Evans,
Chief Secretary's Office.

CONFIDENTIAL

PRIME MINISTER

HOUSE OF LORDS SELECT COMMITTEE ON SCIENCE AND TECHNOLOGY: GOVERNMENT RESPONSE TO 1988-89 REPORT ON CIVIL R&D

The S&T Secretariat in the Cabinet Office have co-ordinated a Government response to this House of Lords Select Committee Report. The suggestion is that the response should take the form of the attached letter from you to Lord Sherfield, the Committee Chairman.

Content to sign?

Yes

PAUL GRAY
9 November 1989

cst.ps/11n19.11/drft

CONFIDENTIAL

Prime Minister

Content to note this outcome?

RRCG 10/11

Yes

FROM: CHIEF SECRETARY
DATE: 9 November 1989

PRIME MINISTER

SCIENCE AND TECHNOLOGY

You and other members of ES(T) may wish to know the outcome of the bilateral agreements I have reached with colleagues for Science and Technology expenditure.

Total spending on civil Science and Technology

2 The attached table summarises the results. It includes the UK's contribution to European Community Research and Development spending, which is part of total UK public expenditure. Total civil spending rises by 6.2 per cent between 1989-90 and 1990-91 in cash terms.

3 This includes launch aid which falls by £20 million between 1989-90 and 1990-91, and falls off in later years. This is by definition near market research and, as in last year's report, the total excluding launch aid is also shown.

4 The totals for 1990-91 and subsequent years reflect savings in grants paid to universities, made possible by the introduction of an 80 per cent discount on their rates bills. As a result the science and technology totals are £28 million a year lower than they otherwise would be, but there should be no effect on the amount of research work.

5 If the totals are adjusted to exclude launch aid and the rates change, the increase between 1989-90 and 1990-91 would be 8.1 per cent. We will need to give due weight to these factors when presenting our plans.

6 The cash plans for 1991-92 and 1992-93 imply that total civil science and technology funding may fall in real terms. These plans will be reconsidered in next year's Survey.

Education and Science

7 A further increase of 8 per cent has been agreed for the DES science budget in 1990-91. Taken with the addition of over £100 million agreed for 1990-91 in the 1988 Survey, this leads to growth of 25 per cent in the two years since 1988-89. The Advisory Board for the Research Councils will, as usual, advise which priority research projects ought to be supported from the new budget.

Environment

8 I have agreed to provision for more environmental work. The increases for DOE will pay for establishing a Climate Change Centre as well as other research. Room has been made within the DTI's programme for most of the UK's contribution to the Earth Remote Sensing satellite II; the equipment for it will be paid for from the DES science budget. The settlement with ODA will allow for increased assistance for forestry, biodiversity and other environmental research in developing countries. There are also some increases in D.Energy's programme for research into renewable energy sources and climatic change.

Agriculture departments

9 The reviews of near market agricultural Science and Technology spending are now concluded. No further savings were identified but the withdrawal from funding near market work will be complete by 1991-92. I have agreed increases for the agricultural departments in each year, as the net effect of small savings on technology transfer, higher internal and external costs of research, and additional work on food safety.

Department of Trade and Industry

10 Despite provision for the ERS II satellite there were net reductions in the DTI programme as a result of savings on innovation, consultancy and other services.

Conclusion

11 In this year's Survey there has been a reduction in the DTI programme, though there have been no net savings in the

agriculture departments. Within total civil spending the shift towards basic and strategic science has continued and we have built on the real increases agreed in the 1988 Survey. We have also provided for additional work on the environment. I believe we will be able to present these changes positively.

12 I am sending copies of this to the members of E(ST), Sir Robin Butler and Mr Fairclough at the Cabinet Office.

NORMAN LAMONT

CONFIDENTIAL

SCIENCE AND TECHNOLOGY EXPENDITURE BY DEPARTMENT

09-Nov-89

£ million

	1989-90 ESTIMATED OUTTURN	1990-91 BASELINE	1990-91 AGREED BID	1991-92 BASELINE	1991-92 AGREED BID	1992-93 BASELINE	1992-93 AGREED BID
Agriculture Departments	182.2	176.0	14.3	169.5	11.7	173.7	9.5
Department of Trade and Industry	443.0	469.0	-22.2	373.7	13.4	383.6	-57.0
[of which launch aid	92.0	73.2	-2.3	-24.1	22.4	-24.7	-39.5]
Department of Energy (i)	216.3	188.0	-1.5	162.0	-0.7	166.0	-9.8
Environment (inc.Ordnance Survey)	72.3	74.3	10.2	75.8	12.6	77.6	10.0
Others	224.7	232.3	9.3	241.7	7.9	247.6	3.7
Department of Education and Science	1,730.8	1,766.4	100.0	1,794.9	100.2	1,840.0	101.6
[of which: Science budget	832.6	842.7	60.0	860.1	57.0	881.7	58.0]
[Universities (40% of total)	794.2	804.9	40.0	817.9	43.2	838.3	43.6]
UK contribution to EC R&D	136.8	176.6	0.0	207.5	0.0	105.3	0.0
TOTAL CIVIL SCIENCE AND TECHNOLOGY:							
CHANGES including launch aid			110.1		145.1		58.0
CHANGES excluding launch aid			112.4		122.7		97.5
LEVELS including launch aid	3,006.1	3,082.6	3,192 7	3,025.1	3,170.2	2,993.8	3,051.8
LEVELS excluding launch aid	2,914.1	3,009.4	3,121.8	3,049.2	3,171.9	3,018.5	3,116.0
Ministry of Defence	2,353.0	2,425.0	133.0	2,472.0	127.0	2,533.8	103.0
Total Science and Technology (changes)			243.1		272.1		161.0
Total Science and Technology (levels)	5,359.1	5,507.6	5,750.7	5,497.1	5,769.2	5,527.6	5,688.6

(i) The public spending figures for science after April 1990 include a fall of around £20 million as the costs of certain nuclear safety research will then be recovered from the electricity supply industry. At the same time responsibility for this spending transfers from D/Energy to the Nuclear Installations Inspectorate - part of the D/Employment Group.

FY
JO

cc: George Guise

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

1 November 1989

Dear John,

Thank you for your letter of 16 October commenting on the suggestion that the Prime Minister might see Professor Anne Warner. In the light of your advice, we do not intend to pursue the idea further.

Mr. Fairclough also minuted with the same conclusion. He suggested that a better approach might be to build on the recent ACOST seminar for young scientists. I think this is something which the Prime Minister may well want to repeat, though I see no reason to hurry about this. I suggest we confer next summer to see whether a seminar in the autumn of 1990 would be desirable.

