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10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M4/85

LORD PRESIDENT OF THE COUNCIL

R & D PRIORITIES ACROSS GOVERNMENT

At the meeting of E(A) on 31 July, at which we discussed Sir Robin Nicholson's paper on R & D Priorities across Government (E(A)(85)40) and the Report of the Official Group on Defence Research and Development (E(A)(85)53), there was general agreement that a searching review of R & D Priorities across Government - defence as well as civil - was required, which would enable Ministers to decide on changes in the size and shape of departmental R & D programmes, with the objective of increasing the contribution of Government-funded R & D towards improving the efficiency, competitiveness and innovative capacity of the UK economy. We agreed, however, that E(A) was itself too large and cumbersome a committee to undertake this difficult work, and I therefore undertook to establish a small group of senior Ministers to carry the work forward.

I should be grateful if you would take the Chair of this Ministerial Group, which should also include the Foreign and Commonwealth Secretary, the Secretaries of State for Trade and Industry, Education and Science, Energy and Defence, the Chancellor of the Duchy of Lancaster, the Minister of Agriculture, Fisheries and Food, and the Chief Secretary, Treasury. Other Ministers should be invited to attend as necessary. I hope in particular that Michael Heseltine and

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Leon Brittan will be able to play a very active role in the work of the Group. The Chief Scientific Adviser, Cabinet Office should attend the meeting of the Group, and preparatory interdepartmental work at official level should be coordinated by the Cabinet Office Science and Technology and Economic Secretariats.

I propose that the terms of reference of the Group should be as follows.

'To review the Research and Development programmes of Government Departments, to assess the relative priorities of the different programmes, to consider the scope for changes in the size, content and objectives of those programmes which could contribute to improving the efficiency, competitiveness and innovative capacity of the UK economy, and to make recommendations to the Ministerial Sub-Committee on Economic Affairs (E(A)) by 4 October 1985.'

It will be for the Group in the first instance to consider the conclusion of the Official Group on Defence R & D that 'it would be in the interests of the UK to reduce, gradually and progressively over the next decade, the volume of UK resources devoted by the Government to defence R & D.' This conclusion will need to be considered alongside papers considering the case for changes in the other major Government-funded R & D programmes.

I am suggesting separately to colleagues that the other conclusions and recommendations of MISC 110, which appeared to command general support at E(A), should be followed up by the same group of officials. Although this would not formally be part of your Group's terms of reference, it may be helpful if your Group is able in due course to discuss further reports by MISC 110 on

(i) procedures for taking into account possible wider benefits to the UK economy in the determination of MOD R & D

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Priorities and in the selection of projects for development;

(ii) possible initiatives to facilitate more coherent planning of international collaborative development projects, and to exploit more fully the relative strength of UK industry;

(iii) new arrangements to enable the MOD Research Establishments to contribute more effectively to UK civil industrial capability.

Similarly I suggest that your Group might have a first crack at both a MISC 110 paper on 'possible further action to break down the barriers and facilitate closer integration between defence and civil industry' and at the results of work undertaken by the Treasury and the Department of Trade and Industry on the reasons for the failure of the private sector of industry to innovate adequately, and on possible remedies for this.

I shall be asking the Secretary of the Cabinet to take the formal steps to establish your Group within the next few days. Thereafter I hope your Group will be able to begin work without delay.

I am sending copies of this minute to the Members of E(A), the Foreign and Commonwealth Secretary, the Secretaries of State for Education and Science, Defence and Health and Social Security, and to Sir Robert Armstrong and Sir Robin Nicholson.

R. H. J.

13 September 1985



Prime Minister ⁽²⁾
Feroz Khan
MCA 23/5

PRIME MINISTER

R & D Priorities Across Government

mk

Thank you for your minute of 13 September asking me to take the chair of the new group of senior Ministers which will carry forward the work on R & D priorities, defence and civil, agreed by E(A) on 31 July.

2. I am, of course, happy to take this forward on the basis of the composition and terms of reference in your minute and I am sure that I can look to my colleagues concerned for their speedy co-operation and support. I have asked the Cabinet Office to arrange a first meeting of the group (which will be established as MISC 119) on Tuesday 24 September so that we can begin work quickly as you request. The timetable will be very tight, but I shall aim to report our first broad conclusions on the issues before us to E(A) by 4 October, in the light of which we can then decide what further work needs to be done.

3. I am sending copies of this minute to the members of E(A), to the Secretaries of State for Foreign and Commonwealth Affairs, Education and Science, Defence, and Social Services, Sir Robert Armstrong and Sir Robin Nicholson.

W.G.

Privy Council Office
21 September 1985



СЕРТИФИКАТ

PRIME MINISTER

You also need to sign the minute to the Lord President at Flag A. He has now confirmed he would be happy to take on the job of chairing the group.

Since you last saw the minute, I have, on a Cabinet Office suggestion, included the Chancellor of the Duchy of Lancaster in the group. He has a very good grasp of the R & D issue, and will make an important contribution to the group's work.

Mark Addison

(MARK ADDISON)

10 September 1985

PRIME MINISTER

MINISTERIAL GROUP TO LOOK AT R&D

E(A) last month agreed that a small working group of senior ministers should consider the balance of R&D expenditure between Departments, and they should report early in October. The timetable is tight, which will help keep up the pressure on Departments; in practice we can expect only interim recommendations by that date. You will recall that you thought it best to delay sorting out who should chair the committee until after the reshuffle.

