W.0864 20 December 1983

MR BARCLAY, No 10

PRIME MINISTER'S MEETING WITH LORD ROTHSCHILD

It is possible that when the Prime Minister meets Lord Rothschild tomorrow, he will raise with her the recommendation on Departmental Chief Scientists posts which was contained in the recent report by Sir Ronald Mason to ABRC.

2. The Mason report (summary attached) was mainly concerned with research-commissioning arrangements between Departments and Research Councils but Mason concluded that some of the difficulties had been "accentuated by the downgrading, in status and influence, of some Chief Scientists." He recommended "the appointment of part-time Departmental Chief Scientific Advisers, independent scientists of stature who would come into the Civil Service at Deputy Secretary level in 3-5 year appointments".

3. The Mason proposal was anticipated by the Department of Energy who, on the retirement of the former Chief Scientist at Deputy Secretary level, downgraded the post to Under Secretary but appointed a part-time Chief Scientific Adviser Sir Sam Edwards, Professor of Physics at Cambridge University.

4. In comments to ABRC on the Mason report, Lord Rothschild made several criticisms of "the lack of adequate Chief Scientist organisations in several Departments" and I understand that he is not in favour of the Mason proposal. My view is that in a post-Wardale Civil Service, the Mason proposal has some advantages, especially for smaller Departments.

5. I propose to summarise the situation on Departmental Chief Scientists for Sir Robert Armstrong in his capacity as Head of the Home Civil Service and I would like to advise that in the meantime no action be taken on any counter-proposals that Lord Rothschild may make.

6. I am copying this minute to Sir Robert Armstrong.

RBN

ROBIN B NICHOLSON

20 December 1983

PRIME MINISTER

Meeting with Lord Rothschild, Mr Joplin and Sir Michael Franklin on Agricultural Research

We are acquiring a mass of papers. It may be helpful if I try to simplify the issues.

The House of Commons' Agriculture Committee reported that administration was too complex and bureaucratic and did not pay enough attention to the needs of industry. There are two aspects of the problem - structure and administration.

Structure

Research is now commissioned by ARC (on behalf of the DES on the science budget), MAFF, and the three regional agricultural departments - DAFS, WOAD and DANI. A sponsors group comprising these bodies co-ordinates, and a joint consultative organisation advises the sponsors group.

The Select Committee recommended replacing all these sponsors by a new central body which would be funded by MAFF and DES. This has been rejected because it is agreed that Scotland should retain its independence, and the same no doubt goes for the others. So the solution proposed is that ARC, MAFF, DAFS, DANI and WOAD should continue to commission research but in accordance with a strategy devised by a new Priorities Board, which would also review what was being done.

Administration

Everyone agrees that administration has been too cumbersome. Sir Keith Joseph said at the meeting you held on 1 November that research institutes had been closed and reductions in staff are being made, including in the ARC: if he had money to finance a redundancy scheme he claimed that he could go faster. Sir Keith also explained in his minute of 13 December what is being done to make the arrangements more responsive to industry. In that minute Sir Keith pointed out that one factor leading to over-administration - and in my experience it is a very

/important

important point - is that there are accounting officers both in the department which contracts the research and in the Agricultural Research Council: this leads to the result that, in order to cover themselves against any criticism by Parliament, both try to control the research in detail and the result is over-administration.

Handling of the Meeting

The question is whether what is being proposed is sufficient to make an impact on a problem which everybody recognises. The purpose of this meeting is to let Lord Rothschild have his say. I suggest that you first ask Mr. Jopling or Sir Michael Franklin to explain what is proposed to deal with the problems which everybody has recognised and you then let Lord Rothschild express any concerns which he has about the solution proposed (see his letter immediately below, which the others have not seen because Lord Rothschild emphasised that it was addressed personally to you). In the light of that, and of Sir Keith Joseph's minute to you of 13 December, you might ask Mr. Jopling and Sir Michael Franklin to clear with you the reply which they propose to make to the Select Committee. I suggest that you might particularly ask them to look at the question of double accounting officers identified in Sir Keith's minute.

F.E.R.B.

There is also a minute below from Dr. Nicholson about a specific point which Lord Rothschild might raise.

20 December 1983

PRIME MINISTER

AGRICULTURAL RESEARCH AND DEVELOPMENT

I am grateful to you for agreeing to see me on 15 December. I thought it would be helpful to set down in advance the main points I should like to put to you and, through copies of this minute, to keep Michael Jopling and George Younger in touch with my thinking.

2. I fully share the concern about over-administration which you expressed at your meeting on 1 November; but I thought that, on that occasion at least, we were tending to overlook the other message we received from the Select Committee of the last Parliament - namely the need to ensure that agricultural research and development responds to the needs of the relevant industries. I believe that we are all agreed that the analysis in the Select Committee's report was inadequate because it did not consider the arrangements for basic scientific research; and I think we have already decided to reject the specific proposal for a new institution to replace Agriculture and Food Research Council (AFRC) and the scientific and research activities of the agricultural departments. We now need to decide what arrangements we wish to make instead; and we ought to do so soon.

Responsiveness to industry

3. At an earlier stage I gave my support to Michael Jopling's proposal for a Priorities Board to replace the JCO and the Sponsors Group. I still believe that this could secure an improvement on present arrangements if it is kept reasonably small and simple and if the reporting arrangements are as recommended in paragraphs 2 to 5 of the paper submitted to you under cover of my Private Secretary's letter of 31 October to Mr Barclay.

4. The need is not primarily for additional links. These are already extensive. To inform its policies for work carried out from the Science Vote the AFRC needs to have, and has, extensive connections with its industries - agriculture, agricultural engineering, the chemical industry, and food. Links with the

first two sectors are thorough and well established; the Council has a good record of working with the chemical industry (you will recall John Harvey-Jones' remarks about the pyrethroids as one example of ICI's continuing and developing links with the Council); and there have been more recent moves to strengthen connections with the food industry. My appointments to the Council include Mr Halstead, Chairman of Beecham Products and Mr B C Read, Chairman of J R Read (Holdings) Ltd. The Council has formed a food committee whose members include Dr Gayner of Unilever, Dr Edleman of Rank Hovis McDougall , and Professor Morris of Cadbury Schweppes. I shall continue to encourage the Council to strengthen its links with all these sectors.

5. Thus the purpose of the Priorities Board is not to create links but rather to secure, for the Agricultural Ministers and for the AFRC, advice from the relevant industries on the national strategy for the relevant R and D and on broad priorities for investment in these areas.

Over-administration

6. I am firmly of the view that the administrative arrangements are excessively cumbersome. But Ministers cannot put this right by telling officials to go away and simplify them; we must first agree an analysis of the cause of the difficulty and lay down principles which should inform the solution.

Thick an important point FERB

7. The problem is that there are strong institutional forces which tend to cause the customer/contractor system to increase bureaucracy: for example, the fact that there are two separate accounting officers for the same money - one for the contracting department and the other for the Research Council. The Health Departments recognised this problem in 1981 when they returned to the MRC the commissioning money transferred to them some 9 years before, and agreed a concordat which set out the arrangements for ensuring that the Departments' research requirements are met by the Council. As a result, the Health Departments do not now indulge in the type of detailed scrutiny of the work of the

Secret

14 December 1983
Policy Unit

PRIME MINISTER

SUBJECT: EDUCATION
Secondary School Policy

cc: AGRICULTURE: Lord Rothschild June '83
EDUCATION: NTC Oct 82

MEETING WITH KEITH JOSEPH ON THURSDAY, 15 DECEMBER

Keith Joseph will wish to raise several issues, including:

i. his new policy for schools;

ii. proposed changes in the role of the MSC;

iii. agricultural research.

i. Schools

You might begin by congratulating Keith Joseph on his new policies. But there is a real danger that his proposals will be watered down by the DES in the course of putting them into practice. We therefore suggest that you should dwell briefly on the need to avoid backsliding. In particular, we recommend that you should:

- stress the need for graded tests;

- press for firm and fast action to ensure that school governors are given proper financial information, and a proper amount of financial responsibility;

- urge the DES to give governors a veto over all staff appointments;

- emphasise the importance of preventing LEAs from artificially limiting the intake of popular schools.

We attach a short paper explaining these recommendations.

ii. Changing the MSC

Keith Joseph will probably raise, once again, the possibility of bringing the MSC within the ambit of the DES. As well as rejecting the suggestion entirely, we suggest that you should:

- Emphasise the benefits of establishing a customer-contractor relationship between MSC and NAFE. Both employers and trainees in YTS schemes agree that the training offered by NAFE is at present lamentable: the only available way to improve it is to establish the MSC as an effective and demanding customer for NAFE.

- Insist that the point of making the MSC an effective customer would be lost if (as Robert Armstrong suggests) LEA employees were seconded to the MSC to run the NAFE programme. Why let poachers turn gamekeepers?

