



10 DOWNING STREET
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THE PRIME MINISTER

18 April 1988

Dear Lord Shackleton,

Thank you for your letter of 22 March.

As you say, the key to the development of earth observation lies in the creation of a market through the acquisition and processing of data for sale to end-users. This is the background to our recent decision to allocate £20 million over five years to the establishment of a new data centre.

Events on options for development of new earth observation satellites have been moving rapidly over the past month or so. We have kept fully abreast of the position on the Columbus Polar Platform and on RADARSAT. As David Young indicated on 30 March in the debate on your Committee's report, we have been urgently assessing the latest information from the European Space Agency and from UK industry and users.

Significant modifications to the Polar Platform configuration have resulted in a less expensive, more functional concept, which has led to agreement amongst industry and users that it should now be UK's top priority in the earth observation field. The Government have therefore decided to take a leading role in the Columbus programme.

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Participation in the Polar Platform will build on our involvement in ERS-1 and the recent decision to set up a new data centre, and will be a key element in our drive towards exploiting the longer term commercial opportunities offered by earth observation activities.

At the same time we have decided not to take part in RADARSAT, which in the context of our intended Columbus participation would require an expensive parallel development of different platforms.

David Young and Kenneth Clarke will today be informing Parliament of the details of these decisions.

Yours sincerely

Nigel Shadbolt

The Rt. Hon. Lord Shackleton, K.G., O.B.E.



the department for Enterprise

cc BG
?GR ✓

The Rt. Hon. Kenneth Clarke QC MP
Chancellor of the Duchy of Lancaster and
Minister of Trade and Industry

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Our ref

Your ref

Date

15 April 1988

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Dear Paul,

Lord Shackleton wrote to the Prime Minister on 22 March alerting her to approaching deadlines for decisions on two space projects. He made a plea for the Government to provide financial support for both.

We have since spoken about the content of the letter in view of the imminent announcement on UK involvement in space in the future. A revised draft reply is enclosed along with the relevant Hansard extract from Lord Young's speech.

Yours

Peter

PETER SMITH
PRINCIPAL PRIVATE SECRETARY

ps We are replying to the
Lords and Commons written
P2s at 3.30 pm on 18 April.

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~~DRAFT~~ LETTER FOR THE PRIME MINISTER'S SIGNATURE TO:

The Rt Hon lord Shackleton KG OBE
Chairman of the Select Committee
on Science and Technology
Committee Office
House of Lords
LONDON
SW1A 0PW

Thank you for your letter of 22 March.

As you say ~~the Government has an interest in earth~~
~~observation, since it could have long term potential though~~
~~virtually no commercial market exists at present. I am~~
~~pleased that you recognise that~~ the key to ^{the} ~~its~~ development
lies in the creation of a market through the acquisition and
processing of data for sale to end-users. ~~Hence~~ our recent
decision to allocate £20m over five years to the
establishment of a new data centre.

Events on options for development of new earth observation
satellites have been moving rapidly over the past month or
so. We have kept fully abreast of the ^{position} ~~situation~~ on the
Columbus Polar Platform and on RADARSAT, ~~to which you draw~~

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of earth
observation

This is
the background to

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~~attention.~~ As David Young indicated on 30 March in the debate on your Committee's report, we have been urgently assessing the latest information, ~~received just before Easter,~~ from the European Space Agency and from UK industry and users.

~~Taking account of~~ ^{have} significant modifications to the Polar Platform configuration, ^{ed} resulting in a less expensive, more functional concept, which has led to agreement amongst industry and users that it should now be UK's top priority in the earth observation field. ^{therefore} The Government have ^L decided to take a leading role in the Columbus programme. Participation in the Polar Platform will build on our involvement in ERS-1 and the recent decision to set up a new data centre, and will be a key element in our drive towards exploiting the longer term commercial opportunities offered by earth observation activities.

At the same time we have decided not to take part in RADARSAT, which in the context of our intended Columbus participation would require an expensive parallel development of different platforms.

