

CPRU

PRIME MINISTER

8 November 1990

## PUBLIC EXPENDITURE ON SCIENCE AND TECHNOLOGY

I agree with the Chief Secretary's minute of 6 November that, in a difficult year, the settlement has many positive features, including:

- (i) Overall spending, on science and technology, will be maintained at the same level in real terms as in 1988-89.
- (ii) Basic and strategic research will have enjoyed a 6 per cent increase in real terms since 1988-89.
- (iii) The Department of the Environment budget has increased by more than one fifth on 1990 - 1991.

2. Nevertheless, as the Chief Secretary recognises, the settlement this year will be criticised by the science and technology lobby as lying below the rate of inflation. Defence spending is being increased in line with the 6 per cent deflator in 1991-1992. Spending on civil science and technology (excluding launch aid) will increase by 4.9 per cent.

3. The figure most likely to attract criticism is the increase of less than 2 per cent for the Science Budget (ie Research Councils plus Royal Society and Fellowship of Engineering).

4. Nevertheless, paragraph 5 of the Chief Secretary's minute explains that the underlying provision for the Research Councils will be maintained in 1991-1992 at this year's level. This requires the sophisticated argument that the cost of the NERC ship (the James Clark Ross) and the move of AFRC and ESRC to Swindon should be excluded from the base provision. There is also a sensible technical adjustment in the timing of payments of research studentship fees.

5. The criticism of this approach will be that last year there was no reference to the provision for the ship or the Swindon move being 'exceptional'. Indeed, I understand that the then Secretary of State for Education and Science specifically argued that the ship was part of the basic provision for the Research Councils.

6. In the forecast years, the transfer of overhead funding from the UFC to the Research Councils is also welcome in principle. However, this cannot be construed as an increase in research funding to the bench scientist. It is simply a transfer of responsibility for managing the funds from the UFC to the ABRC. Additionally the sums concerned are almost certainly inadequate to cover the transferred responsibilities.

7. I agree with the Chief Secretary that one of the most positive features is the rapid growth in private sector research and development between 1978 and 1988.

8. Overall, in a difficult year, and after two good previous years public expenditure on science and technology, in cash terms, is now almost a quarter higher than two years ago.

9. Maintaining scientific priorities is very difficult when overall provision for science and technology is the summation of the results of individual bilaterals and the overall priorities set by each minister.

10. I have agreed with Treasury that next year we will work closely together on science and technology expenditure.

11. I am copying this minute to Sir Robin Butler.

*William Stewart*

PROFESSOR WILLIAM D P STEWART  
Chief Scientific Adviser

Policy Unit have pointed out that it will be important to ensure on 'x' that enough resources go on basic rather than applied science - through the activities & distribution of resources amongst the Research Councils.