

To:

Prime Minister

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From:

KENNETH CLARKE

25 July 1988

SPACE: FUTURE ROLE OF BNSC

I have seen your Private Secretary's letter of 25 July. I thought I should write to you personally to set out more fully my reasons for recommending that we should maintain the existing structure of BNSC rather than bring it fully within the DTI.

2. We have, as you know, now taken all of the major decisions for the present on new space programmes. There will only be a very modest increase in expenditure compared to previous plans. We have nevertheless secured a leading role on a significant element of the Columbus Space Station, the Polar Platform. We have managed to head off, in my view with some success, the more grandiose and very expensive proposals that were being put forward at one time including Ariane, Hermes and HOTOL. Until the dust has settled on

An instant appeal for N. Clarke against the view you reached over the weekend. I think there is some persuasive force in these points.

Content now to accept the continuation of BNSC subject to review in 12 months?

RHC6 25/7 But why do they need 30 people at Millbank?

However this is now for Tony Newman to pursue vigorously. Will it be the latter proceed subject to rigorous review including location in 12 months. Not

these decisions, it would be a mistake in my opinion to run into more controversy and conflict with the "space lobby" on what is a relatively minor issue of organisational structure.

3. In my minute to you of 21 July I explained that I had considered the option of abolishing the BNSC. My main reason for rejecting it was, frankly, presentational but it can carry out a sensible role in maintaining co-ordination across different Government Departments. BNSC is now carrying out this task far more effectively than before, although there is still room for improvement. What I have been able to do is to appoint an Under Secretary from the DTI as the new Director General who reports back in to this Department. I am therefore able to exercise full control over BNSC's activities. This is a far cry from the position I inherited where there was a Director General appointed from outside, at Deputy Secretary level, who felt quite free on occasion to brief and speak in public against the Government's policies.

4. Merely bringing BNSC within the DTI would not produce administrative savings. Indeed, there would be a risk that other Departments would become suspicious of DTI running policy on what they saw as their own space interests and would try to replicate within their Departments the necessary level of policy advice. This would clearly be wasteful.



the department for Enterprise

5. I therefore feel that we should keep BNSC in its present form, at least for a year or two more. The bulk of our expenditure will continue to be through ESA. We must continue to try to negotiate the most advantageous contracts for UK industry that can be provided from within our subscription to ESA programmes. Not only our critics, but also other ESA members, would try to use abolition of BNSC to reopen the question of whether we were genuinely committed to space. This would clearly prejudice our attempts to win contracts for UK companies against their competitors in other ESA countries. I did of course also only announce the appointment of the new Director General of the BNSC a few weeks ago. This appointment would now look very odd if we were effectively to abolish BNSC as a separate organisation.

6. I hope in the light of the above you will reconsider your decision.

Peter Smith

PP KC

*(Approved by the Chancellor
and signed in his absence)*

LSIACF