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10 DOWNING STREET
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24 July 1989

From the Private Secretary

Dear Neil,

SPACE, FUTURE ROLE OF BRITISH NATIONAL
SPACE CENTRE

The Prime Minister was grateful for your Secretary of State's minute of 19 July. She has also seen the Chief Scientific Adviser's minute of 21 July. The Prime Minister is fully content with the proposals.

I am copying this letter to the Private Secretaries to members of E(ST), to Sir Robin Butler and to John Fairclough (Cabinet Office).

Yours,
Paul

(PAUL GRAY)

Neil Thornton, Esq.,
Department of Trade and Industry.

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PRIME MINISTER

SPACE: FUTURE ROLE OF BRITISH NATIONAL SPACE CENTRE

Summary

This minute reviews UK civil space policy and the role of the BNSC, 12 months on from the statement of our strategy in our reply to the report produced by the House of Lords Select Committee on Science and Technology last July. As you requested then, I have looked critically at whether BNSC should continue as at present constituted, against the alternatives of abolition, separate identity (with its own budget) and agency status. This minute invites you to endorse my conclusion that BNSC has proved its worth over the last year, and proposes a couple of improvements in its management structure and supervisory arrangements.

Detail

2 You will recall that we took a number of decisions last year about UK civil space policy and about the role of the BNSC. In July that year, we issued a clear statement of our space strategy in our reply to the report produced by the House of Lords Select Committee on Science and Technology. We presented a cogent programme which involved a selective approach to space projects and a keen desire to secure value for money in the projects we decided to enter. We declined to follow the other members of the European Space Agency into the massive expenditure associated with the pursuit of a European capability for manned space flight. We identified Earth Observation as the next area of space activity likely to yield substantial industrial and commercial benefits: and we looked forward to UK participation in





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the polar platform element of the European Space Agency's Columbus programmes as a major opportunity to secure our aims in this area.

3 We also specified the role which the British National Space Centre would play in advising on and implementing space policy and in acting as a co-ordinating focus for the civil space interests of DTI, MOD, FCO and DES (through SERC and NERC). Responsibility for funding was left with BNSC's constituent departments. But the newly appointed Director General (one of my own staff) was given a clear remit to seek the most cost-effective use of resources committed to civil space and to engage the business community, including space users, in the development of space activities. You were initially unsure about the need for BNSC in the light of the earlier decision to abandon the Space Plan. You felt the Centre's work could be absorbed within the DTI. But it was finally agreed to give BNSC a year to prove its worth. You asked for its future to be rigorously reviewed after 12 months.

4 It has fallen to me to conduct this review and to present my conclusions to you. Account has been taken of the views of all BNSC partner Departments and Councils, of the Treasury and of John Fairclough. But we also need to look at the extent to which we are achieving the objectives we set ourselves in our space policy.

5 I believe the decisions we announced a year ago are now beginning to bear fruit. Our ESA partners are showing misgivings about the escalating cost and technical difficulty of the European manned space flight programmes. There is also a greater recognition of the potential importance of Earth Observation. The UK is well-placed with the industrial leadership of the Columbus polar platform. (But we still need





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to secure a platform design and a choice of instruments best fitted to commercialisation: I am making PES bids to help achieve this.) Nationally, we have placed the contract for the construction and commissioning of the Earth Observation Data Centre with a consortium of British firms: we expect this facility to be operated and run by the private sector within five years or so. We have defused a potentially-damaging dispute over the funding of ESA's space science programme (Horizon 2000) and achieved an independent review of the management of this programme. We hope this review will provide a more solid foundation for the future of ESA's space science activity.

6 It has also become clear during the past year that observations from space will have an important role to play in the politically-sensitive area of climate modelling and environmental monitoring. The Columbus polar platform (and the other comparable platforms to be operated by the US and Japan) will offer major opportunities. And, in the interim period, we hope to be able to support ESA's ERS-2 satellite which will provide continuity of data right through into the polar platform era.