- Rebut the idea that a large transfer of funds to the MSC would make LEAs less willing to "co-operate" with the Government. You could make two arguments:

  a. LEAs that are running decent NAFE courses will continue to be funded, since the MSC will "buy" these courses.

  b. LEAs cannot, in the long run, fail to "co-operate" with Government policies: the Government can wield the big stick if it needs to; and you have already shown that you are willing to do whatever is necessary to bring local authorities into line.

iii. Agricultural Research

Keith Joseph is worried about the inefficient way in which MAFF deals with the Agricultural Research Council. In discussing this issue, we recommend that you should:

- State the need for reductions in spending on Agricultural Research. At present, the Government spends £170 million per annum on R&D in agriculture, of which some £45 million goes to the Agricultural Research Council. This represents roughly 2 per cent of the total value of agricultural produce. The corresponding figure for industry is only 0.5 per cent. Why should we spend so much on subsidising over-production?

- Support Keith Joseph's desire to make the Agricultural Research Council more responsive to industry. You may wish to refer to Mr Halstead's excellent letter of 30 November, which points out the dangers of leaving the scientists to decide how to spend the money.

- Support Keith Joseph's desire to keep MAFF at arm's length from the ARC. The Ministry should say what research it wants done, and how much it wants to spend. The rest should be left to the Research Council.

- Agree that the Chairman of the ABRC should investigage the size of headquarters staff in all research councils, but stress that you will want particularly firm action in the case of the Agricultural Council.

OLIVER LETWIN

laboratory expenditure in a way which would soon ruin a private firm. A major simplification is needed in this area.

(7) I believe the Prime Minister should put the following question to the Secretary of State for Education & Science and the Minister for Agriculture, Fisheries & Food: "What advantages or disadvantages would there be in the Head Office of the AFRC moving to Swindon, not to the outskirts of London ? Secondly what disadvantages, if any, would there be in the total payroll strength of the AFRC Head Office being reduced from its present level to fifty, including all possible grades ?".

Note The same questions apply, of course, to the Head Offices of the other Research Councils, though some are already at Swindon which makes the first question superfluous in their cases. The questions will provoke howls of anger.

PMSTT

21st December 1983

it has given to my right hon. Friend this year. This has been a year of particular pressures on the research councils. I have already described the AFRC's situation. Fluctuations in the exchange rate and changes in national GNPs have increased the cost of international subscriptions paid in particular by the Science and Engineering Research Council, while the Natural Environment Research Council has in recent years suffered a considerable loss of income through a fall in the amount of research commissioned with it by Government Departments.

In its advice to my right hon. Friend, the ABRC gave high priority to the provision of additional funds to help with the restructuring costs involved if the AFRC were to implement its plan and if the NERC were to cope within lower levels of funding. The board also recognised the inescapable obligation faced particularly by the SERC to pay its international subscriptions, and pressed for additional funds to be provided to help SERC with its problems in this area.

My right hon. Friend considered carefully the representations made to him by the advisory board for increased funding for these two key purposes. He agreed with the advisory board about the importance of flexibility so that the councils could respond positively and quickly to new scientific challenges. He accepted that the creation of that flexibility would inevitably involve major redeployment of resources within both AFRC and NERC and that such redeployment would involve restructuring costs in a variety of forms, such as costs of early retirement, transfer costs and capital work where it made sense to concentrate work at certain centres in order to close other centres.

Having regard to the overriding need of the Government to contain public expenditure, the Government in the event decided that, while they would be able to assist SERC with additional funds to help with the increased cost of international subscriptions, they were able to make only a modest increase to the science budget to help with the costs of restructuring. The additional sums for the latter purpose were £750,000 in 1984-85 and £900,000 in each of the next two years.

That is the background against which the advisory board made its final recommendations to my right hon. Friend about the distribution of the science budget for 1984-85. The board recognises that all councils keep under review their organisation and practice and would normally be expected to fund changes through prudent management of their budgets. But equally it recognises that major changes, such as those being examined by both AFRC and NERC, would require special support from the board; that other councils might be expected from time to time to face opportunities or difficulties that could not be met within their own resources, however flexibly they were managed; and that the board needed to be in a position to recommend ways of handling major problems of this kind that did not put the overall development of scientific research at risk or call automatically for the provision of extra money.

The board has therefore recommended to my right hon. Friend that, in general, money for reorganisation and development should, where necessary, be set aside from within the science budget. Provisional allocations of the science budget had been made in 1982 as far ahead as 1985-86, and were included in the board's published 1982 advice. Those provisional allocations took no account of the need that I have described, which was fully perceived during 1983. Thus, in framing its 1983 advice, the board has revised its forward projections, albeit within a broadly level science budget, after allowing for the increased provision for international subscriptions. In one sense, therefore, the hon. Member for Motherwell, South has a point when he speaks of taking money from other research councils to provide money for tha AFRC and the NERC. In another sense, however, the sums being contributed by the two donor councils come from their planning figures rather than from firm allocations.

The board has proposed that in 1985-86 and 1986-87, for which years the allocations still remain provisional, the MRC and SERC should make "contributions" of 0·75 per cent. and 1·5 per cent. of their planning figures respectively. That produces £3·1 million in 1985-86 and £6·3 million in 1986-87. Together with the extra £900,000 in each year, to which I have referred, the total available for restructuring becomes £4 million and £7·2 million. The board has proposed that those resources should be allocated to the AFRC and the NERC in response to detailed proposals in their future forward look submissions. No diversion of resources is proposed in 1984-85 — as I told the hon. Gentleman in a written answer this week — but the additional £750,000 will enable the AFRC and the NERC to make a start on their most immediate restructuring plans. I emphasise that that scheme received unanimous support from the board, the membership of which includes the head of each of the research councils.

My right hon. Friend has now announced the allocations of the science budget for 1984-85 to the research councils and other research bodies. I am glad of this opportunity to tell the House that it has been possible to secure an additional £1 million in 1984-85 further to assist the SERC with international subscriptions. The total of the science budget is thereby increased to £550 million and the allocation to the SERC will be increased to £278·8 million.

My right hon. Friend has also accepted the provisional advice of the advisory board about the distribution of the budget in 1985-86 and 1986-87. I stress however that, just as the Government review public expenditure each year, so the advisory board will look again at its provisional recommendations in the light of the total resources available in the science budget for 1985-86 and 1986-87.

I am grateful to the hon. Member for Motherwell, South for providing the House with an opportunity to debate the important question of managing changes needed to meet new scientific opportunities. It is regrettably seldom that the House has a chance to debate science in any form, and the work of the research councils does not therefore receive the public recognition that is its due.

I stress the importance that the Government attach to the funding of scientific research in all its forms. We have managed in recent difficult years to maintain the level of the science budget, and this year we have managed to increase it, although not by as much as we or the advisory board would have wished. The work done by the research councils and universities in scientific research is of fundamental importance to us all because it provides the scientific base on which our industry and technology, and hence our future prosperity, rest.

Subject
c. Master Set

Rothschild
MG Read

FLG SH

10 DOWNING STREET

From the Principal Private Secretary

21 December, 1983

Dear Ivor,

The Prime Minister held a meeting this morning with your Minister, Sir Michael Franklin and Lord Rothschild to discuss the organisation of agricultural research.

Lord Rothschild said that he welcomed the appointment of Professor Bell as Director-General of ADAS and Deputy Secretary (Agricultural Science) in MAFF. He wondered whether this appointment should be combined with that of Chief Scientist. He was not in favour of the proposed "Priorities Board". He would like to see the Chief Scientist given sufficient status and authority to determine the priorities in research.

The Minister of Agriculture said that he was glad that Lord Rothschild welcomed the appointment of Professor Bell. One possibility was to combine his post with that of Chief Scientist and to support him with someone expert in the biological sciences and on the verge of becoming a Fellow of the Royal Society; the aim would be to obtain the services of such a person for a period on secondment. An alternative was to bring in a more distinguished figure as Chief Scientist on a part-time basis.

Lord Rothschild said that he had reservations about bringing in someone part-time. The post of Chief Scientist should be full-time and should have the authority and responsibility for determining priorities after carrying out such consultations as were necessary, preferably on an informal basis. A Priorities Board would weaken this responsibility.

Sir Michael Franklin said that he was not wedded to having as many as sixteen members of the Priorities Board as had been previously proposed. It could be perhaps half that size. But it was necessary to have some means of co-ordinating the research activities of the AFRC financed by the science budget, with those of MAFF and DAFS and of bringing to bear the influence of the farming and food industries. The Select Committee had recommended, following closely the Report of the Consultative Board of the Joint Consultative Organisation, the abolition of the Joint Consultative Organisation, the Sponsors Group, the Chief Scientist Group of MAFF, the AFRC and the separate Scottish arrangements; and their replacement by a new central body. It was doubtful whether they would be content with the abolition of the Joint Consultative

/Organisation

consultation, will inevitably be subject to revision. Will those decisions and the implementation of them be so precipitate as to allow no room for the consultations and the revision of plans which are likely to save the day?

If, in the course of consultation, increased resources are found—not necessarily in 1984-85 but in later years, not necessarily from the science budget but from the Ministry of Agriculture, Fisheries and Food, and not necessarily from Government but from farmers by means of a levy on the marketing boards or from other sources—to allow the AFRC to increase resources and carry out the programmes to which it has previously been committed and with which it should be able to continue, will it have the establishment, the people, the staff and the continuity of programmes, to use the additional resources that may be forthcoming?

