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*Prime Minister 2**The Chancellor
mentioned this at his
last bilateral.*

1 December 1986

*Dear Geoff,**DLW
1/12*

BRITISH NATIONAL SPACE CENTRE

I understand that officials of the British National Space Centre are, under your guidance, preparing a paper proposing a major expansion in UK expenditure on space-related activity with the aim of bringing proposals to E(A) in the fairly near future. I am greatly concerned by this for two main reasons.

First, there is no provision in the public expenditure plans for such an expansion, which could, I am advised, amount to £80 million in 1987-88 rising to £180 million in 1989-90. I am quite clear that, having completed the Survey, we cannot meet an additional bid of this sort from the Reserve. If it is to be met at all, it must be met from within existing programmes, possibly by displacing other R and D expenditure from the defence budget if space expenditure is thought to command higher priority.

That gives extra point to my second concern which is that at present the proposal is supported only by very general arguments which make it impossible to judge whether an expansion on this scale remotely represents value for money, assuming the money were available within existing programmes. The papers nowhere contain clear objectives against which the expenditure can subsequently be tested. This, as you know, is a requirement for all new policy proposals with value for money implications. And it is particularly troubling that none of the bodies which make up the BNSC (MOD, NERC, SERC, as well as your own department) appear willing to contemplate displacing any other activities within their programmes to allow for additional work on Space. This does not suggest that they regard this expenditure as a particularly high priority.

I have thought it right to set out these views to colleagues generally in order to prevent at the outset expectations from building up which I am quite certain that we will not be able to satisfy.

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I am copying this letter to the Prime Minister, George Younger, Kenneth Baker, other E(A) colleagues and to Sir Robert Armstrong.

Yours ever,
jl

JOHN MacGREGOR