I am sending a copy of this letter to John Fairclough in the Cabinet Office.

Yours sincerely
Andrew Turnbull

ANDREW TURNBULL

John Ratcliff, Esq.,
Department of Education and Science.

CONFIDENTIAL

SRW

file

9:S&T

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

Mr. Fairclough

S&T ISSUES

I have now shown the Prime Minister your minute of 19 July, in which you raised the possibility of a review of the respective roles of the Research Council and policy departments in relation to research. The Prime Minister is not attracted to this idea, which she feels would get nowhere.

I am copying this minute to Richard Wilson and Trevor Woolley (Cabinet Office).

PRC6.

(PAUL GRAY)
30 October 1989

CONFIDENTIAL

CF B/P in July 1990.

PREM.
Yes. AS 31/10

WO261

MR GREY

AT
Do you think we can let the Warner idea quietly drop?

27 October 1989

POSSIBLE MEETING BETWEEN THE PRIME MINISTER AND PROFESSOR ANNE WARNER.

PREM
31/10

Ack

It is not clear to me from Andrew Turnbull's letter of ~~3~~ October what is behind the suggestion that Professor Warner should be invited to talk to the Prime Minister. If the purpose is for the Prime Minister to talk to a scientist about the fundamental science in the UK, then my view is that Professor Warner is inappropriate, since she is not always forthcoming in discussion and can be rather narrowly focussed. The alternatives suggested by DES, not unsurprisingly, are working in areas of interest to the Natural Environment Research Council. Although I have no particular views on these individuals, I would suggest that a better approach might be to build on the recent most successful ACOST seminar for young scientists. The Prime Minister could perhaps host another meeting of young fundamental scientists working at the sharp end in order to get the widest possible range of views.

JWF

JOHN W FAIRCLOUGH
Chief Scientific Adviser

SCIENCE + TECH · Budget Pt 9

MCM

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

JOHN FAIRCLOUGH,
CABINET OFFICE

POSSIBLE MEETING BETWEEN THE PRIME MINISTER AND PROFESSOR ANNE WARNER

Andrew Turnbull copied to you his letter of 3 October to the Department of Education and Science about the possibility of the Prime Minister meeting Professor Anne Warner. I am not sure whether you have seen the enclosed reply dated 16 October we have now had from DES. Is there anything you would want to add to their comments? Perhaps you could let me know in the next few days.

PAUL GRAY
21 OCTOBER 1989

1. Alyson
2. Agatha

B/f when the Tombs letter arrives

I think we'd better fit this in before the winter.

c. Mr Wilson

Pec 6 23/11

CONFIDENTIAL

W0278

c – Mr. Gray

If the PM can fit in a meeting with Sir F. Tombs in the New Year it would be helpful. It will be his last before he gives up the Chairmanship in July. PERB 20.11.

SIR ROBIN BUTLER 17 November 1989

Sir Francis Tombs will be writing to the PM shortly suggesting a meeting early in the New Year to review ACOST's current activities and to discuss the agenda for the Council meeting on 14 March which the Prime Minister will attend. It is nearly a year since the Prime Minister and Sir Francis Tombs met to discuss ACOST's activities and I recommend that she should accept. I suggest that you, George Guise and myself are present. I will provide a brief nearer the time if the Prime Minister chooses to accept this suggestion.

JWF

JOHN W FAIRCLOUGH
Chief Scientific Adviser

SSPS 415G/907

R17/10

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

Andrew Turnbull Esq
10 Downing Street
London
SW1A 0AA

16 OCT 1989

Dear Andrew

Thank you for your letter of 3 October which enclosed a copy of Professor Anne Warner's curriculum vitae.

Professor Anne Warner is a member of the Natural Environment Research Council and we have made enquiries about the suggested meeting with its Chairman, Professor Knill. His advice is that he could not recommend the Prime Minister to meet Professor Warner. Professor Warner can sometimes be awkward in conversation. He would not regard her as "up and coming": indeed he feels she has reached her plateau and is no longer at the cutting edge of science. She does not always prove forthcoming in discussions and can be rather narrowly focused.

Should the Prime Minister welcome discussion with a woman scientist, he can recommend two who are at the cutting edge of science, well-up in industrial requirements and producing significant results - though neither is an academic scientist. Dr. Jane Barron specialises in water quality at Binney Consultant Engineers. Dr. Elisabeth Culbald is also recommended: she is currently involved in environmental management for the Euro-Tunnel.

A scientist (male) who is at the cutting edge of science and could comparably be recommended for a wider-ranging discussion would be Professor M.P. Hassell, FRS, who is in the Department of Pure and Applied Biology at Imperial College (also currently Chairman of NERC's Terrestrial and Freshwater Sciences Committee).

Please let me know if there is any further information on any of these you would like me to provide.

Yours sincerely

John Ratcliff
Private Secretary

CURRICULUM VITAE

Anne Elizabeth Warner (née Brooks) Date of Birth: 25.8.1940

1952-58	Pate's Grammar School for Girls, Cheltenham
1958-61	University College London B.Sc. (Special) Physiology, Class (IIi)
1961-63	Medical Research Council Studentship held at The National Institute for Medical Research
1963-68	Member of Scientific Staff, Medical Research Council at NIMR
1964	Ph.D. Faculty of Science, University of London
1968-71	Research Associate, Department of Biology as Applied to Medicine, Middlesex Hospital Medical School
1970-74	Biological Council Representative on Biological Abstracts Preview Project Advisory Committee (under the DES)
1971-75	Lecturer in Physiology, Royal Free Hospital School of Medicine
1975-76	Senior Lecturer in Physiology, RFHSM
1975-79	Committee of the Physiological Society
1976-80	Senior Lecturer in Anatomy & Embryology, University College London
1977	F.R. Lillie Fellow, Marine Biological Laboratory, Woods Hole, Mass. 02543, U.S.A.
1979-87	Editorial Board, Journal of Physiology
1979-84	British National Committee for Biophysics
1980-86	Reader in Anatomy, University College London
1981-84 & 86-87	Member of Council, then
1987 -	Physiological Society Governor Marine Biological Association of the United Kingdom
1983	Visiting Professor University of California, Irvine
1985-87	Visiting Professor, Department of Cell Biology, Baylor College of Medicine, Houston, Texas.
1985	Elected to the Fellowship of the Royal Society.
1986-	Foulerton Research Professor of the Royal Society.
1986-	Professor of Developmental Biology, University College London.
1986-	Director, The Company of Biologists.
1987- NERC	Independent Member, the ~~National~~ NATURAL Environment Research Council (plus Marine Sciences and Higher Education Committees)
1988-	Member of Scientific Advisory Board, the Lister Institute.
1989-	Member of the Cell Board, Medical Research Council.