The Letcombe laboatory, for example, is doing useful work on the role of the root system of cereals in relation to the nitrogen cycle. It is only a few weeks ago that the National Farmers Union cereals committee visited Letcombe, expressed its interest in the work that was being undertaken, and asked for a contract research programme to be submitted to it on the topical problem of straw. The NFU is pursuing that and is actively interested. The laboratory has not yet had a reply and yet it is faced with the likelihood or expectation of closure. The staff of the laboratory is convinced that in cost-effectiveness terms, in the scientific quality of its work and in the value of its work to clients, it can justify continuing as a separate, small and efficient laboratory rather than being absorbed into a vast laboratory where, possibly, it would have less direct contact with those whom it serves in agriculture.

Secondly, there is some evidence that research that is diverted to the universities could perfectly well be done in the institutes since it is not of a kind that is genuinely opening up new possibilities, which should be the emphasis of the university-based research. University-based research should be supplementary to the work that is carried out in the institutes rather than a replacement for it.

Thirdly, the proposal to shift the Weed research organisation away from arable land in the east of England to Long Ashton near Bristol, away from the arable land and its work on weeds, seems to be rather an extreme decision.

I am not contesting the need for efficiency in the management of research. If we had an expanding science budget, the consequences for change and the efficient management of research resources would be greater and not less. I do not think that there is any question of being able to offer the members of the staff, or the organisation of the research council, the prospect of unchanged and undisturbed conditions and the continuity of everything that has taken place in the past. I do not think that any of the staff want that, anyway. Instead, the staff wants the opportunity in a vigorous and expanding area of research, which serves a vigorous and efficient industry, to carry on with the work that it is doing.

The damage is not limited to the AFRC. The Government have proposed that the transitional cost—not necessarily in 1984-85 but in future years—should be borne by a levy on other research councils, principally the Medical Research Council and the Science and Engineering Research Council. Effectively, the Government are cutting the science budget still further. In universities and nationalised industries, where there are possible closures, redeployments and redundancy costs, the consequences have been considered legitimate reasons for increasing the cash limits of the organisations and departments concerned.

Why are the research councils and the science budget being discriminated against in this way? If there were any Fellows of the Royal Society who supposed that the Prime Minister would be persuaded to reverse the decision made by her Ministers by electing her to the Royal Society, they entirely mistook her psychology. As a child, one of the saws which seemed to have impressed here was "family holdback" when the cake was passed round. She has not lifted a finger to help the scientific community.

The Secretary of State has discredited himself in the eyes of his dry colleagues by asking for more for the science budget, and being knocked back by them. I hope that the scientists will persist in pointing out to Ministers the errors of the decisions that they have taken. They can help to sway the arguments in their sphere, and by doing so and by lobbying vigorously Conservative Members, as well as in the scientific community, they can fully establish that they are best able to serve their clients and uphold scientific standards by maintaining the volume of activity to which they were previously committed, taking on, in addition to that, the greater responsibilities that this House should ask them to fulfil.

2.15 pm

The Under-Secretary of State for Education and Science (Mr. Peter Brooke): I am grateful to the hon. Member for Motherwell, South (Dr. Bray) for having raised this important subject. It may help if I give a little background before responding to the points that the hon. Gentleman raised. I am conscious that he is making his maiden appearance at the Dispatch Box in his capacity as Opposition spokesman, and I welcome him in that role.

The hon. Gentleman spoke of a prejudice on the part of the Government. The larger part of the science budget is a matter to which we shall probably return on a future occasion. Therefore, it would be inappropriate for me to take the debate too wide today, although I shall say something later about the latter part of his speech, in which he asked me questions about how the Agriculture and Food Research Council's budget might fit in with that of the science budget as a whole.

The Agriculture and Food Research Council's first corporate plan was published on 15 December. Hon. Members will find copies of the plan in the Library. The first plan covers the five years from 1984 to 1988, and it the council's intention that it shall be brought up to date regularly and revised as necessary. I am glad to have this opportunity to commend the council's decision to put together and publish a corporate plan. I am aware of the difficulties that are inherent in any such exericise, and I should like to put on record my appreciation of the courageous way the council has faced them. I have little doubt that all concerned will, in due course, see benefits flowing from this strategic approach, which I would encourage similar bodies to consider adopting.

To respond to the specific question that the hon. Gentleman asked, the corporate plan was drawn up in consultation with all the interests affected — the agriculture departments, the universities and industry. It covers the work commissioned with the council by the agriculture departments, as well as the work done with the grant-in-aid from my Department.

[Mr. Peter Brooke]

The hon. Gentleman asked about the relationship between the corporate plan and the report of the House of Commons Select Committee on Agriculture. Perhaps, inevitably, the work on the plan was already well in hand when the report appeared, and the financial situation facing the council and its institutes in 1984-85 was such that any delay in dealing with it could have amounted to irresponsibility. In fact, a number of the report's recommendations are reflected in the plan — for instance, more funding for food research, and better support for the universities. Further work is required on the Government's reply to the Select Committee on Agriculture's report, but a response will be made in the spring.

The council decided to draw up the plan because of the urgent need to meet new scientific challenges, success in which will pave the way for the growth of entirely new technologies. It was also necessary, because finance was expected to be limited, to ensure that every pound would be spent effectively. An important purpose of the plan is to enable the AFRC to improve its cost effectiveness. Another is to enable the industries concerned to understand better what the service is doing and to give informed advice on directions for the future.

The plan sets out in some detail the current research programme of the Agriculture and Food Research Council, and identifies the scientific opportunities in each area of research. It also sets out quite explicitly those areas of research that are regarded as being under-supported in terms of the future needs and opportunities to which I have referred, as well as those which are roughly in balance, or which are at present over-supported.

Not surprisingly, research into food science and technology is identified as an under-supported area. Attention was drawn to the need to expand research into food last year, when the Advisory Committee for Applied Research and Development published the report to which the hon. Gentleman has referred. The plan provides for a substantial switch of effort, within a reduced budget, towards research underpinning the food processing industry.

Under the plan, funds devoted to food science will grow by about 26 per cent., so as to represent about 13 per cent. of the council's total expenditure. For this to happen, there will need to be a reduction of about 10 per cent. in support for both plant science and animal science. The plan assumes that, overall, the council's budget will fall in real terms by some 7 per cent. by 1988—mainly due to the expected reductions in funding from the science budget, about which I shall say more a little later. Other areas of science research which will benefit under the plan include plant biochemistry, molecular biology and biotechnology. There will also be more provision for research grants to universities and colleges.

These important changes cannot be achieved painlessly. Though the methods for achieving change which are outlined in the plan include improving operational efficiency in institutes and by linking related programmes, a number of specific programme reductions have been identified and will be implemented. I do not intend to go into detail about these now, because they are in the plan. Some major organisational changes will result, however, including the amalgamation of the Letcombe laboratory with Rothamsted experimental station — with the Letcombe premises eventually being relinquished—and the consolidation of the current work of the Weed Research Organisation at Long Ashton research station, to which the hon. Gentleman referred.

My hon. Friend the Member for Wantage (Mr. Jackson) sought leave to raise the issue of Letcombe during our deliberations on the Consolidated Fund. As a result of his initiative, he and I, and Dr. Riley and the head of Letcombe are to sit down together.

In achieving these and other organisational changes, the council intends to make the maximum use of natural wastage and limited recruitment. About 300 posts might be lost this way, according to the plan. The fundamental nature of the changes in prospect make it likely, however, that as many as 500 further posts—the hon. Gentleman referred to 800—will be lost over the period of the plan. There will inevitably be a need to resort to compulsory redundancy in some cases, though premature retirement and voluntary redundancy will be used wherever possible.

I assure hon. Members that the council and its institutes' directors carry out full and proper consultation —a matter raised by the hon. Gentleman—with unions at all levels where redundancies or redeployments are in prospect, and that they intend to proceed in ways which avoid, where possible, hardship to individuals. I understand that, where posts which are to be lost next year have been identified, discussions are already in process with the staff involved. It is too early to say, as yet, what the total cost to the council of the planned organisational changes will be. There will obviously be some capital costs where programmes are merged or transferred, but the largest element will inevitably be the redundancy lump sum and continuing compensation payments.

Hon. Members may recall that in 1982, for the first time, the Advisory Board for the Research Councils — the ABRC—published the advice it had offered to my right hon. Friend on the allocation of the science budget under the title, "The Science Budget: A Forward Look 1982". The ABRC's advice spoke of the responsibility of all the research councils to decide whether existing activities should be abandoned or curtailed to permit new and specially promising work to be undertaken, recognising that such reassessment presents greater difficulty where the research is carried out in a number of institutes of long standing where there is a greater possibility that the pattern of organisation can unduly dictate scientific priorities.

The report said:

"We place great emphasis on the importance of flexibility, while recognising that redeployment of resources in research calls no less than in other areas for long-term planning and sensitivity of management. We welcome the steps that have already been taken by the Councils but must express some concern that, even now, new activities to which the Councils and we accord high priority are having difficulty in finding a place within the Councils' programmes because of commitments to existing areas of work."

