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Ref. A085/1774

PRIME MINISTER

*report in folder attached to file*Annual Review of Government Funded R and D

The third of the Annual Reviews of Government R and D expenditure instituted by Cmnd 8591 (Government Observations on the Report "Science and Government" from the House of Lords Select Committee on Science and Technology) has now been completed and I attach a copy. Responsibility for preparation of the Review lies with the Science and Technology Secretariat in the Cabinet Office, working under the guidance of the Sub-Committee of the Chief Scientists chaired by Sir Robin Nicholson.

2. As in 1984, the Review is in two parts. Part I contains a summary of past and projected Government R and D expenditure for the period 1981-82 to 1987-88 and a factual commentary on their distribution. Once again this year, Departments and Research Councils were invited to state the primary purpose of each of their programmes, whether to advance scientific understanding, to support purchasing decisions, to develop technology etc. This has enabled the Secretariat, in Chapter 2 of this part of the Review, to provide helpful analyses of the distribution of expenditures for each purpose and, for those expenditures related to economic objectives, there are further analyses in Chapter 4 of the distribution by industrial sectors and by product groups. Some international comparisons are made in Chapter 3. This Review provides more commentary than last year's, including chapters on the nationalised industries, strategic research, R and D financed by the European Community and related Government activities other than R and D.

3. Part II of the Review contains information on the expenditures and R and D objectives of individual Departments and Research Councils supplementing the summary information in Part I.



4. Before the 1985 Review, the Advisory Council for Applied Research and Development (ACARD) established a working group under the chairmanship of Sir Francis Tombs which has been considering the material assembled for the Review. The working group's comments on the material were sent to you by Sir Henry Chilver on 26 June. Sir Robin Nicholson is sending advice to you separately about the handling of ACARD's comments.

5. You will recall agreeing to the proposal made by the Secretary of State for Trade and Industry that an enlarged E(A) should consider R and D priorities across Government, before the public expenditure bilaterals begin. That meeting is now fixed for 10 July. Sir Robin is preparing a paper to help focus the discussion, and as the Secretary of State for Trade and Industry has pointed out to you in his minute of 29 May, it will be useful for Ministers to have in addition the attached Review together with ACARD's advice. I therefore attach a draft Private Secretary letter for the Review to be drawn to the attention of members of the Cabinet and Ministers invited to attend the 10 July discussion. ^{not attached}

6. An unclassified version of the 1984 Review was published and received a warm welcome from industrialists, the press, from academics and others interested in the field of science and technology policy. The quality and decision to publish the 1984 Review was also commented on favourably by MPs on both sides of the House in the debate on science policy on 14 June. I suggest once again that it would be appropriate for this Review also to be published, with suitable deletion of classified information relating to the detail of future defence expenditures. Sir Robin Nicholson has agreed with MOD what might be said about these. If you agree, I will make arrangements for publication as soon as possible.

ROBERT ARMSTRONG

28 June 1985

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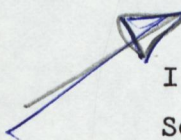
DRAFT LETTER FROM THE PRIME MINISTER'S PRIVATE SECRETARY TO THE PRIVATE
SECRETARY TO THE CHIEF SECRETARY

CH/ER

ANNUAL REVIEW OF GOVERNMENT FUNDED RESEARCH AND DEVELOPMENT 1985

The Prime Minister has received the report from the third of the Annual Review's of R & D announced in Cmnd 8591 (Government observations on the Report "Science and Government" from the House of Lords Select Committee on Science and Technology).

She has asked that the Review (copy attached) should be drawn to the attention of Members of the Cabinet. She has also asked that it should be circulated to all Ministers attending the enlarged E(A) discussion on R & D priorities across Government due to take place on 10 July. ^{*The question of publicity of the Review can be considered at that meeting.*} ~~[The Prime Minister has agreed to publication of the Review again this year with the deletion of classified information relating to defence expenditures.]~~

 I am sending a copy of this letter and the attachments to the Private Secretaries of Members of the Cabinet, ^{*AG (CP90)*} ~~other Ministers attending E(A) on 10 July,~~ and (without attachments) to Richard Hatfield.