SCI & TECH: Budget
A 9

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

11 October 1989

Dear John,

MRC's CLINICAL RESEARCH INITIATIVE

Thank you for your letter of today's date enclosing the final version of your Secretary of State's letter of 5 October to Sir David Phillips.

As you say, David Wilkinson did talk to me about this before your Secretary of State's letter issued, and explained in broad terms the proposed revised wording for the letter. I note that you also now add that the further studies by the ABRC will exclude looking at the possibility of retaining a significant body of clinical research at Northwick Park. To avoid any risk of misunderstanding at a later stage, I must re-iterate the point in my earlier letter of 3 October to Stephen Crowne that the Prime Minister continues seriously to question any proposal to spend resources on vacating the facilities at Northwick Park. I am quite clear that the Prime Minister has not accepted the proposition that "there is no cost-effective way of remedying the present defects" at Northwick Park; and I would be surprised if others could have reached such a judgement before details of the costs involved in the alternative proposals have been spelled out on the lines requested in my 3 October letter.

I am copying this letter to Andy McKeon (Department of Health), Jim Gallagher (Scottish Office), Trevor Woolley (Cabinet Office) and John Fairclough (Cabinet Office).

Yours,

Paul

PAUL GRAY

John Ratcliff, Esq.,
Department of Education and Science.

CONFIDENTIAL

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

Mr P Gray
Private Secretary
10 Downing Street
LONDON SW1A 2AA

11 OCT 1989

Dear Paul

MRC's CLINICAL RESEARCH INITIATIVE

Following David Wilkinson's conversation with you, my Secretary of State wrote to Sir David Phillips as in the attached letter. His letter and Sir David's of 22 September have been released to the press.

As you agreed, Mr MacGregor's letter picks up the Prime Minister's concerns through an explicit request that the further advice promised by the ABRC next spring should quantify the significantly lower capital costs of the approach now being pursued, and provide information on the intended redeployment of resources from Northwick Park and on NHS implications. This is reinforced by a request that officials from this and the Health Departments be kept in touch with the further detailed studies foreshadowed in Sir David Phillips' interim advice.

Those further studies will not, however, look again at the possibility of retaining a significant body of clinical research at Northwick Park. As I understand David Wilkinson explained to you, three studies (Stoker, Nicholson and this latest option appraisal) have all concluded that the arrangements there are inadequate to foster first-rate research and training; and, further, that there is no cost-effective way of remedying the present defects. The substance of the ABRC's interim advice last month was to confirm that conclusion and to recommend that the necessary enhancement of clinical research in the UK should be through developments at a number of centres, building on established research strengths, rather than by focussing - more expensively - on a single national centre at Hammersmith as had been proposed by the MRC.

I am copying this letter to Andy McKeon (DH), Jim Gallagher (SO), and John Fairclough (Cabinet Office).

Yours sincerely

JOHN RATCLIFF
Private Secretary

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

Sir David Phillips KBE FRS
Chairman
Advisory Board for the Research Councils
Elizabeth House
York Road
LONDON
SE1 7PH

-5 OCT 1989

Dear David,

Thank you for your letter of 22 September.

I was grateful to learn the outcome of the Board's consideration of the option appraisal undertaken by the MRC. This decision has been reached after a most thorough analysis and I am naturally pleased that the Board's preference on merits is for an approach which will involve significantly lower capital costs than the original proposal focussed on a single national centre.

I understand that the approach now proposed requires more detailed study before the Board is in a position to quantify these costs and to advise me on the financial implications for MRC and the Science Budget. I look forward to receiving that advice next spring and would be grateful if my officials - and, as necessary, officials from the Health Departments -can be kept fully informed of the developing proposals as regards capital costs, the redeployment of resources to other centres from Northwick Park, and implications for NHS provision.

In view of the interest of the scientific community in this matter, I am, like you, happy for our exchange of letters to be made public.

Yours ever,

JK

SC. & TECH: Budget proj.

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

3 October 1989

THE MRC'S CLINICAL RESEARCH INITIATIVE

The Prime Minister has seen your Secretary of State's minute of 27 September and the attached exchange of letters with the ABRC.

The Prime Minister has commented that Sir David Phillips' letter gives no figures at all. She would be grateful for quantification of the 'significantly lower capital costs' and of the proposed precise re-deployment of resources to other locations. She would also be grateful for information on the implications of the latest proposals for Northwick Park; she has noted that special facilities were provided initially at Northwick Park, and continues seriously to question any proposal to spend resources on vacating those facilities. She also wonders what it is proposed to do with any space that would be vacated at Northwick Park.

I am copying this letter to the Private Secretaries to members of E(ST), and to Sir Robin Butler and John Fairclough (Cabinet Office).

PAUL GRAY

Stephen Crowne Esq
Department of Education and Science

CONFIDENTIAL

CONFIDENTIAL

MJ

c: Crowne

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

3 October 1989

Dear Stephen

We have received a sugggestion that Professor AnneWarner, Professor of Developmental Biology at University College London and a member of MERC, should be invited to come into see the Prime Minister to exchange views on the state of fundamental research in the UK.

The Prime Minister naturally receives a great deal of advice and comment on the state of science in this country and the pressures on her diary are very great but, against this, she is keen to maintain contact with up and coming people in the scientific world. I would welcome advice from your Secretary of State on whether it would be worth trying to fit Professor Warner into the diary. I enclose a copy of her CV.

I am copying this letter to John Fairclough (Cabinet Office).

Yours sincerely

Andrew Turnbull

Andrew Turnbull

Stephen Crowne, Esq.,
Department of Education and Science.