The ABRC went on the recognise that restructuring often involved early retirement, or even redundancies, and hence additional spending in the short term, and said that it intended to consider with the councils whether special arrangements, such as the establishment of a central fund, needed to be made.

This need for flexibility and the importance of redeploying resources to new and promising areas of science has been reiterated by the board in the advice that

Robin

Here are some notes.

(1) There was some talk this morning about two people, the Chief Scientist (MAFF) and the Secretary (AFRC) both being accountable. They are accountable for different things, the former for formulating the customers' requirements and monitoring the results; the latter for implementing the requirements when possible, both within budgets.

(2) Given the choice of Bell as Director General of ADAS, of his being a Deputy Secretary and having been Head of a very important AFRC Institute, I believe he should combine the jobs of Chief Scientist (MAFF) and Director General of ADAS as "Chief Scientist and Director General, ADAS". He will need at least three Under Secretaries, one with specialised knowledge of farm animals (by no means necessarily a vet.); the second with specialised knowledge of crops and, hopefully, soil; and the third with specialised food knowledge. (I plead ignorance about the meaning of the phrase "specialised food knowledge". Considering the heterogeneity of the subject, the post could be difficult to fill).

(3) The Prime Minister said it would be necessary to name the members of the Committee (seven in all), chaired by the Chief Scientist and Director General, ADAS, to determine national agricultural priorities (having regard to the food implications e.g. wheat suitable for bread baking). It is, however, to be hoped that emphasis will be put on the fact that once the Committee has discharged its function of determining the above-mentioned priorities, it will be dissolved and only re-convened as and when necessary. Regular monitoring of these national priorities should surely be the task of the Chief Scientist and Director General, ADAS.

Note: As a matter of fact, the much-maligned Joint Consultative Organisation has more or less concluded its study of national agricultural priorities. If that is true, what more is there to be done ? Surely not a quango to sit on a quango ?

(4) It is important to appreciate the difference between national agricultural priorities and the research related to them. Some of the requirements of the former may be scientifically unrealisable in measurable time; for others, the appropriate research workers may not be available; yet for others, the appropriate scientists may be available but not willing. All this, of course, is concerned with the art of research administration, the job of the AFRC apart from the ADAS laboratories.

(5) The work of the AFRC falls into two, not necessarily distinct, classes: first, long-term or strategic research relevant to agriculture. (The relevance need not necessarily be obvious.) Secondly, R & D commissioned by the MAFF.

Note: There is nothing to stop the MAFF commissioning long-term or fundamental research. Indeed, if the AFRC is not on its own doing some fundamental research of importance to agriculture or food production, there is a good case for the MAFF doing it. As is well known, I believe there is a strong case for an average of 10% of R & D expenditure on agriculture and food being of a fundamental or speculative nature. The word "average" is important because it permits one particular laboratory or institute to spend more than 10% of its budget on fundamental or speculative work.

(6) Reference was made at the beginning of this note to "accountability". I believe this to have been interpreted in far too detailed a way, there being horrendous stories of clerks/accountants crawling over

Organisation, without replacing it by some formal means of consultation. Such a body would need to carry weight with the AFRC.

Summing up the discussion, the Prime Minister said that she recognised the case for a small advisory committee, which should, if possible, be even smaller than Sir Michael Franklin had suggested. She found persuasive the idea that the Chief Scientist should be responsible for strategy and should therefore be the Chairman of the Committee. She asked your Minister and Sir Michael Franklin to look again at this and let her have revised proposals in the new year. It was also necessary to reduce the amount of administration. Sir Keith Joseph was taking action on reducing the number of research institutes and the size of the AFRC. She asked your Minister and Sir Michael Franklin to produce as soon as possible, in consultation with the other Departments concerned, practical measures of simplification of the commissioning and accountability arrangements: the point made by the Secretary of State for Education and Science in his minute of 13 Decmeber about the double accountability of the contracting departments and the research councils was relevant to this.

I am copying this letter to Elizabeth Hodkinson (Department of Education and Science), John Graham (Scottish Office), John Gieve (Chief Secretary's Office, Treasury) and Sir Robert Armstrong.

Yours sincerely,

Robin Butler

Ivor Llewelyn, Esq.,
Ministry of Agriculture, Fisheries and Food

Pl. put on
agricultural research file

Robyn

Enclosed is the note I threatened to send. Knowing your predilection for Probability my notes to all and sundry, Doubtless because they are so well written and typed, I have signed this one with my new nom de plume (French), which I have you to ~~interpret~~.

My next communication will be on Solving the unemployment problem in 2.75 years.

VR 21.12.83

Council that has become characteristic of agricultural research.

8. A similar change - with some corresponding changes in the Council and in the arrangements in the agricultural departments for scientific advice - would be the simplest and most effective way of reducing administrative costs for agricultural research and development. But I recognise that the clients of the agricultural departments - and in particular farmers - are different in kind from those of the Health Departments and that an "MRC solution" may not be politically realistic for agriculture.

9. If this is agreed, then the problem is to make the contractor/customer system for agricultural research and development work more smoothly. Ministers now need to approve principles which can guide officials and the AFRC in working out their application. The principles which I would commend are the following:

i. the agricultural departments should establish arrangements which would enable them to state clearly the national priorities and objectives for the programmes of research which they commission from AFRC. The Priorities Board will obviously help here; but I do not myself believe that it will be sufficient. Changes are also needed in the terms of reference of the scientific staffs of the agricultural departments. The ABRC is currently considering a report on this issue from Sir Ronald Mason in which he stresses the need for departmental scientists to concern themselves more with establishing objectives and priorities and avoid being side-tracked into detailed procurement functions which have resulted in excessive bureaucracy.

ii. Research results and not inputs should be the main basis on which the agricultural departments monitor and steer the commissioned programmes against the stated objectives.

10 DOWNING STREET

Can you file
Thks - CR
25/11

Caroline

DES are not to be invited to the Rothschild meeting. I've explained this to Terry Bird in Sir Keith Joseph's office.

D
24/11

Rothschild

p.a.

CONFIDENTIAL

1852 - 1

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PS.

OO NEW DELHI

GRS 79
CONFIDENTIAL
FM FCO 221322Z NOV 83
TO IMMEDIATE NEW DELHI
TELEGRAM NUMBER 833 OF 22 NOVEMBER
FOLLOWING PERSONAL FOR ROBIN BUTLER, PRIME MINISTER'S PARTY FROM BARCLAY, NO 10
AGRICULTURAL RESEARCH

1. DES OFFICIALS HAVE GOT WIND VIA MAFF OF THE FURTHER MEETING WITH LORD ROTHSCHILD AND MR JOPLING ARRANGED FOR ~~15~~ 21 DECEMBER. THEY ARE PRESSING FOR AN INVITATION FOR THEIR SECRETARY OF STATE.

2. THIS IS EMBARRASSING. SHALL I CONTINUE TO STALL, OR INVITE THEM AND TELL LORD ROTHSCHILD?

HOWE

CONFIDENTIAL

1. Mr. Coles
Why is a personal telegram to me shown to these people?
2. Duty Clerk to take back to London

PS
PS/No 10
Cabinet Secretary
PUS

PLEASE INDICATE ANY FURTHER DISTRIBUTION
FOR TELNO FCO / New Delhi 833

Mr. Butler.

I have minuted.

This is a mistake and should not have happened.

28/11.

Delegation Secretary
November 1983

Reference .....

Mr Coles for information

All members of the Delegation Secretariat

1. With immediate effect, all personally addressed telegrams for the Prime Minister's staff should be forwarded to the Prime Minister's office without being copied. In order to retain track of such telegrams a note of the date and time on receipt here and of their despatch to the Residence should be maintained.

T N Byrne
Delegation Secretary

25 November 1983

B/F

Now 21 Dec at 11.00 CR. 22/11

10 DOWNING STREET

MR. BARCLAY

Caroline

Please.

14/11

Could you please arrange this talk at drinks time in the reasonably near future?

F.E.R.B.

Mr Butler

9.45 on Thursday 15 December — before Cabinet. Not an ideal date but cd not find another one. Trying out of London on Wed.

CR

4 November 1983

Caroline

I don't think it will do. PM will grumble when it comes to it. Can you pl. look for something better, even if later. R

14/11

File

25

4 November 1983

The Prime Minister has now seen your letter of 1 November about agriculture and food research and development. She will arrange to have a further talk with you and Michael Jopling.

E. E. R. BUTLER

The Lord Rothschild, G.B.E., G.M., F.R.S.

CW

IMMEDIATE

CONFIDENTIAL

FDW G128/22

CO NEW DELHI

GRS 79
CONFIDENTIAL
FM FCO 221322Z NOV 83
TO IMMEDIATE NEW DELHI
TELEGRAM NUMBER 833 OF 22 NOVEMBER
FOLLOWING PERSONAL FOR ROBIN BUTLER, PRIME MINISTER'S PARTY FROM BARCLAY, NO 10
AGRICULTURAL RESEARCH
1. DES OFFICIALS HAVE GOT WIND VIA MAFF OF THE FURTHER MEETING WITH LORD ROTHSCHILD AND MR JOPLING ARRANGED FOR 15 DECEMBER. THEY ARE PRESSING FOR AN INVITATION FOR THEIR SECRETARY OF STATE.
2. THIS IS EMBARRASSING. SHALL I CONTINUERTO STALL, OR INVITE THEM AND TELL LORD ROTHSCHILD?