David Young and Kenneth Clarke will ^{today} be informing Parliament of the details of these decisions ~~on Monday 18 April.~~

PRIME MINISTER

Lord Shackleton wrote to you on 22 March about space. We have held up a reply pending decisions on Columbus and RADARSAT. Lord Young will be announcing these on Monday. Content to sign the attached letter which we will deliver to Lord Shackleton shortly before the announcement?

RLCG.

PAUL GRAY

15 April 1988

dti

the department for Enterprise

Paul

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NIT CA

The Rt. Hon. Kenneth Clarke QC MP
Chancellor of the Duchy of Lancaster and
Minister of Trade and Industry

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Date

14 April 1988

Dear Paul,

Lord Shackleton wrote to the Prime Minister on 22 March alerting her to approaching deadlines for decisions on two space projects. He makes a plea for the Government to provide financial support for both.

As Lord Young indicated in the debate before Easter on Lord Shackleton's Committee's report on space, DTI is aware of the situation and is taking another urgent look at the options in the light of recent developments. Since then there has of course been further discussion in the House of Lords on whether what Lord Young said about when we had to respond to the Canadian Government on RADARSAT was correct. As you will be aware, Lord Young's statement was indeed correct and, while there is still no absolute deadline, we do need to let the Canadians know our decision as soon as possible.

A draft reply is enclosed along with the relevant Hansard extract from Lord Young's speech.

Yours,

Peter

PETER SMITH
PRINCIPAL PRIVATE SECRETARY

IS5AAX

DRAFT LETTER FOR THE PRIME MINISTER'S SIGNATURE TO:

The Rt Hon Lord Shackleton KG OBE
Chairman of the Select Committee
on Science and Technology
Committee Office
House of Lords
LONDON
SW1A 0PW

SPACE

Thank you for your letter of 22 March.

As you say the Government has an interest in earth observation, since it could have long term potential though virtually no commercial market exists at present. I am pleased that you recognise that the key to its development lies in the creation of a market through the acquisition and processing of data for sale to end-users. Hence our recent decision to allocate £20 million over five years to the establishment of a new data centre. ✓

How far, however, it is necessary for the Government to participate in the development of earth observation satellites to exploit the opportunities is debatable. The

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options available are all expensive. When Kenneth Clarke discussed these earlier this year with industry and users, no consensus emerged on a preferred strategy, nor were they sufficiently confident of the prospects to put money up front as a contribution to the heavy development costs involved. ✓

Events have been moving rapidly in recent weeks, and we are of course aware of the situation on the Columbus Polar Platform and on Radarsat, to which you draw attention. As David Young indicated on 30 March in the debate on your Committee's report, the latest information, received just before Easter, from the European Space Agency and from UK industry and users is being urgently examined. As soon as this has been assessed, we shall be in a position to take decisions on the earth observation projects. ✓

[LORD YOUNG OF GRAFFHAM.]

The noble Lord, Lord Butterworth, recognised that a savings wedge will develop and that will be taken into account to protect data collection. I do not think I could quite go along with the noble Lord in choosing between contributions to Covent Garden or data collection. I prefer my data collection to be musical, but noble Lords may have their own views on that.

I am grateful to the noble and gallant Lord, Lord Carver, who drew attention to the implications of defence. But the BNSC was set up to co-ordinate civil space activities. Defence space activities are the responsibility of the Ministry of Defence. I hope to assure the noble Lord and all in your Lordships' House that the appointment of a new director of BNSC is being examined as a matter of urgency. We are also examining, and I hope we shall come back with conclusions shortly, how to ensure that an industrial input into the British National Space Centre and a greater partnership with industry can come about in the future. We have taken the committee's views on that. However, alas, I cannot see how the space centre could be free-standing. It is part of a government department, it spends taxpayers' funds and at the end of the day the policy would have to be that of Ministers.

The noble Lord, Lord Rodney, said that money should be invested long-term as an act of faith. I am not sure what "long-term" is; often "long-term" is, I suspect, an excuse for those who cannot get funding for their particular projects if they are short-term. Acts of faith are perhaps something on which we should resort to prayer on occasions. We are looking carefully at each and every investment to ensure that there is a likelihood of a real return.