CONFIDENTIAL

CURRICULUM VITAE

Anne Elizabeth Warner (née Brooks) Date of Birth: 25.8.1940

1952-58	Pate's Grammar School for Girls, Cheltenham
1958-61	University College London B.Sc. (Special) Physiology, Class (III)
1961-63	Medical Research Council Studentship held at The National Institute for Medical Research
1963-68	Member of Scientific Staff, Medical Research Council at NIMR
1964	Ph.D. Faculty of Science, University of London
1968-71	Research Associate, Department of Biology as Applied to Medicine, Middlesex Hospital Medical School
1970-74	Biological Council Representative on Biological Abstracts Preview Project Advisory Committee (under the DES)
1971-75	Lecturer in Physiology, Royal Free Hospital School of Medicine
1975-76	Senior Lecturer in Physiology, RFHSM
1975-79	Committee of the Physiological Society
1976-80	Senior Lecturer in Anatomy & Embryology, University College London
1977	F.R. Lillie Fellow, Marine Biological Laboratory, Woods Hole, Mass. 02543, U.S.A.
1979-87	Editorial Board, Journal of Physiology
1979-84	British National Committee for Biophysics
1980-86	Reader in Anatomy, University College London
1981-84 & 86-87	Member of Council, then
1987 -	Physiological Society Governor Marine Biological Association of the United Kingdom
1983	Visiting Professor University of California, Irvine
1985-87	Visiting Professor, Department of Cell Biology, Baylor College of Medicine, Houston, Texas.
1985	Elected to the Fellowship of the Royal Society.
1986-	Foulerton Research Professor of the Royal Society.
1986-	Professor of Developmental Biology, University College London.
1986-	Director, The Company of Biologists.
1987-	Independent Member, the National Environment Research Council (plus Marine Sciences and Higher Education Committees)
1988-	Member of Scientific Advisory Board, the Lister Institute.
1989-	Member of the Cell Board, Medical Research Council.

PRIME MINISTER

THE MRC'S CLINICAL RESEARCH CENTRE'S PROPOSALS

You will recall vividly the earlier exchanges on the MRC's proposal to transfer the Clinical Research Centre to Hammersmith. You expressed strong views against this.

John McGregor has now minuted you (flag A), attaching letters he has exchanged with Sir David Phillips. The Phillips' letter says that the ABRC now favour distributing the clinical research work through a number of centres including Hammersmith, rather than having a single national centre. They now propose to come forward with detailed proposals next year. John McGregor's letter welcomes the implied reduction in capital costs from the earlier proposal and looks forward to the ABRC's further rise.

John McGregor indicates that he will shortly be releasing this exchange of letters. You will want to consider what, if any, action you want to take at this stage. Ian Whitehead's note at flag B stresses how vague the Phillips' letter is and points out the continuing danger of the lion's share of the resources still going to Hammersmith. He recommends that you should ask, before the letters are released to the press, for information on the precise redeployment of research centres to other locations; and for information on the impact on NHS provision in North London (bearing in mind the possible impact on your constituency).

Do you want to comment in the terms Ian Whitehead suggests?

PRG

PAUL GRAY

2 October 1989

Yes and more. No figures are attached. What happened to the [illegible] room at Northwick Park. The point is that having had spread facilities provided [illegible] at Northwick Park, they now want to leave. There isn't any money to enable them to do so [illegible]

PRIME MINISTER

2 October 1989

THE MRC's CLINICAL RESEARCH INITIATIVE

John MacGregor wants to publish a letter from the Advisory Board for the Research Councils (ABRC) - alongside his own supporting letter - which reach the following conclusions:

- The Clinical Research Centre (CRC) at Northwick Park Hospital in Harrow should be closed.

- And the resources released by the closure - staff and money - should be redeployed elsewhere in a number of sites. A single national centre has now been rejected.

Closure of the Clinical Research Centre

The ABRC believe this country is lagging further behind in clinical research. They feel - with some justification - that we can only compete internationally by bringing together clinical research (such as developing new cancer therapies) and basic research (such as genetic mapping) under the same roof in a strong teaching environment.

In this context, the ABRC believes that the CRC has failed to achieve its potential because of the lack of a good university teaching hospital next door. A typical district general hospital such as Northwick Park does not attract a strong base of postgraduates. Neither does it draw patients with a wide range of complex disorders.

As a consequence, the CRC has switched from its earlier roots as a patient orientated clinical research establishment

towards an emphasis on basic scientific research. In this regard, the CRC has attracted a number of high calibre basic research scientists in the last two years. They have been drawn by good facilities and generous funding.

On the other hand, the Royal Postgraduate Medical School in Hammersmith has gained an international reputation in clinical research but lacks a strong basic scientific research capability. The RPMS believe its own reputation will fall unless there is an injection of able basic scientists on the same site.

This is the underlying rationale behind the proposed CRC closure.

Redeployment of Resources

On the surface, the ABRC have moved a long way from their earlier plan for a new national centre. Originally, they wanted to combine the RPMS and the CRC on one site in Hammersmith. Now they favour a dispersal of resources to a number of teaching hospitals (probably Hammersmith, Birmingham, Edinburgh and Cambridge).

Yet no mention is made of how the resources will be split. There is a significant risk that a lion's share of the staff and money will be passed to Hammersmith. In which case, a new national centre may emerge through the back door in Hammersmith. We would then be expanding one of our central London teaching hospitals at a time when transport, housing and recruitment mitigates against this move.

There seems no justification in announcing the closure of the Clinical Research Centre given the uncertainty of:

(i) the precise redeployment of staff and money and,

(ii) the impact of the change in the provision of health care in North London, which may have an impact in your own constituency.

The ABRC's vague statements need clarification on the detail.

Before the two letters are released to the press - if at all - John MacGregor should be asked:

What is the precise redeployment of resources to other locations?

And Kenneth Clarke should be asked:

What will be the impact on the Health Service in North London? Can we be assured there will be no major disruption?

Ian Whitehead

IAN WHITEHEAD

SCIENCE & TECH.
Budget

Mr. Dunkell

1. I know Alan Henderson extremely well over many years. He is very bright.

2. I think this is one for you.

3. I have sent an acknowledgement.

25/5

DR. ALAN HENDERSON
ex Director ICI

HASLEMERE 4196

WOODLANDS
TENNYSON'S LANE
HASLEMERE
SURREY
GU27 3AF

27th September 1989.

Denis Thatcher, Esq.,
10 Downing Street,
LONDON, SW1A 2AA.

Dear Denis,

You may recall that I am a Governor of the Lister Institute of Preventive Medicine whose prime objective is to select and finance the best young brains in the field of medical science by appointment to Lister Fellowships (e.g. Alex Jeffries and genetic fingerprinting) and, in this task, the Governors are assisted by a Scientific Advisory Board of eminent academics. Once a year we meet with the Fellows for a presentation of papers and we have just held this year's meeting at Fitzwilliam College, Cambridge. As usual, the papers were of excellent quality.

Last year we invited Professor Anne Warner to join the Scientific Advisory Board. You will see from her C.V., which I enclose, that she has a most impressive record. She has held visiting Professorships at two major American Universities and is currently Professor of Developmental Biology at University College, London. In 1985 she was elected a Fellow of the Royal Society and in 1986 became the Foulerton Research Professor of the Royal Society. The Royal Society is generally regarded as a trifle "stuffy" and the award of the Foulerton to Professor Warner raised some eyebrows. She is far removed from the archetypal blue stocking, a pleasing personality, a good speaker and well regarded by her peers.