HOWE
NNNN

Note: I have passed a message to Mr. Barclay through the Duty Clerk that DES should not be invited but that I will tell them of anything significant that happens.

OUT TELEGRAM

2213222
833

Classification and Caveats	Precedence/Deskby
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CLASS
CAVEATS
DESKBY
FM FCO
PRE/ADD
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FM FCO 2213222
TO IMMEDIATE NEW DELHI
TELEGRAM NUMBER
FOLLOWING PERSONAL FOR ROBIN BUTLER, PRIME MINISTER'S PARTY FROM
BARCLAY, NO 10
AGRICULTURAL RESEARCH
1. DES officials have got wind via MAFF of the further meeting
with Lord Rothschild and Mr Jopling arranged for 15 December.
They are pressing for an invitation for their Secretary of State.
2. This is embarrassing. Shall I continue to stall, or
invite them and tell Lord Rothschild?

HOWE
NNNN

NNNN ends telegram	BLANK	Catchword
File number	Dept No 10	Distribution
Drafted by (Block capitals) David Barclay		
Telephone number		
Authorised for despatch		
Comcen reference 1852	Time of despatch	

XY 48

Cc PS No 10

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2. THIS IS EMBARRASSING. SHALL I CONTINUERTO STALL, OR INVITE THEM AND TELL LORD ROTHSCHILD?

HOWE
NNNN

fr6 S4

10 DOWNING STREET

From the Private Secretary

2 December, 1983

I am writing on behalf of the Prime Minister to thank you very much for your letter of 30 November, with which you enclosed a copy of your letter to the Secretary of State for Education and Science about the organisation of agricultural research.

I shall place your letter before the Prime Minister on her return from the European Council in Athens next week. I know that she will be most interested to read it.

DAVID BARCLAY

R. Halstead, Esq.

CF: file please.
DAS
12/12

C (4)
CCNO

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RH/PVW

30th November 1983

Prime Minister

Quite an interesting letter on Agricultural research. There is some cogent criticism on p2 of the idea of putting scientists in charge of their own programmes and resources.

I have acknowledged on your behalf.
DAS
9/12

The Rt. Hon. Margaret Thatcher, P.C., M.P.,
Prime Minister,
10 Downing Street,
London SW1.

MT

Dear Mrs Thatcher,

I know you are very interested in the important area of publicly funded research and development with a view to improving its impact on the U.K. economy. In this regard I enclose a copy of my letter to Keith Joseph in response to the Royal Society's memorandum on organisation of agricultural research and development.

I hope my comments will be helpful.

With very best wishes.

Yours Sincerely,

Ron Halstead

R. Halstead

iii. As a cross-check on AFRC's performance the scientific staffs of the agricultural departments should have the right to require AFRC to give them a full account in detail and in depth of the work that is going on on a particular programme. But in order to avoid over-administration it should be agreed that this right should be exercised only by exception and not as a normal rule. It must be clearly established on all sides that detailed scientific management of a programme must remain an AFRC responsibility at Director level.

10. If we can now agree principles on these lines, I can give instructions which will ensure their implementation. The first step is to draw up a draft concordat between AFRC and officials of the agricultural departments. When that is done I would propose to invite AFRC to set up with the agricultural departments a scrutiny team which would consider the draft. The team should, I think, include a representative from the MPO and an independent outside consultant (Peat, Marwick and Mitchell might be a suitable firm).

AFRC headquarters

11. Finally, I should refer to the question of whether the headquarters organisation of AFRC is excessively large for its functions. This is not an issue confined to AFRC but one for investigation in the case of all five Research Councils. I have asked Sir David Phillips, the Chaiman of the ABRC, to recommend action to ensure that the Research Council headquarters are kept down to the minimum size consistent with the discharge of their proper responsibilities. I will, if you think it desirable, ask Sir David to discuss his recommendations with Lord Rothschild before they are submitted.

12. I am sending copies of this minute to Michael Jopling, George Younger and Sir Robert Armstrong.

KJ

13 December 1983

Agric June 83 Ld RANSCHIO

4. cont...

This is a good example of how a block grant to a scientifically administered council can frustrate an important area of research if the scientists in control aren't particularly interested in it - whatever the benefits to the public at large. I would suggest that if the customer/contractor principle had been applied to the MRC the motivation would have been different, particularly if organisations other than the MRC could have been allowed to tender for the contract - competition can work wonders sometimes!

In summary, the position from the food industry viewpoint is as follows:-

a) We are pleased that the AFRC has agreed to devote more resources to basic scientific research in the food area and we hope that this trend will continue. We also welcome the changes in organisational structure within AFRC with a Council Committee and Research Division specifically covering Food as well as Animals and Plants, respectively. However, I feel there is a need for further radical changes at AFRC to streamline the structure, make it more effective and improve links between institutes, industry and the universities.

b) The change in organisational structure at MAFF placing the Chief Scientist (Food) on a par with the Chief Scientist (Agriculture), provides a much better balance of interests within MAFF. We do not accept the Royal Society view that this has diminished MAFF's ability and desire to foster high quality scientific research.

c) The availability of public funds from MAFF for research in the food area has ensured that work designed to benefit the economy and to protect the consumer has been carried out. Also, the customer/contractor principle as used by MAFF is an efficient and effective way of spending these funds ensuring good value for money.

d) The research funds from the DES are an essential support to fundamental science in institutes and universities. However, it is important that a suitable proportion of these funds should be devoted to areas of research which are both academically worthwhile and have industrial relevance. In this context there should be an appropriate industrial involvement in the allocation of the resources and monitoring of the work to ensure that the needs of industry and the U.K. economy are taken into account.

I hope these comments will be helpful to you in your deliberations on the future organisation of food and agricultural research and I should be happy to discuss the matter further with you if you wish.

I am sending a copy of this letter to Michael Jopling and to the Prime Minister.

Yours Sincerely

Ron

R. Halstead

Mr. Coles
Mary Banks.
FECB
27.11

R. Butler.
A & L 27/11.

FROM: T N Byrne
DATE: 25 November 1983

Mr Coles

ASE's minute personally returned by Byrne.

As requested in your minute of 25 November I have looked at FCO Telno 833 of 22 November.

We received one copy of this telegram from Communications Centre. This was copied to your office under a proforma enquiring about further distribution in accordance with paragraph 9 of my circular minute of 21 November. The top copy which I now attach was retained here against the possibility of your requesting further distribution.

Thus, I am not aware that this telegram has been copied to anyone else. I am changing the procedure for any personally addressed telegrams for the Prime Minister's staff with immediate effect. In future, such telegrams will be sent to your office without any copies being taken in the Delegation Secretariat. If any further distribution is required this may then be undertaken by your office thus leaving you in no doubt as to what copying has been done.

Terry Byrne.

T N Byrne
Delegation Secretary

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RH/PVW

29th November 1983

The Rt. Hon. Sir Keith Joseph, PC, MP.,
Secretary of State for Education & Science,
Department of Education & Science,
Elizabeth House, York Road,
London SE1.

Dear Keith,

I have just read the Royal Society's memorandum on the organisation of agricultural research and development which has been submitted to you and Michael Jopling and circulated to members of the Agricultural and Food Research Council (AFRC).

As the food industry representative on the AFRC for five years, after two years as scientific adviser to MAFF for commissioned work in the food Research Associations, I feel I should comment on the Royal Society's memorandum since it has implications for the public funding of food research.

In summary the Royal Society is saying:-

a) that "the downgrading of the Chief Scientist post at MAFF and its replacement by a Chief Scientist (Agriculture) and Chief Scientist (Food & Fisheries) (at Under Secretary level) has led to a loss of confidence in MAFF's ability and desire to foster high quality scientific research or to have the best scientific advice available at ministerial level."

b) that they would like to eliminate the customer/contractor principle as operated by MAFF and give control of "administering funds for scientific research to research scientists rather than to civil servants representing, among other interests, the often narrowly expressed needs of ultimate customers."

c) that they would prefer the public funding of research and development to consist of a single block grant from the DES to a central research council such as an expanded AFRC, with the funds being administered by research scientists.

cont...

In view of my experience in this field over the last seven years, I should like to make the following points:-

1. The food industry has a high regard for the Chief Scientist (Food) and his staff at MAFF. They have worked closely with industry over the years and are well placed to understand our needs and those of the public. MAFF places research contracts not only with the universities and the AFRC, but also with the industry funded Research Associations. These Associations are not only useful for the large companies with their own research departments, but serve particularly well the needs of small and medium size companies. The contracting of work by MAFF to these Associations has provided good value for money. It has also enhanced the skills and knowledge of the scientists involved with the consequential benefit to industry.

