

FUG SA

3/8

Earl JELlicoe



10 DOWNING STREET

From the Private Secretary

26 July, 1984

I enclose a copy of a letter to the Prime Minister from Earl Jellicoe, who writes on behalf of the Medical Research Council.

I should be grateful for your advice as soon as possible on Earl Jellicoe's request for a meeting with the Prime Minister to discuss the Council's finances. If, as I imagine, your advice is that the request should be accepted, I should be grateful if a full brief could be prepared for the Prime Minister's use. It would also, I think, be helpful if your Secretary of State could attend the meeting.

I am sending a copy of this letter and the enclosure to Steve Godber (Department of Health and Social Security) and to Robin Nicholson (Cabinet Office).

DAVID BARCLAY

Miss C. E. Hodkinson,
Department of Education and Science

A handwritten mark or signature in blue ink, possibly a stylized 'D' or 'B', located in the bottom right corner of the page.

TELEPHONE:
01-280 2222

33, KING WILLIAM STREET,
LONDON, EC4R 9AS

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

26th July, 1984

Dear Margaret.

I am sorry to worry you, especially on the eve of the Parliamentary recess, but I am deeply anxious about the financial crisis facing the Medical Research Council - and the implications of that crisis for medical research in this country.

I enclose a memorandum by my colleague on the Council, Sir James Gowans, the Secretary and Deputy Chairman of the Council. As you will see from this memorandum the financial strait jacket in which we find ourselves means that we are on the point of having to refuse grants to a number of absolutely first-class University teams and this will be in areas of research with which the Health Departments are very much concerned. In addition we are faced with the distinct probability that we will have to wind up four crucial research units owing to our inability to provide the necessary funds to attract directors of the quality we need.

Gowans and I had a long talk this week with Keith Joseph and told him of our serious concern - a concern which members of Council echoed at our Council meeting last week. The Secretary of State is looking into the position but has not been able to hold out any firm assurance that it will be possible to provide us with the extra financial leeway that we need. Norman Fowler is also aware of the critical situation which the Council is facing.

Keith Joseph said that whilst we should be careful not to by-pass the Advisory Board for the Research Council he would quite understand if we felt we must bring this situation to your personal attention. My primary concern is of course my

TELEPHONE:
01-280 2222

33, KING WILLIAM STREET,
LONDON, EC4R 9AS

fear that in medical research the science base of the United Kingdom is faced with serious erosion but I am also worried about the growing public concern about the cuts which are being forced upon us, and about the political implications. In view of this I am writing to express the hope that you will be able to find the time to see Gowans and myself about this matter in the near future.

Yours ever

Ray

JELICOE



Medical Research Council
20 Park Crescent, London W1N 4AL

telephone 01-636 5422
telex 24897 (Medresco London)

from the Secretary

25 July 1984

Sir James Gowans, CBE FRS

MEDICAL RESEARCH COUNCIL
MEMORANDUM TO THE PRIME MINISTER

A financial crisis has arisen at the Medical Research Council as a consequence of government policies for funding science. At a time when we are experiencing an unprecedented demand for support from first-rate teams in universities, and in our own research units, medical research in the UK is now being severely damaged.

Financial Background

The planning guidelines for 1984/85 given to the Council by the Advisory Board for the Research Councils were 'level funding', and commitments were entered into on that basis. In the event, the Council suffered a reduction in its income for science of £2 million. The ABRC proposes further cuts of £0.9 million and £1.8 million in 1985/86 and 1986/87 respectively to contribute to a fund for restructuring AFRC and NERC. The Council has strongly objected to these further abatements; they feel there is little incentive to administer efficiently if we are 'taxed' as a consequence.

The consequences for medical research

In order to contain expenditure within income for the current year and to avoid over-commitments in subsequent years, we have, in the current year (1984/85):

- a) cut the budgets for consumables to all our research units by £1.4 million. These cuts were selective and averaged about 21%.
- b) cut the budget for recurrent expenses of all grants to universities by 5%.
- c) cut the equipment budget to all our units by £0.3 million.
- d) (a) - (c) freed a little more money for new grants to universities, but the number of α awards we have been forced to decline has highlighted the severe damage we are inflicting. Grants accumulated since February have now been considered in the light of the funds available to us. At the beginning of August we will have to notify a number of outstanding university teams that their support from us will have to cease. These include grants in areas of considerable interest to the Health Departments, for example, in depression,

stroke, and blindness, in addition to first-rate basic work. We have already warned the Secretaries of State of the DHSS and DES of the reaction which will follow from stopping work in areas of great social need and public concern.

- e) even if there is no restoration of the budgets to our research units and the continuation of the severe award rate for grants to universities, the Council will face deficits of £0.7 million in 1985/86 and £2.2 million in 1986/87.
- f) We will not have funds to attract new directors to four units in which directors have or are due to retire. These are units which the Council wishes on scientific grounds to continue:

Neurochemical Pharmacology	(Cambridge)
Biostatistics	(Cambridge)
Trauma	(Manchester)
Mineral Metabolism	(Leeds)

- g) It will be impossible, without extra money, to undertake a number of new initiatives which we feel are necessary in the national interest. Examples are a new centre for the application of molecular biology to medicine and two new centres for the application of the techniques of nuclear magnetic resonance to medicine. These are both areas in which the UK is maintaining a precarious lead and it is essential, if we are to remain internationally competitive, to build up laboratories of some scale where our talent can be exploited and the next generation of research workers trained.

To relieve the problems

It is essential that the Council restores part or whole of the cut to the consumables budgets in our units on a selective basis, as we already know that important work is being jeopardised. We must also restore some confidence to science in the universities by funding more of the α applications.

The Council would not be putting this memorandum to you if it did not believe that the decline in support for medical research has now reached a point where there is about to be a strong public reaction. I must emphasise that we have made every effort, by measures to increase efficiency, and by the redeployment of our resources, to fund the best science in the UK and to exploit new scientific opportunities. However, the constraints are now too great: in a field of science in which for many years we have been internationally pre-eminent we are falling badly behind.

We have told Sir Keith Joseph that to relieve our problems we will require in 1985/86 and 1986/87 £2.4 million and £4.1 million respectively built into the baseline. These are minimum figures and amount to a rescue operation only. They will not, for example, allow us to embark on the large new initiatives we have outlined above.

R. Sorans