Now to the purpose of my writing ! Talking to Professor Warner over dinner at Cambridge, she expressed concern about the position of fundamental research in the U.K. and, reflecting on her remarks later, I thought that the P.M. may be interested to hear at first hand the views of someone with such a rich background of scientific experience. I hope that this suggestion

does not sound too presumptious because I know the P.M. is always tremendously busy on matters of great moment and that her diary must be full and overflowing, but Professor Warner is based in London and if the P.M. felt that a brief informal chat would be of interest, I am sure that, if approached, Professor Warner would be very happy to have such an opportunity.

You will be pleased to know that the I.C.I. project on genetic fingerprinting at Abingdon is going well and expansion on the European scene is envisaged.

I apologise for the typewritten letter but I am now finding it difficult to produce handwritten letters which are legible.

Best wishes,

Yours Sincerely,

Alan

A ccpb.

PRIME MINISTER

THE MRC'S CLINICAL RESEARCH INITIATIVE

clap pr 8

Earlier this year (Paul Gray's letter to Tom Jeffery dated 22 March) you expressed concern at the MRC's proposal to undertake a major capital project at the Royal Postgraduate Medical School at Hammersmith as the major component of its initiative to improve clinical research in this country. You thought that such a project should not be contemplated and asked for a full appraisal to be made of all the options.

This appraisal has now been done and its results considered by the Advisory Board for the Research Councils. The Board decided against focusing the major part of this initiative on a single National Centre. They came down in favour of a distributed approach with phased development at a number of centres including the RPMS. This approach will involve significantly lower capital costs than the original proposal focussed exclusively on the RPMS, although a major objective remains to sustain and enhance that School's excellent contribution to clinical research.

How much

Because of the wide interest in this in the scientific community, I shall be making this outcome public shortly by releasing the attached exchange of letters.

I am copying this letter to members of E(ST), Sir Robin Butler and John Fairclough.

JM

27 September 1989

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

Sir David Phillips
Chairman
Advisory Board for the Research Councils
Department of Education and Science
Room 5/54
Elizabeth House
York Road
LONDON SE1 7PH

EARLY DRAFT

Thank you for your letter of 22 September.

I was grateful to learn the outcome of the Board's consideration of the option appraisal undertaken by the MRC. This decision has been reached after a most thorough analysis and I am naturally pleased that the Board's preference on merits is for an approach which will involve significantly lower capital costs than the original proposal focussed on a single national centre. I particularly note that a key objective remains to sustain and enhance the excellent clinical research undertaken at the Royal Postgraduate Medical School at Hammersmith. I look forward to receiving the Board's further advice on this in the course of next year's expenditure survey.

In view of the interest of the scientific community in this matter, I am, like you, happy for our exchange of letters to be made public.

SCIENCE & TECH: Budget
pr 9

Advisory B[redacted] Councils
Elizabeth House York Road London SE1 7PH

Direct line 01-934 9849
GTN Number 2914 9849
Fax 01-934 9389

Chairman
Sir David Phillips KBE FRS

Secretary
P J Thorpe

The Rt Hon John MacGregor MP
Secretary of State for Education and Science
Elizabeth House
York Road
LONDON
SE1 7PH

22 September 1989

Dear Secretary of State,

MRC's CLINICAL RESEARCH INITIATIVE

The Board's advice on public expenditure, which I submitted to your predecessor in May, reconfirmed our strong support for the MRC's clinical research initiative and noted that the Council was engaged on a thorough appraisal of options so as to ensure that the necessary improvement in provision for clinical research could be secured in the most cost-effective way. That appraisal has now been completed and the Board considered the outcomes in detail at its meeting this week.

Our unanimous conclusion was that there is a very strong case: first, for sustaining and enhancing clinical research of internationally acknowledged excellence at the Royal Postgraduate Medical School at Hammersmith, in particular through an infusion of basic biomedical research; and second, for developing important aspects of clinical research at a number of provincial centres, building on their existing research strengths. However, the Board did not favour focussing the major part of this initiative on a single national centre. In our view, a distributed approach with phased developments at a number of centres is likely to yield the desired benefits of high quality science, enhanced medical training and improvements in hospital practice, and to do so more cost-effectively.

Both parts of the proposed programme should benefit from the redeployment of the resources - staff and money - currently invested in the Clinical Research Centre at Northwick Park, and overall there should be no increase in recurrent costs (indeed, there may be some savings). But, inevitably, some frictional costs will be incurred and there will be some one-off capital costs for new accommodation and equipment at the centres that will be developed. Compared with the previous proposals focussed on a single centre, these should be significantly lower and may be phased over a longer period.

We have asked the MRC to develop its plans on this basis so that we shall be able to consider them as part of our review of the Research Councils' corporate plans and expenditure needs next spring. The Board will pay particular attention to the extent to which the additional costs of this initiative can be met from within the MRC's existing expenditure allocations, by redistribution of resources between the Councils, and from private sources. Our conclusions will be included in the advice we submit for 1990 PES.

I should be pleased to discuss this matter with you further, if that would be helpful. The Board will not itself be making a public statement on the issue, but we should be happy for this letter to be made more widely available if you thought that appropriate.

Yours sincerely,
David Phillips.

DAVID PHILLIPS

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

MR. C. C BRADLEY

HOUSE OF COMMONS SELECT COMMITTEE ON EDUCATION, SCIENCE AND ARTS

You wrote to Paul Gray on 3 August about the invitation from the Select Committee on Education, Science and Arts to Sir Francis Tombs to submit a memorandum and to give oral evidence in their enquiry into Science Policy and the European Dimension.

The Prime Minister appreciates the difficulties Sir Francis may have in giving evidence. However, she feels that if Sir Francis replies in the way you suggest the Committee are unlikely to see this as sufficient reason for him to be excused from giving evidence. She thinks that they are likely to reply that the alternative choices could be considered and that they would like to have an input before the Government makes its decision. The Prime Minister has also commented that this would require an assessment of the value attained from joint research work; and that we have some information on this from ESA and CERN etc.

CAROLINE SLOCOCK
9 AUGUST 1989

MRMAKO

OD

ccR.U.

From: R T J Wilson
3 August 1989

MR GRAY

RA

P 03524

RECENT SCIENCE AND TECHNOLOGY INITIATIVES

1. I attach an index of recent Science and Technology initiatives, which Mr Neilson has kindly prepared, showing briefly what each of them is about and their current state of play.