2. The problem of giving money en bloc to research scientists is that they have no particular interest in industrial application of research or indeed the needs of the ultimate consumer. Academic scientists are basically interested in pursuing lines of scientific enquiry which will lead to the publication of scientific papers and enhance their position in the scientific world, leading hopefully to Fellowship of the Royal Society. From their point of view, this is quite a laudable objective. However, the problem in the U.K. is the harnessing of our scientific skills in support of industry and enhancing our competitive position in the world. Other countries, notably the USA and Japan, are much more adept in this area and there are much closer links between their academic research establishments and the needs of industry with consequent benefits to their economies. It should be equally feasible for the U.K. to devote scientific resources to areas of research which are both academically worthwhile and have industrial relevance.

3. My experience at the AFRC has highlighted the problem of the "management of change" in a block grant system administered by scientists. There is a great reluctance by scientists to change direction from areas in which they have devoted many years of research and have become recognised experts. There is a reluctance to terminate fields of research in order to start new fields of research. For example, the proposed transfer of resources in AFRC from agriculture to food research has only come about as a result of pressure from myself and the food industry, and the impact of critical comments in recent reports, notably the ACARD Report on Food Industry & Technology (1982).

4. For many years the food industry has been asking for more basic work to be undertaken on human nutrition. In 1974, a joint ARC/MRC report (the Neuberger Report) highlighted the importance of nutrition in the national context. Some years later, a joint ARC/MRC working party under Sir John Butterfield advocated a programme of work in this area. In 1982 I chaired a working party of the ARC which reviewed the previous recommendations and produced a programme of work for endorsement by both the ARC and the MRC. This was basically endorsed by the ARC and some of the work has been initiated. However, we have had a very limited response from the MRC who are responsible for the human studies and it is quite clear that they are not particularly interested in expanding work in the nutrition field. It should be noted that the ACARD Report criticised the MRC for not making greater progress in the nutrition area.

cont...

AGRICULTURE: Rothschild. June 83

NBPM

NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

The Rt Hon Michael Jopling MP
Ministry of Agriculture, Fisheries
and Food
Whitehall Place
LONDON
SW1A 2HH

10 February 1984

Dear Michael

ORGANISATION OF AGRICULTURAL AND FOOD R&D

Thank you for copying to me your minute of 30 January to the Prime Minister.

The management, administration and funding of research and development for agriculture and food are at present transferred functions under the Northern Ireland Act and are the responsibility of the Department of Agriculture in Northern Ireland. I think this is right, but I see advantage in our functions in Northern Ireland being closely linked to the strategy for research and development in the United Kingdom as a whole and feel that there should be some link for us to the new Priorities Board. I fully understand the desire to keep the membership of the Board to a minimum but I would be grateful if at least an Assessor from Northern Ireland could be invited to the meetings.

I am copying this letter to the Prime Minister, Keith Joseph, George Younger, Nick Edwards, Peter Rees and Sir Robert Armstorng.

Yours
Jim

ST

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

MANAGEMENT-IN-CONFIDENCE

10 February 1984

PRIME MINISTER
10 Downing Street
London SW1

Dear Prime Minister,

ORGANISATION OF AGRICULTURE AND FOOD R & D

Your private secretary wrote to mine on 1 February indicating that you were not convinced that the chairman of the proposed Priorities Board should be an independent person rather than an official or a Minister.

With your approval Professor Ronald Bell has been appointed Deputy Secretary in this Department and from mid-March takes over as Director-General of the Agricultural Development and Advisory Service (ADAS). I have decided that Professor Bell should also become my Chief Scientific Adviser. This appointment will respond to the pressure from several quarters, including the report made to ABRC by Sir Ronald Mason, for Departments to have high level scientific advice. It will also improve the co-ordination within MAFF between responsibilities for R & D in agriculture and food. Since it responds to one of the recommendations by the Select Committee, I wish to announce this appointment as part of the Government's response to the Select Committee's report.

I have, of course, given the idea that the Ministry's Chief Scientific Adviser should be Chairman of the Priorities Board, which you suggested at our meeting on 21 December, full consideration. The reasons why I came down in favour of an independent Chairman in my minute of 30 January are two-fold. First, the Priorities Board is to replace the present JCO Board which consists solely of independent members, with an independent Chairman, Mr Oscar Colburn. Since the Ministry is effectively acting as a surrogate in the exercise of its customer role, it seems wholly appropriate that the advisory Board should be led by a representative of one or other of the industries which stand to benefit. Such informal soundings as it has been possible to make confirm that the leaders of the agriculture and food industry would prefer to see a chairman coming from the private sector.

/ Secondly, it is ...

Secondly, it is the intention that the Board should advise on R & D priorities in the whole of the UK, ie those financed by the Department of Agriculture and Fisheries for Scotland (DAFS), the Department of Agriculture for Northern Ireland (DANI), and by the DES direct grant-in-aid to AFRC as well as those commissioned or carried out by MAFF. It might therefore seem inappropriate for an official (or indeed a Minister) from one of the three Depatments to chair a body which will advise on, and perhaps criticise, the work of all three. By the same token, the appointment of an independent Chairman would in no way reflect on the competence or authority of Professor Bell any more than that of the Secretary of the AFRC.

In the light of these considerations, I very much hope that you will now be able to give your approval to the proposals in my minute of 30 January. A reply to the Select Committee is by now well overdue and I have already received a letter from the new Chairman criticising the delay.

I am copying this letter to Keith Joseph, George Younger, Nick Edwards, Jim Prior, Peter Rees and Sir Robert Armstrong.

Yours Ever

Michael

MICHAEL JOPLING

Agric R+D

Let me wait for further comments from other Ministers.

FERB

Agric June 83
R&D

cc NO

C

PRIME MINISTER

ORGANISATION OF AGRICULTURAL AND FOOD R & D

I am in agreement with the proposal contained in Michael Jopling's letter of 30 January for the creation of a Priorities Board. The recent concern over the future of the Welsh Plant Breeding Station underlines the need for the Welsh Office to be associated directly with the Board as assessor. I shall also be taking the appropriate opportunity to put forward names for appointment. The Welsh Office is already represented on the Sponsors Group which is to be subsumed by the Priorities Board.

I have seen responses to the question of the appointment of Chairman and share the view that the Board would gain in its standing if the Chairman was independent of the Civil Service.

I am copying this minute to Michael Jopling, Keith Joseph, George Younger, Jim Prior, Peter Rees and Sir Robert Armstrong.

RNE

9 February 1984

Atomic
Rothschild
June 87

PG

10 DOWNING STREET

From the Principal Private Secretary

20 February 1984

Dear Ivor,

ORGANISATION OF AGRICULTURAL AND FOOD R & D

The Prime Minister was grateful for your Minister's letter of 10 February giving more reasons for your Minister's proposal that an independent outsider should be Chairman of the Priorities Board rather than the Chief Scientific Adviser of MAFF. She has also seen comments from the Secretaries of State for Education and Science, Scotland and Wales.

The Prime Minister still believes that your Minister's proposal will reduce the authority and responsibility of the Chief Scientist and is in danger of producing yet another bureaucracy. However, in the light of his views and of the comments of her colleagues, she is prepared to accept the proposed arrangement, subject to a review in two years' time. She would think it appropriate that the Chairman should be an industrialist with scientific knowledge: Mr. Durham of Unilever would satisfy this description. She thinks that, notwithstanding the point in paragraph 2 of your Minister's minute of 30 January, the size of the Priorities Board should be limited to one Chairman and six members. This may mean that the composition should contain a ratio of 4:3 of independents to officials.

The Prime Minister understands that the Chief Secretary does not wish to press further his suggestion that the present dual funding system of agricultural research should be changed for the time being.

I am copying this letter to Elizabeth Hodkinson (Department of Education and Science), John Lyon (Northern Ireland Office), John Graham (Scottish Office), Colin Jones (Welsh Office), John Gieve (Chief Secretary's Office, HM Treasury) and to Sir Robert Armstrong.

Yours sincerely,

Robin Butler

Ivor Llewelyn, Esq.,
Ministry of Agriculture, Fisheries and Food.

D

W.0134 17 February 1984

MR BUTLER, NO 10

ORGANISATION OF AGRICULTURAL AND FOOD R & D

File With FERB? 13/2

You suggested that the Prime Minister might like to have my view on the question of the Chairmanship of the proposed Priorities Board and specifically on whether he should be an industrialist or the Chief Scientific Adviser of MAFF.

2. Although there are some good arguments on both sides, Mr Jopling's main argument that MAFF is only a surrogate for the industries which are the customers for R & D, is surely answered by his own proposal to have most of the members of the Board itself from industry. But a Chairman from industry who would necessarily come from one of the competing customer sectors would make the Board an easy target for accusations of bias.

3. The principal argument against a Civil Servant as Chairman - his status and the respect he could command from the industry and other Departments - has been nullified by Mr Jopling's welcome decision to appoint a distinguished non-Whitehall scientist as his full-time Chief Scientific Adviser at Deputy Secretary level.

4. The main advantages of the Chief Scientific Adviser as Chairman of the Board are the concentration of responsibility with one person and the linking of the work of the Board with the general policies of the Departments involved.