Perhaps I could assure the noble Lord, Lord Shaughnessy, that although his figures contemplated Italy participating in RADARSAT, my information is not that they are not interested but that they have not yet decided whether they will join. That decision is still to come. I wish to assure the noble Lord and indeed all in your Lordships' House that we shall respond to the Canadian Government in good time. The time is not tomorrow night; we have longer than that.

The noble Lord, Lord Peston, said that we must be prepared to sit down at the big table otherwise we should lose. I am a gambling man in my private life but not when I stand before this Dispatch Box. I believe that there are some important matters which we should look at. I shall deal with them very quickly since I have rather exceeded my time.

Lord Peston: My Lords, perhaps I may interrupt the noble Lord for moment. He said that he would make a statement on what the Government's space policy is. I take it that the noble Lord will not sit down before telling us that.

Lord Young of Graffham: My Lords, I am absolutely certain that the noble Lord, Lord Peston, would not let me sit down without doing so, and I shall give our policy before I sit down. Perhaps I may deal with earth observation which several noble Lords have identified today as an important area with long-term potential. We agree with your

Lordships' committee that our main effort should go into the ground and user segments so that the space data can be usefully exploited by industry and science. As a first step it is essential to ensure proper handling and processing of data. For this reason we are providing about £4 million a year over the next five years to set up an earth observation data centre as part of the BNSC's National Remote Sensing Complex at the Royal Aircraft Establishment at Farnborough. In the first instance that will handle data from ERS-1 which should begin in the early 1990s.

In the space segment, there are a number of projects available. In the period immediately after ERS-1, ESA's first radar all-weather satellite, the Canadian-led RADARSAT and ESA's second radar satellite are proposed. Beyond that there is the polar platform with Columbus. I am afraid that when we discussed the future scenario with industry at the beginning of this year, there was little consensus emerging among our space companies and potential users on any preferred strategy, nor was there any apparent willingness to make a significant contribution to the heavy costs involved. In those circumstances we could not see why we should join nor what justification there was.

However, in the past few weeks ESA have been re-assessing with NASA the polar platform requirement and the indications are now that its target configuration will be significantly modified, resulting in a less expensive and perhaps more utilitarian concept. I ask myself from time to time, would that actually have happened if my right honourable and learned friend the Chancellor of the Duchy of Lancaster, had not questioned the programme so properly? Surely that is a proper function of each and every partner within ESA. ESA will now decide how to proceed at the Columbus board meeting on 18th April. But I hope we can take a decision before that time. At the same time, we have RADARSAT.

In view of all these decisions we asked the main space companies and users to carry out a rapid reappraisal of the changed situation and to give us their conclusions, which we received yesterday. ESA are giving the BNSC a presentation on the redefinition of the polar platform tomorrow. We are urgently re-examining the options and aim to reach decisions as soon as we have had an opportunity to reconsider first of all the latest information from ESA, then the latest information from the UK industry and users. So this debate is timely and it will be particularly helpful to have the views of the House on the matter, since we wish to continue to play a visible and effective part in the exploration and exploitation of space. We do this not at all costs, but we shall seek to spend our £120 million a year on civil space activities as sensibly and as usefully as we can in those ways which will have a good outcome.

I believe that we can put all this into context, my right honourable and learned friend the Chancellor of the Duchy of Lancaster having made a Statement in another place on Thursday 12th November last year. In it he explained the stance which we took at the Ministerial Council at The Hague and later in a Written Answer in another place on 10th February

this year my right honourable and learned friend maintained our policy on the science and technology of space research.

To summarise, it said simply that the Government will seek to use the expenditure on civil space activities in ways which are potentially beneficial for both the industry and scientific research. We are committed to a programme of scientific research in space, and in particular we are committed to the main aims of the European Space Agency's Horizon 2000 programme. We shall continue to consider the various options open to us in the field of earth observation, including the Columbus polar platform and RADARSAT. But we reserve the right to apply the same economic tests and the same spirit of looking for outcomes to space as we have in the rest of the economy. In this field space is on land as well as up in the air.