2. On near-market agricultural R&D I would have thought that there was a strong case for asking for the issues to be pursued in this year's Survey.

3. We shall need to keep a close eye on the review of the EC R&D framework programme. It is now clear that the Commission will be proposing a substantial increase in expenditure. The UK line is likely to be considered in OD(E) in September. The Prime Minister and Mr Major as Chief Secretary have already given clear signals about the approach to be adopted and it may well be that Mr Ridley and Mr Major in their new roles will want to take a more robust line than before. Depending on what happens at OD(E) you may wish to consider asking the Prime Minister whether she wishes to intervene again.

RJW

R T J WILSON

RECENT S&T INITIATIVES

i. Mr MacGregor's report on near-market agricultural R&D

Mr MacGregor minuted the Prime Minister on 21 July to explain that his consultations with the agricultural industry had raised £10m per annum funding for near market research, and therefore that a further £20m per anum of such research would have to be ended. He also sought agreement to an announcement that there would then be a period of stability in Government funding for agricultural research. The Treasury want to keep open the option of greater savings in agricultural research until the Survey, and therefore do not wish any assurances on stability to be given at this stage. The separate minute which Mr MacGregor promised on the Agricultural Priorities Board is not now expected until September.

ii. Mid-Term Review of the EC R&D Framework Programme

This will be a major issue for the autumn. The Commission's proposals, involving a substantial increase in EC R&D expenditure up to the Inter-Institutional Agreement ceilings, were agreed on 27 July. A preliminary response will need to be agreed between Ministers before Mr Douglas Hogg attends a Research Council meeting on 18 September. I understand DTI officials have suggested that the form of this response might be discussed at OD(E) on 7 September. It is not clear whether a paper would be circulated in advance, or whether there would be an oral report under the "Forward Business" item. Richard Escritt envisages that Mr Ridley or Mr Hogg would then need to clear the response through E(ST) in correspondence. The substantive negotiations on the Commission's proposals are expected in October/November.

iii. Mr Fairclough's proposed review of the boundary between R&D funded by Research Councils and by Departments

Mr Fairclough's minute to Mr Gray of 19 July asked if the Prime Minister would be content for him to propose a review of the respective roles of the Research Councils and policy departments in relation to research. We advised Mr Gray to respond by saying that, whilst the Prime Minister would be content for such a proposal to be circulated, she would not decide whether to endorse it until she had considered the reactions of departments. So far Mr Fairclough has not circulated his proposal to departments. Previously, at E(ST)(O) on 13 July, Mr Fairclough had proposed a review of far market research with similar objectives in mind. This proposal had been strongly resisted by departments, on the grounds that it would duplicate other work and was of insufficient priority.

iv. Government Research Establishments

Mr Fairclough minuted the Prime Minister on 12 July with a progress report on the plans for turning civil Research Establishments into Next Steps Agencies and on the scope for departments commissioning work from these Establishments on the basis of competitive

tendering. The creation of Agencies should make these Establishments more commercial, although there is a risk that the more elaborate customer-contractor relationships which Mr Fairclough favours will involve greater bureaucracy. Mr Gray's reply of 24 July explained the Prime Minister's concern that Mr Fairclough's recommendations for further work represented essentially a programme for further administrative work rather than an action programme. Mr Fairclough minuted Mr Gray again on 31 July seeking an authoritative endorsement of the proposals in his previous minute. I understand that Sir Robin Butler has asked Mr Gray not to respond to this minute until Mr Kemp has had a further discussion with Mr Fairclough.

v. Responses to ACOST's annual advice on S&T priorities

Mr Fairclough suggested in his minute of 30 June to Mr Turnbull that individual departments should comment directly back to ACOST on the sections of ACOST's annual advice on S&T priorities which were relevant to them. Mr Turnbull's reply of 5 July said that the Prime Minister would prefer Mr Fairclough to co-ordinate a single Government response. It may be appropriate to send this after the Survey has been completed.

vi. Response to the House of Lords S&T Sub-Committee's report on civil R&D

The S&T Secretariat have recently circulated to departments a revised response to the Sub-Committee's report, which was published in March. This report continues the discussion of civil R&D issues which were last given prominence in the 1987 White Paper on S&T. The draft response will need to be cleared by the Prime Minister. The present intention is to send a low-key reply, through Lord Belstead writing to the Sub-Committee's chairman during the recess.

vii. Review of International R&D Programmes

Mr Fairclough's minute to the Prime Minister of 11 July contained the results of a review by the S&T Secretariat of 14 international R&D facilities. This review had been cleared through E(ST)(O). Mr Gray's minute of 18 July said that the Prime Minister hoped departments would adopt the review's recommended guidelines for future international collaborative projects. Mr Fairclough was asked to report back on departmental reactions to the recommendations by the end of the year. This should not be particularly contentious.

3 August 1989

On 0418

PAUL GRAY ESQ
10 Downing Street

3 August 1989

cc Mr Fairclough
Mr Wilson
Dr Spencer
Mr Escritt
Mr Finch

HOUSE OF COMMONS SELECT COMMITTEE ON EDUCATION, SCIENCE AND ARTS

You will see from the attached copy that Sir Francis Tombs as Chairman of ACOST has been invited to submit a memorandum to the Committee and to give oral evidence in their enquiry into Science Policy and the European Dimension.

After talking to John Fairclough (who has consulted Richard Wilson) and Jonathan Spencer we propose that Sir Francis replies along the lines that ACOST has an interest in international aspects of UK science policy but the formulation of advice is in progress and will be in confidence to the Government. This will therefore inhibit him in giving information to the Committee at the present time. He should therefore be asked to be excused from giving evidence until the Government's decisions are known.

For your information ACOST is currently preparing advice on EUREKA and on the EC Framework Programme Review and will be submitting advice on these to Ministers in August and September respectively.

Sir Francis has been consulted and he agrees with this line. I have attached also a draft of a letter for him to send to the Clerk.

Clive Bradley

Enc

C C BRADLEY

DRAFT

Mr C J Poyser
Clerk of the Committee
House of Commons Select Committee
on Education, Science & Arts
Committee Office
House of Commons
London SW1A OAA

August 1989

Thank you for your letter of 28 July asking me to provide a memorandum to the Committee for its forthcoming inquiry into Science Policy and the European Dimension.

ACOST is currently considering a number of international aspects of UK policy for science and technology and any advice we offer to the Government will be in confidence. I am afraid therefore that this would inhibit me in giving evidence to the Committee and I should like to be excused for the time being. However, once the Government decisions on the advice are known it may be helpful if I were to talk informally to the Committee on this subject.

