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DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

16 December 1986

The Rt Hon Paul Channon MP
Secretary of State for Trade and Industry
1-19 Victoria Street
LONDON SW1

Am Paul

ATTACHED

THE UK NATIONAL SPACE PLAN: E(A)(86)60

1. In our discussion on Thursday we face some large and difficult questions about the UK's future role in space, and its financing. There is in paragraph 19 of your paper a proposal that, by comparison, may seem minor but which if adopted forthwith would cause me great difficulty. I refer to the implied transfer of my present PES provision and responsibilities, exercised through SERC and NERC, to a new subordinate Department of DTI. I am writing in the hope that we can avoid diverting debate from the central issues, and agree to tackle this more limited issue separately hereafter. It is not, in my view, crucial to the main decisions.
2. I quite accept that we need to be clear and agreed about the permanent status of the BNSC, especially if it is to be given large additional new resources. I could go along with a subordinate department, within your responsibility, although my own preference would on balance have been for something more independent. I can also see the case for making such a subordinate department responsible for the money your Department now devotes to space and for any additional resources that may be decided. Such a body would then be responsible, on the basis of the Plan figures, for upwards of four-fifths of UK public sector civil space expenditure. Thus these changes would of themselves create strong coherent machinery of the kind necessary for success.
3. But I have particular reservations about deciding now to transfer my PES responsibilities to such a body. I have seen no reasoned case for it, nor an assessment of its implications. More seriously, it goes far beyond the basis on which my predecessor asked the Research Councils to co-operate with your Department and the MOD in helping to bring the Centre into being as a partnership and create its first national plan - a basis clearly understood between Ministers at the time, as set out in Mr Brooke's letter to Sir Robin Nicholson of 31 July 1985 and copied to Mr Pattie. If I were to be required to agree now a PES transfer the Councils would feel, with justification, that they had been seriously misled. I would almost certainly have to give them a direction; and would be forced into a dispute with them and the ABRC which could hardly fail to become public. And this would be done on the basis of a case that has not been put to me. It would starkly and damagingly contrast with the spirit

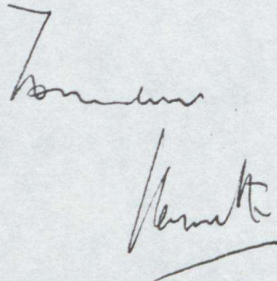
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of co-operation that we are striving to promote across the board in Government funded R and D - most recently in the Prime Minister's announcement of the Link Programme.

4. You will see why, then, I cannot go along with your conclusion (iv) without further discussion. I believe that the proposal for a PES transfer (and presumably related responsibilities) from the DES has considerable implications, not least for staff employed by the SERC and the NERC. I understood that the Director General and the Management Board were in fact discussing these matters and had agreed to continue these discussions to work out the details of the interface between the Research Councils and a new subordinate department. I should like to see their analysis before a decision is put to Ministers collectively, in the hope that you and I might reach agreement. To proceed in this way would not in my view hinder progress on the main issues and it goes without saying that the collaboration already agreed, including the substantial man years of effort which the Councils have undertaken to provide will continue to be made available.

5. I am copying this letter to members of E(A), and to Geoffrey Howe, Robert Armstrong and John Fairclough.



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