7.28 p.m.

Lord Shackleton: My Lords, the noble Lord's reply was in many ways predictable. I did not believe that the Government would move, particularly in response to a debate in the House of Lords, but the Minister left us with a measure of hope. I suppose I ought to be grateful that he seems to have persuaded the Canadian Government that we can have a little more time so that Her Majesty's Government do not have to announce a decision for or against at the time of this debate. The information which we have all had from official sources and from the Canadian Government was that the decision had to be taken by tomorrow. However, the Minister seems to have succeeded in postponing that decision and I hope it will be the right one.

I shall speak very briefly. First of all I should not like the noble Lord, Lord Peston, to think that we were nasty about economists. What we said was that one cannot carry out cost benefit studies on something if there is no costable benefit at the end of the day. However, we called for exactly the sorts of skills which he has in approaching these problems. Therefore I am very gratified that the advocate of the dismal science is such an enthusiast for enthusiasm. That is what is called for and what has to some extent come from a number of noble Lords in this debate, albeit not from the Secretary of State.

I do not accept that there has been a major change, notwithstanding remarks in regard to the policies of the European Space Agency. I do not know what the Government have been doing for the past four years if they have allowed a situation to develop in which, according to Mr. Clarke, the ESA has unfortunately not so far helped governments to agree on the balance. He said that he believed that the agency had simply piled up grandiose proposals in seeking to pursue every objective regardless of cost, as was shown by the high operating expenses and other matters.

I ask the noble Lord what the Government were doing all this time. They were party to this agency and they had representatives on it. Suddenly they wake up. A general election took place, but the same government came back to demonstrate a new dose of apparent realism and complete ignorance. I do not know who was advising Ministers as I am quite sure

that the members of the British National Space Centre did not agree with their philosophy. I suppose that we should be grateful that there has been some progress.

A number of noble Lords made kind remarks to me. I can claim very little credit for this report. If I may say so, I had a very idiosyncratic committee, most of whom proved conclusively their capability of thinking for themselves, which is a distressing quality in a committee of which one is chairman. The result, I am bound to say, has been a difficult one to achieve but one on which there is a great deal of agreement. I must pay tribute to our advisers. The senior clerk, Mr. Hayter, and others did a superb job, because we were rushed in trying to get the report out in time to influence the Government before the first of what appeared to be a series of deadlines. There is now a third deadline as regards RADARSAT.

There is a great deal of enthusiasm among those who have moved into this field because they are interested and because they think it does something for this country. I ask the Secretary of State, because he has shown enthusiasm in other areas, whether the Government will stop trying to justify their very inadequate response at the moment and the change of direction of this body. If anyone has changed direction it is the Government rather than the European Space Agency.

We made clear that we think that Europe seeking to put man into space is mistaken. But we know that man is already in space and undoubtedly Englishmen, Scotsmen, Welshmen and Irishmen will go into space even if it has to be in an American or alternatively a Russian rocket.

I see that the Secretary of State is not volunteering to go himself. Perhaps the noble Lord, Lord Peston, could volunteer, as the Labour Party is always in the van of progress. I ask the Secretary of State to think very hard on this reduced area, namely RADARSAT and the polar platform. There is no doubt that the polar platform has been adjusted. It is an easier proposition. The Secretary of State can give some tribute to Mr. Clarke if it makes him and Mr. Clarke happy after the deplorable performance that Mr. Clarke has put up. According to what my European friends tell me, Mr. Clarke did not help his cause. The Secretary of State was not there and so he does not know whether that is the case, but let him talk to the other members of the European Space Agency. The Secretary of State is loyal and he is defending his subordinate. In those circumstances I do not think that we need to take the matter any further unless we start the debate all over again.

I suggest to the Secretary of State that he might let those of his doubting colleagues read our report. I know one Treasury official who thinks that it is a very good report, but I shall not mention his name.

On Question, Motion agreed to.

British Architecture

7.35 p.m.

Lord St. John of Fawsley rose to ask Her Majesty's Government what they are doing to promote the quality of British architecture.