SIR FRANCIS TOMBS

Enc

COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 6243 (Direct Line)
01-219 3000 (Switchboard)

EDUCATION, SCIENCE AND ARTS COMMITTEE

28 July 1989

Sir Francis Tombs FEng
Chairman
ACOST
70 Whitehall
LONDON SW1A 2AS

Dear Sir Francis,

I write to seek the help of the Advisory Council on Science and Technology in connection with the Select Committee on Education, Science and Arts' next inquiry.

Enclosed is a Press Notice issued on 28 July 1989 giving details of the Committee's forthcoming inquiry "Science policy and the European dimension". Detailed work on the inquiry is likely to begin around Christmas 1989, and the Press Notice calls for written evidence from relevant organisations and experts by the beginning of November.

It will be of particular benefit to the Committee to receive evidence from ACOST and I hope you will be able to submit a memorandum. A programme of oral evidence will be agreed when memoranda have been received.

Yours sincerely,

Crispin Poyser

C J POYSER
Clerk of the Committee

Enc

Education, Science and Arts Committee

COMMITTEE OFFICE HOUSE OF COMMONS LONDON SW1A 0AA
(01-219 5774)

Press Notice

SCIENCE POLICY AND THE EUROPEAN DIMENSION

The next inquiry of the Education, Science and Arts Select Committee will be into the development of UK science policy in Europe. This will cover the questions of how the European Community's science policy and programme is developing and how far UK science policy should operate through European (EC and non-EC) institutions and mechanisms. Areas to be examined will include:

- EC role: what is the EC role in relation to the domestic science programmes of the Member States and what should be the EC's involvement in the development of collaborative projects between Member States and other non-EC countries? What scale of EC programmes should Member States support?

- Priorities and mechanisms for European research: Are existing EC priorities, types of programmes funded and conditions on funding appropriate? [Note: the Committee will not be investigating in detail individual programmes which are the responsibility of departments other than the Department of Education and Science.]

- HE/Research Councils: what effect is the EC research programme having on the priorities and approaches of higher education institutions and research councils? Are UK institutions successful in obtaining EC support for research?

- Government machinery: How effective is Governmental policy machinery for considering European science policy?

Interested organisations and experts are asked to send any written evidence they wish to submit covering these issues to the Clerk of the Education, Science and Arts Committee at the above address. (If possible, please enclose 20 copies for distribution to Committee Members.) Evidence should arrive by the beginning of November.

28 July 1989

CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-233 270 0259

From John W Fairclough FEng
Chief Scientific Adviser

WC202

Brian Murray Esq
Department of Trade and Industry
Ashdown House
123 Victoria Street
London SW1E 6RB

3 August 1989

Dear Brian

SCIENCE POLICY

Thank you for your letter of 26 July, commenting on my letter to John Vereker. You seem to have interpreted rather narrowly my comment that the Academia Europaea speech might be read as giving a firm steer to the Research Councils to concentrate on exploitability. I referred to the flavour of the E(ST) discussion on this issue. The summing-up of that meeting clearly stated that the Government should not become involved in 'backing winners' by trying to identify areas of science with commercial potential but instead effort should be devoted to identifying and backing talented teams of scientists working in fields which might turn out to be commercially fruitful. It is this emphasis on backing the excellent scientist rather than attempting to pick an area that might be exploitable which I think was not sufficiently highlighted in the Secretary of State for Education's speech.

Exploitable science in the shape of new phenomena and options may, of course, flow from these excellent scientists. Where this does occur, it is the role of such schemes as LINK to ensure that there is an appropriate interface to facilitate the exploitation of these new discoveries. As I pointed out in my letter, I feel that Ministers should have the opportunity of collectively considering the respective roles of Research Councils and Policy Departments in funding strategic research, before accepting the content of the Academia Europaea speech as policy.

I am copying this letter to recipients of yours.

Yours sincerely

JOHN W FAIRCLOUGH

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CONFIDENTIAL

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SAM
cc ES(ST)
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10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

6 July 1989

Dear Sir Francis

Thank you for your letter of 30 June and for sending me the National Priorities Advice 1989 which ACOST has prepared during the last twelve months.

As you suggest, I have arranged for the Advice to be circulated to Ministers in charge of Science and Technology spending departments and will let you have a response based on their comments in due course. The Advice will also be made available to the Chief Secretary before he begins his discussions with spending Ministers in the forthcoming Public Expenditure Survey.

I am grateful for the work which the Council has done over the last year, including its advice on Global Environmental research. I enjoyed the opportunity to attend your Council's meeting in February and look forward to the seminar of young scientists which you are arranging for September. I hope the advice which your Council will offer on the mid-term review of the EC Framework Programme and the studies you have set in hand on Manpower and the Science Base for next year will yield useful results.

Yours sincerely

Margaret Thatcher

Sir Francis Tombs

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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

MR FAIRCLOUGH
CABINET OFFICE

ACOST: NATIONAL PRIORITIES ADVICE 1989

I am enclosing a copy of the annual Advice on S&T Priorities which Sir Francis Tombs has sent to the Prime Minister, and a copy of her reply.

In line with Sir Francis' suggestion, the Prime Minister has asked for the Advice to be forwarded to departments. She would be grateful if you would co-ordinate the preparation of a response to ACOST in consultation with departments and if you would also discuss with the Department of Education and Science whether particular sections of the Advice might be made available to the Research Councils.

I am sending a copy of this minute to the Private Secretaries of other members of E(ST) and to Sir Robin Butler.

AT

ANDREW TURNBULL
5 July 1989

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PRIME MINISTER

ACOST ADVICE

Sir Francis Tombs has written to send you ACOST's National Priorities Advice 1989. Mr Fairclough in the Cabinet Office has agreed to prepare a draft reply in co-operation with departments. At this stage all you need to do is acknowledge the report - a draft letter is attached.

The report is summarised at paras 30-37, and the recommendations follow. In general, the advice seems sound until para 22 on 'exploitability'. This section harks back to a yearning for Government to be corralling industry towards profitable investment. Why should the taxpayers' rather than shareholders' money go into 'advanced manufacturing technology'? There is a tendency for exploitability to become a euphemism for 'near market'.

AT

ANDREW TURNBULL

5 July 1989

ANDREW TURNBULL

5 July 1989

ACOST ADVICE

It is right to have Fairclough's office co-ordinate the responses from individual departments rather than their sending views direct to ACOST. That would have been a recipe for lots of parallel letter-writing with cross copies to everybody - in fact a bureaucrat's Paradise.