7 BNSC deserves much of the credit for what has been achieved. We have moved beyond the phase when space policy was driven by technology (funded by DTI) and by space science (funded by DES through SERC). Space has become a vehicle to serve many goals. BNSC is well placed to bring a multi-disciplinary perspective to bear on the subject, but it will need to draw on the full range of relevant interests.

8 There is also now a better understanding in Parliament and in the media of what we are trying to achieve in our space policy. The work which DTI and FCO Ministers have done,



assisted by BNSC, in explaining our civil space aims has helped to make the space lobby less vocal and negative (although it has certainly not been silenced).

9 The alternatives to BNSC are still those set out in Kenneth Clarke's minute to you of 21 July 1988: abolition; separate identity; or agency status.

10 I do not see abolition and a reversion to the status quo ante, as offering us any advantage. We would have to replace BNSC with some other form of inter-departmental consultation, both to secure effective implementation of programmes and to coordinate the UK position in ESA. There would be no saving in resources since the staff who now make up BNSC were previously employed on this work within the constituent departments and would merely revert to that pattern. And coordination by committee would, in view of the increasing number of "players" in space, be laborious and time consuming. I also believe that abolition would provoke a needless political row by stimulating the space lobby to renew their strident criticisms of Government.

11 The idea of giving BNSC a separate identity, with its own budget, can, in my view be dismissed. This was what the space plan contemplated, and we have moved in a different direction.

12 Agency status for BNSC looks impractical. The BNSC both advises on, and implements, policy. A number of BNSC activities are undertaken at the Royal Aerospace Establishment, Farnborough (itself shortly to become an agency) and at SERC's Rutherford Appleton Laboratory. It would make no sense to brigade these activities into a separate space agency. And, crucially, the greater part of our space programme is already carried out through the European Space Agency.

13 I thus conclude that we should continue to build on the present structure of BNSC. But I can see two areas where improvements are desirable.

14 Firstly, I should like the management structure of BNSC to reflect the reality that we are concerned with the applications of space and not merely with space as an end in itself. There should be, within BNSC, a clear focus for identifiable functions where space technology has a role to play - eg environment data measurement, commercial Earth Observation, telecommunications etc. This process (already initiated in the reorganisation which the current Director General has introduced) would demonstrate BNSC's role in coordinating the space systems required to support these various functions. It would also facilitate BNSC's task in moulding various facets of the UK interest into a coherent position within the European Space Agency. The active cooperation of departments other than the DTI will be required.

15 Here I come to my second recommendation. I believe the BNSC Resources Board (the group of officials at Deputy Secretary level, chaired by DTI, which supervises the BNSC's activities) should be expanded to include the Department of the Environment and the Chief Scientific Adviser, John Fairclough. In this way, the growing number of "players" in space can be reflected in BNSC's management' and John Fairclough can give an indication of where the collective interests of Government may lie in relation to particular projects. I hope that staff from departments like DOE will be made available to BNSC, as circumstances require, to give the Centre the capacity to deal comprehensively with HMG's interests in space.



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16 You did have some concerns over the BNSC's separate location. The lease on its present accommodation in London expires next year and I propose to relocate it in one of the DTI's other buildings.

17 This concludes my recommendations for BNSC which I hope you will be able to endorse.

18 There is one final point to do with financial accountability for UK space expenditure which I should like to raise. The recent correspondence over ERS-2 demonstrates that there are still problems in allocating financial responsibility for projects of this kind which involve a number of "user" Departments. In my view we should be moving towards a tauter customer/contractor relationship in which users stand up to the cost of research and development for the space segment. This raises some broad issues on which I would like to reflect further. But it would be helpful if the expanded Resources Board were able to let me have agreed advice in due course.

19 I am sending copies to the members of E(ST), to Sir Robin Butler and to John Fairclough.

DEPARTMENT OF TRADE & INDUSTRY

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19 July 1989