Membership of the group would be restricted to those with Departments having a significant slice of the overall R&D budget, comprising:-

MOD ✓	✓ Treasury
DTI ✓	
DES ✓	✓ FCO (the Foreign Secretary particularly asked to be included)
Energy ✓	
MAFF ✓	

The key question for now is who should chair the group. You said you would need to consider this further with the Lord President.

At E(A) the Defence Secretary made clear his preference that the Trade and Industry Secretary should take on the chairmanship. On the other hand, DTI are not neutral in the discussion; the Chancellor would object strongly to a 'spending' Chairman; and, if the group ended up deciding that DTI should get a larger slice of the cake (as seems quite possible) this would be harder to sell to the aggrieved Departments.

We know the Lord President has indicated he would be willing to take the chair. He would be a weighty and authoritative neutral Chairman in an area fraught with interdepartmental

tensions.

Agreed Sir Robin Nicholson and Cabinet Office agree that the Lord
not President should have the job. If you are content to accept
this recommendation, a draft minute to the Lord President for
your signature is attached. *(I will double check, before despatch of the
minute, that he would be happy to receive it).*

Also attached is a separate minute, again for your signature,
to the Secretary of State for Defence, asking that the
conclusions and recommendations of MISC 110 which do not deal
with the size of the defence R&D programme, should be
progressed meantime by the MISC group.

Mark Addison

Mark Addison

4 September 1985

cf. papers

cf: file please.

cc NO

Big BV
The PM's PM.
S. R. W.
C. W.
K. W.

P 01642

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From: J B UNWIN
2 September 1985

SIR R NICHOLSON

cc Mr Addison - No 10
Mr Hatfield
Mr Wiggins
Mr Harris

COPE FOR

R&D PRIORITIES ACROSS GOVERNMENT: FOLLOW-UP TO E(A) (85)18th MEETING ON 31 JULY

I minute to record the outcome of our discussion this afternoon on the follow up to the E(A) discussion above on 31 July.

Proposed new Ministerial Group

2. We agreed that, subject to any implications of Ministerial changes, our advice to the Prime Minister on the establishment of the new Ministerial Group and the further work programme for MISC 110 should remain as in Mr Wiggins' minute to Mr Addison of 1 August subject to the two following changes:-

(i) the Foreign and Commonwealth Secretary should be added to the list of members of the new Group in the first sentence of paragraph 2 of the draft minute from the Prime Minister to the Lord President;

(ii) as you have suggested, in paragraph 4 of that same minute the words "by the Government" should be inserted after "devoted" at the end of the first sentence.

3. I should be grateful, therefore, if Mr Addison would kindly make these changes in the submission which is still to be considered by the Prime Minister.

Secretariat arrangements

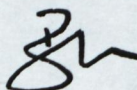
4. We also agreed that, if the new Group is approved, it would be sensible for the Secretariat to be composed of Mr Wiggins and myself, supported by Mr Harris (and a replacement when he leaves at the end of September) from the Science and Technology Secretariat and Mr Roberts from the Economic Secretariat. You will yourself attend the meetings of the Group.

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Work Programme

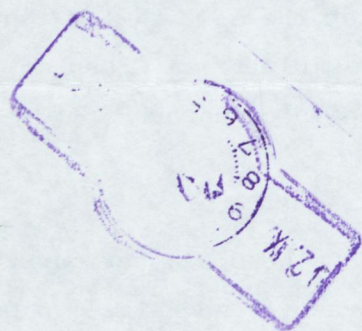
5. We agreed that, so as not to lose any momentum, it was important for the new Group still to aim to produce at least an interim report by 4 October. We should therefore plan for an early meeting to consider ^{the} main MISC 110 recommendation on reducing the volume of MOD R&D expenditure, and an initial paper by you on other Departmental R&D priorities. You propose to show the latter to Chief Scientists at a meeting of STO(CS) on 17 September; and we shall at the same time reconvene MISC 110 to commission papers for later submission to the new Ministerial Group on the subsidiary recommendations in the MISC 110 report as listed in paragraph 5 of the draft minute from the Prime Minister to the Lord President.

6. Finally, we agreed that it would be sensible for our two Secretariats to consult very closely on the preparation of the above and related papers before they are circulated outside the Cabinet Office to the wider Whitehall public.



J B UNWIN

Secret Fish





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MR ADDISON

cc Mr Hatfield
Sir Robin Nicholson
Mr Unwin (o.r.)

R & D PRIORITIES ACROSS GOVERNMENT

As we agreed, I attach two draft minutes the Prime Minister might send to her colleagues about the follow-up work on R & D priorities etc arising out of yesterday's E(A) discussion. These reflect discussion with Sir Robin Nicholson and Mr Unwin.

JW

A J WIGGINS

1 August, 1985

Attachments

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DRAFT MINUTE FROM THE PRIME MINISTER TO THE [LORD PRESIDENT
OF THE COUNCIL]

R & D PRIORITIES ACROSS GOVERNMENT.

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preparatory interdepartmental work at official level should be coordinated by the Cabinet Office Science and Technology and Economic Secretariats.

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6. I shall be asking the Secretary of the Cabinet to take the formal steps to establish your Group within the next few days. Thereafter I hope your Group will be able to begin work early in September.

7. I am sending copies of this minute to the Members of E(A), the Foreign and Commonwealth Secretary, the Secretaries of State for Education and Science, Defence and Health and Social Security, and to Sir Robert Armstrong and Sir Robin Nicholson.