RBN

ROBIN B NICHOLSON
Chief Scientific Adviser

Treasury Chambers, Parliament Street, SW1P 3AG

F E R Butler Esq
Principal Private Secretary
10 Downing Street
LONDON
SW1

20 February 1984

Dear Ron

ORGANISATION OF AGRICULTURAL AND FOOD R AND D

The Chief Secretary has seen your minute of 1 February and the subsequent correspondence. He still believes that there is much to be said for clarifying lines of accountability by introducing a single channel of funds for Agricultural R and D in view of the disturbing evidence of lack of coordination and inefficiency. However he does not wish to press the point since it does not commend itself to his colleagues. On that basis he is content with the proposals in the letter of 10 February from the Minister of Agriculture.

I am sending copies of this letter to Ivor Llewelyn, Elizabeth Hodkinson, Colin Jones, John Graham, John Lyon, and Richard Hatfield.

Yours sincerely

John Gieve

JOHN GIEVE
Private Secretary

Agriculture June 1983

LORD Rothschild

Agriculture: Lord Rothschild: R+D
6/83

B

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Prime Minister

14 February 1984

ORGANISATION OF AGRICULTURAL AND FOOD R & D

Your Private Secretary's letter of 1 February sought the comments of other Ministers on Michael Jopling's minute of 30 January.

Michael has consulted me in advance about the Government response to the report of the Agriculture Select Committee and his letter took account of my views. As regards the Chairmanship of the proposed Priorities Board, I fully support the arguments Michael has put forward in his letter of 10 February and I am satisfied that the balance of advantage lies in favour of having an independent Chairman. I think that you may also consider that there is an important presentational point in having an independent Chairman. The Select Committee's main recommendation was for the establishment of a new independent body with executive powers; it would help to make our rejection of that recommendation more palatable to the Committee if the new Priorities Board were to be chaired by an independent rather than by a departmental official.

I am copying this minute to Michael Jopling, Keith Joseph, Nick Edwards, Jim Prior, Peter Rees and Sir Robert Armstrong.

G.Y.

G.Y.

I think MAFF is WRONG — does it that I want a dissuasive, and is making get another bureaucracy. However — for ahead for say 2 years. I assume the Chairman will be a SCIENTIST from industry.

PRIME MINISTER

ORGANISATION OF AGRICULTURAL AND FOOD R & D

We have now had a reply from the Minister of Agriculture (immediately below) to your request for more arguments why the Chairman of the new Priorities Board should be an outsider and not the Chief Scientist in MAFF.

The arguments are twofold: first, that private industry would prefer one of their number to be Chairman, rather than a civil servant. Second, since the Priorities Board will cover research financed by several Departments, it is wrong for the MAFF Chief Scientist to be Chairman.

I also attach a minute from the Education Secretary (Flag A), the Scottish Secretary (Flag B), and the Welsh Secretary (Flag C), which support the Minister of Agriculture's view.

However, Dr. Nicholson (Flag D) supports the view advanced by Lord Rothschild and accepted by you that the Chief Scientist should be Chairman so that one person within Government has responsibility for determining priorities.

I still think that your view and that of Dr. Nicholson is correct. But you have all your Ministers against you. Do you want to continue to press your point?

The other issue, raised by the Treasury, is whether the sources of funding for agricultural research should be reduced from two to one - either DES or the Agriculture Departments. All the Ministers who have commented are against this and so is Dr. Nicholson. The Chief Secretary has not commented further, but I do not think he would press his suggestion unless he had your support for doing so.

Agree to maintain the status quo?

FERB

17 February 1984

I Ch. & 6 others at most

SW D3M2

MANAGEMENT IN CONFIDENCE

A

PRIME MINISTER

ORGANISATION OF AGRICULTURAL AND FOOD R AND D

The proposals that Michael Jopling put to you on 30 January had been thoroughly discussed between us and had my full agreement. I have now seen his further letter of 10 February, in response to your Private Secretary's letter of 1 February about the chairmanship of the Priorities Board.

I wholly endorse what he says. The point is quite simply one of practical politics. My judgement is that it just will not be acceptable to the kind of people we want to involve from industry, or indeed to the other sponsors, to sit under a departmental civil servant (or even a Minister). We must have an eminent person from the private sector - Ken Durham or his like - if this body is to have any chance of success in fostering closer relations between the real users and the researchers. It must have stature and weight - industrial and scientific.

A little earlier Peter Rees questioned the continuation of dual funding. The Select Committee recommended that it should continue and would, I think, be somewhat surprised to see that recommendation set aside without very compelling arguments for doing so. To my mind the balance of the arguments clearly points the other way. The arrangements do serve their intended purposes, of securing on the one hand the continuing contribution from the fundamental sciences that is essential for the longer-term health of the industries and, on the other, of providing the shorter-term more immediately applicable results needed by Departments and the customers whom they represent. That is not to say there is no room for improvement in practice, and I would expect the new Priorities Board to help in this. But I see no case for fundamentally upsetting the present arrangements.

I am copying this letter to Jim Prior, George Younger, Nick Edwards, Michael Jopling, Peter Rees and Sir Robert Armstrong.

KJ

16 February 1984

W.0100 3 February 1984

PRIME MINISTER

ORGANISATION OF AGRICULTURAL AND FOOD R & D

Mr Jopling's minute of 30 January on this subject makes reference to simplifying the arrangements by which the Ministry of Agriculture, Fisheries and Food Commission work with the Agricultural and Food Research Council. In that context he refers to "the review that Robin Nicholson is to conduct on the present requirements of financial accountability in public sector R & D.". I would like to clarify this statement.

2. Sir Ronald Mason made a study of commissioned research at the request of the Advisory Board for the Research Councils (ABRC); his report was published in November 1983. Sir Ronald concluded that an increased bureaucracy had developed, to some extent at the expense of resources for research, to provide accountability for the commissioning arrangements. He went on to recommend that significant administrative savings would result if the commissioning funds could be administered at programme rather than project level, with research management being left strictly to the Research Councils and the duplication of financial accountability that currently exists being replaced by a post hoc scientific accountability.

3. Lord Rothschild, in a letter to the Chairman of the ABRC, strongly supported Mason's analysis and commented on the "pathological exaggeration of the accountability concept which, in spite of cash limits, I cannot believe was a requirement of the Treasury or other organisations concerned with public accountability."

Agric June 83
Ld Ramsey

NO

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Prime Minister (2)
Done 30/12

R Halstead Esq CBE MA BSc FRIC
Beecham Products
Beecham House
Brentford
Middlesex TW8 9BD

29 December 1983

MT

Dear Mr Halstead

Thank you for your letter of 29 November commenting on the Royal Society's recent Memorandum on the Organisation of Agricultural Research and Development.

I should say, first of all, that while I welcome the Royal Society's contribution to the debate about the future funding and organisation of agricultural and food R&D, I recognise that the solutions suggested by the Royal Society may not commend themselves to everyone and that in formulating a response to the Report of the House of Commons Agriculture Committee my colleagues and I must take account of the interests and views of all who are concerned, including the "customers" for scientific research such as firms in the food industry and other industries related to agriculture.

I note that you say that the food industry has a high regard for the Chief Scientist and his staff at MAFF and that good working relationships exist. As I read it, the Royal Society's Memorandum does not argue against food and agriculture being accorded equal importance in MAFF, but in favour of MAFF's Chief Scientist's Division being generally strengthened so as to increase the effectivensss of MAFF's input into the strategic planning of R&D. This is, of course, a matter for my colleague Michael Jopling.

I note what you say about the Royal Society's preferred method of financing agricultural and food research by means of a single grant-in-aid from DES. Arrangements in this sector must take account of the range and diversity of the "customers" for research in the agricultural and food fields, and of their changing needs.

PERSONAL

Ministry of Agriculture, Fisheries and Food
Whitehall Place
London, SW1A 2HH

Sir Michael Franklin, KCB CMG
Permanent Secretary

Robin Butler Esq
Principal Private Secretary
to the Prime Minister
10 Downing Street
LONDON SW1

6 January 1984

FERB

Dear Robin,

Thank you for sending me with your letter of 29 December a copy of the notes which Lord Rothschild gave you. I see no need to give them a wider circulation. In case he returns to the charge, the following comments may be helpful:

(i) Mr Jopling will be writing to the Prime Minister following the meeting on 21 December.

(ii) He will probably say that he intends to make Professor Bell the Ministry's Chief Scientific Adviser as well as Director General of ADAS. This will in fact put him in charge of a Chief Scientist (agriculture) and a Chief Scientist (food). Both are Under Secretaries. Both are well regarded (even though neither of them is an FRS).

(iii) There are difficulties about making our Chief Scientific Adviser chairman of a body which will advise on priorities for research commissioned not only by us but by DES and the Department of Agriculture for Scotland as well. So we may suggest a different arrangement while keeping to a Board of not more than seven.

(iv) It is true that the Board of the Joint Consultative Organisation (JCO) is - with encouragement from us - doing a study on priorities but they are not finding it very easy and we fear it may prove to be rather theoretical. There is of course a distinction between the concept of national agricultural priorities (which smacks of the National Plan) and research priorities in the sense of deciding how much money Government should spend and where. The latter requires judgement about what questions need answering and whether there is a reasonable chance of research workers coming up with the answers. The Priorities Board will help with that but

on a regular basis, linked in particular to the annual PES round.

