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25 February 1988

Dear Peter

STATUS OF THE BNSC

1. I have consulted my Secretary of State on your letter of 22 February.
2. Mr Baker notes that the Prime Minister has asked the Chancellor of the Duchy to bring to E(ST) before the summer recess his conclusions on the longer term development of the space programme including the way the headroom is to be used, the UK's future involvement with ESA, the technological position of the aerospace industry, and implications for the structure and management of the BNSC. Mr Baker notes that the major questions here relate to DTI expenditure but that DES responsibilities are also involved notably for SERC and NERC as the DES members of the BNSC. He would therefore wish to be closely involved in the preparation of the paper for E(ST), especially where it touches his interests. He would wish to be similarly involved in the preparation of the Government's reply to the House of Lords Report; and would be grateful for reassurance on these two matters.
3. Mr Clarke will know, from the letter of 28 January, that Mr Baker thinks the BNSC has a useful role to play even at present funding levels. He therefore welcomes Mr Clarke's proposal competitively to appoint a new Director General. He agrees that this should be at Grade 3 and recognises that the new DG could not then chair the Management Board. Mr Baker thinks that the DG should continue to be a full member of the Board, as helping to secure his authority particularly in international discussions.

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4. As to the Chairman, Mr Baker notes the imminent change in DTI membership. He sees advantage in one of the existing members at Grade 2 level - MOD or DES - taking the chair for the immediate future, to promote continuity.
5. Looking beyond the E(ST) discussion Mr Baker sees advantage in annual rotation of the chairmanship among the three member Departments. He believes that this would strengthen the collaboration and commitment to the revised rolling plan which he hopes the Centre will prepare.
6. I am copying this letter to Paul Gray, Alex Allan, Tony Galsworthy, Brian Hawtin, Trevor Woolley and John Fairclough.

Yours,
Tom.

T B JEFFERY
Private Secretary

Aerospace : Space PTB.

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