The substance of the advice is generally fine until Paragraph 22 on Exploitability. This section harks back to a yearning for Government to be busily coralling industry towards profitable investment. If the captains of industry haven't the sense to do this off their own bat, then it is better for them to be replaced, either through take-over or general shareholder disgruntlement, by future captains who do. Why should taxpayers' rather than shareholders' money go into 'advanced manufacturing technology'?

I do not want to make a major point about this now and would rather wait until we have the main draft response ready from Fairclough. I merely register that, despite the general good language of the advice, including the swipe at DTI in Paragraphs 6/9, there is some tendency for the word 'exploitability' to become a code for the unmentionable 'near market'! The basic criterion for taxpayers' funding of research should remain that the science is not understood, rather than that applications and markets have not been identified.

I shall encourage Fairclough to emphasise this in his draft Government response which will be ready in late September. At such time the debate on the structure of the research councils (the Morris report) will have progressed and may have some bearing on what is finally said in the reponse to ACOST.

GEORGE GUISE

cc M Guise

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MR TURNBULL

4 July 1989

ACOST: NATIONAL PRIORITIES ADVICE

As you requested yesterday evening, I enclose two revised draft letters, one for the Prime Minister to send to Sir Francis Tombs and the other for you to send to Private Secretaries of E(ST) Ministers when you circulate the Advice to them. I am also enclosing a one page summary of the main points in the Advice.

2. I am copying this minute to Richard Wilson and Trevor Woolley.

JOHN W FAIRCLOUGH
Chief Scientific Adviser

DMAYF

CONFIDENTIAL

DRAFT LETTER FROM THE PRIME MINISTER TO SIR FRANCIS TOMBS

NATIONAL PRIORITIES ADVICE 1989

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SSMAYO

CONFIDENTIAL

DRAFT LETTER FROM ANDREW TURNBULL TO PRIVATE SECRETARIES OF E(ST) MINISTERS

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SUMMARY OF ACOST'S ANNUAL PRIORITIES ADVICE

i) Level of Civil R & D

ACOST suggests a number of measures to encourage the private sector to spend more on R & D, including extending DTI's Enterprise Policy to provide advice for companies on how to formulate and manage research programmes. Several proposals are aimed at stimulating smaller companies to invest more, for e xample, by lowering the limit at which publication of R & D figures in Annual Accounts is required.

As far as Government R & D is concerned, ACOST attaches high priority to collaborative research, both internationally through EUREKA and domestically between industry and universities. The Council recommends that Government reviews its support for university/industry collaboration.

ii) Science Base

ACOST recommends that last year's welcome increase for the science base is sustained in real terms and that measures are taken to attract young people into scientific careers, through increasing the supply of science and mathematics teachers and other initiatives.

iii) New and Long Term Technologies

ACOST recommends that DTI adopts a more strategic approach to its support for longer term technologies. Exciting new research fields eg transgenics, ceramics and metal matrices are to be encouraged and existing strengths in these fields, such as stem cell biology built on. DH should involve industry at an early stage in health care developments.

iv) Global Environment Research

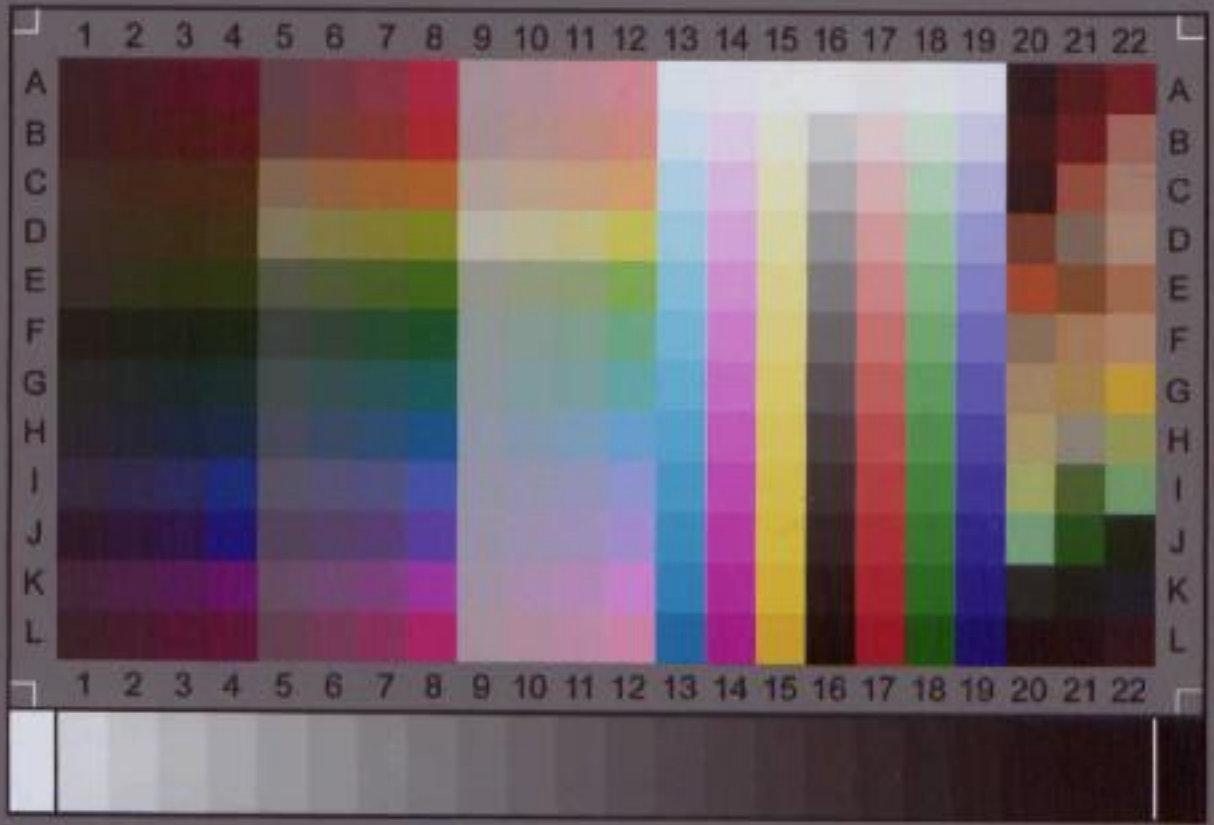
ACOST repeats its earlier advice that Government should support basic science, establish a 'task force' to direct domestic and international efforts and establish a Greenhouse Gases Review Group.

PART 8 ends:-

SIR F. TOMBS to PM. 30.6.89

PART 9 begins:-

J. FAIRCLOUGH to AT. 4.7.89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