(v) The distinction between the long/pure and short/applied research exists, but the edges are blurred. We agree that there is nothing to stop MAFF commissioning the former or the AFRC deciding to spend some of its DES money on the latter.

(vi) Accountability: it is true that the Permanent Secretary, MAFF and the Secretary of the AFRC are both Accounting Officers. The problem is not that, but the degree of detailed Treasury control. We are seeing whether this can be reduced and so is Robin Nicholson on a Whitehall wide basis.

(vii) No objection to a study of the advantages of moving AFRC Headquarters out of London. But Lord Rothschild probably exaggerates the advantages.

Yours ever

Michael

MICHAEL FRANKLIN

10 DOWNING STREET

From the Principal Private Secretary

29 December 1983

PERSONAL

I am attaching a copy of some notes which Lord Rothschild (despite the misleading initials at the end which represents an ingenious - and to me - incomprehensive alias) has sent me following the meeting with the Prime Minister, your Minister and yourself. So far as I can see, they merely substantiate points which he made at the meeting, but I am sending them to you so that you are aware of them in considering the follow-up to the Prime Minister's meeting. I hope that you can treat them on a personal basis and not distribute them, either to your Department or to others.

FGRB

Sir Michael Franklin, KCB, CMG,
Ministry of Agriculture, Fisheries and Food.

Agriculture and Food Research Council

2 pm

Dr. Jeremy Bray (Motherwell, South): The Opposition are concerned about the first corporate plan of the Agriculture and Food Research Council and I am speaking as the Opposition spokesman on science and technology. I am taking the first opportunity to raise this matter because, although it has been widely and semi-publicly discussed for a long time in the research council, the agricultural and farming press and among scientists, it was only finally approved by the council about a week ago.

The background to the council's first plan is a Government freeze on support for science in real terms which, combined with cuts in university support, has produced a substantial cut in the effective support of science as it works through the dual support system. University teachers, who are faced with cuts and students who demand to be taught, are trying to maintain standards of teaching, and therefore inevitably divert their effort away from their long-term research preoccupations to maintain those teaching standards. Moreover, equipment grants are reduced and capital expenditure is not directed at research.

Faced with those cuts in the science budget, the reaction of the Advisory Board on the Research Councils has been to examine priorities as between the research councils. It was faced with several priorities. First, if the advisory board does not support and protect pure science, no one else will. Other people can finance applied science and technology, but none can support pure science. It has not been the Agriculture and Food Research Council's job primarily to contribute to pure science. A comparison between the record of the Medical Research Council on molecular biology with that of the Agriculture and Food Research Council is by no means invidious, bearing in mind the entirely different briefs of the two organisations. But the Agriculture and Food Research Council cannot make the same claim on the ABRC and the Department of Education and Science science budget. Had not the primary work on pure scientific research been done by MRC-financed activity on molecular biology, the interesting and powerful work that is now beginning to be done on the applications of molecular biology to plant genetics could never have come about. The ABRC's priority here is entirely understandable.

The second group of considerations were those that were raised in the Mason report, and concern the balance between work in the laboratories and institutes of research councils and in universities, and the balance between work that is financed by the Government and that which is financed by the industry, for the benefit of which it is undertaken. Taking those two considerations together, the ABRC's inevitable conclusion was that the cuts should fall on the AFRC. In addition to that external pressure, the AFRC was also facing pressing demands to find resources to finance applied science, which is becoming available for fruitful application in agricultural research, and for the extension of its brief to include food research. The ACARD report on food and the food industry is only one aspect of the pressures to which the AFRC should respond. It deals only in passing with the important issue of diet and health. In that regard, the Government disgracefully ran away from the James report, which was recently published by the Health Education Council and calls for a national food policy. As we are proceeding at present, the Government are setting the United Kingdom up to be pilot study of the consequences of a nation not having a food policy. The consequences of that in terms of deaths from cancer and heart disease in mid-life promise to be appalling.

Faced with the demands for fresh work and for the redirection of activity with diminishing resources, the AFRC was in an impossible position. Dr. Riley forthrightly criticised the ABRC's decision. That is entirely understandable. He maintains that the cuts in agricultural research, whatever might have caused them, are not economically or scientifically justifiable.

The considerations that I have outlined are relevant. Within the constraints that I have mentioned we reach an impossibly damaging conclusion for the AFRC. Where, then, does the fault lie? It must lie in the size of the science budget which the Government took as their starting parameter. The magnitude of the cuts are best measured in human terms. In the Agriculture and Food Research Council 800 out of 6,800 jobs are to be removed. That is not just 800 jobs for people with any old background. The people concerned are scientists and technicians who are best equipped to contribute to the development of agriculture and agricultural productivity in Britain. They have made an outstanding contribution to the increase in agriculture's productivity. That is well recognised by farmers and the National Farmers Union. There is every prospect that that record will be improved upon still further.

There is no sign of any lagging in the increase of agriculture's productivity. In those circumstances, it looks as though the Government have given way to rank prejudice. First, there is their prejudice against civil servants. They maintain the idea that work done by Agriculture and Food Research Council staff is inevitably inferior to that done in industry and in the universities. The Government have also given way to the prejudice that cash limits are the ultimate wisdom in economic management and the management of public expenditure, in preference to cost-benefit pay-offs in Departmental budgets, where there is need for flexibility to adjust the budget in response to the effectiveness of the results that are achieved.

It is in that direction, and not in the damaging and ungracious human consequences of the Government's decision, that we must pursue the argument. We can convincingly argue — we have done — in terms of economic benefit that is to be derived from maintaining and increasing the agricultural research budget. I advise the scientists and the Agriculture and Food Research Council to seek the leverage of brute political force in persuading the Government to change their mind. I ask the Minister whether the corporate plan is final or whether it is subject to further consultation with the staff, with the industry, with the National Farmers Union and with the Select Committee, which has not even been given the courtesy of a reply to its report before the Government effectively committed themselves to a position on agricultural research, which was so well covered by the Committee in its report. What about consideration by Parliament itself?

In practice, the implementation of the plan is bound to be subject to consultation and, in the process of that

You will recall that the complexity and bureaucracy of present commissioning arrangements were criticised by both the Agriculture Committee and the JCO Board and I believe that we must direct some attention to ensuring that the arrangements work productively in future. As to the extension of customer/contractor arrangements to take in work in nutrition which, you say, has not been well-supported by MRC, I understand that the expansion of nutrition work has presented unusual difficulties which may be untypical, but that considerable progress is now being made by both MRC and AFRC. I doubt whether extending the customer/contractor arrangement to this area of MRC's work would improve matters.

Turning to your comments about the application by AFRC of the money it receives by way of grant-in-aid to food research and to other areas of research with industrial relevance, I note that you acknowledge the practical and organisational improvements which the Council has made in recent times. I understand that, in 1984-85, the Council plan to redirect some £700 - £800,000 from agricultural to food research, with more in later years. Furthermore, the Council have food industry representatives on their new Food Commiteee so as to try to ensure that their in-house research on food remains relevant to industrial needs. Steps are also being taken, as you are probably aware, to secure that grants made by the Council to universities for food research are made with industrial relevance in mind. Doubtless further improvements are possible, and I have no doubt that you will continue to ensure within the Council that industrial interests and food interests are given due consideration in the development of future policies and priorities.

I am copying this letter to the Prime Minister and to Michael Jopling.

Yours Sincerely

J Bird

Approved by the Secretary of State and signed in his absence

Agriculture,
June 83,
R.E.O.

AGRIC:
Rothschild
June 83

DES
SO
WO
NIO
CO
CS, HMT

10 DOWNING STREET

From the Principal Private Secretary

1 February 1984

MANAGEMENT - IN CONFIDENCE

Organisation of Agricultural and Food R & D

The Prime Minister has seen your Minister's minute of 30 January and would welcome comments of other Ministers to whom the minute was copied.

In the meantime, the Prime Minister recalls that she discussed with your Minister on 21 December the suggestion that the Chief Scientist in MAFF should carry responsibility for co-ordinating priorities for agricultural and food R & D and that he should be Chairman of the Advisory Committee. The Prime Minister does not find convincing the arguments against this suggestion in paragraph 3 of your Minister's minute. She has asked in particular what are the grounds for your Minister's statement that the industries concerned will attach importance to some independent person filling the role, rather than an official or Minister.

I am copying this letter to the Private Secretaries of those who received your Minister's minute.

E. E. R. BUTLER

Ivor Llewelyn, Esq.,
Ministry of Agriculture, Fisheries and Food.

1

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

Prime Minister
I attach below the record of your last discussion with the Minister and Lord Rothschild.
The reasons at x/ for having an outsider as Chairman of the Priorities Board, instead of the Chief Scientist, are particularly thin.
Agree to wait for colleagues' comments but meanwhile to ask for amplification of the reasons why the idea of making the Chief Scientist Chairman of the Priorities Board has been rejected?

MANAGEMENT IN CONFIDENCE

PRIME MINISTER

30th January 1984

ORGANISATION OF AGRICULTURAL AND FOOD R & D

As you know, Keith Joseph and I have for some time been working on the Government response to the Report of the Agriculture Select Committee which came out in June of last year. In the light of the discussions we had with you before Christmas, we have given further thought to the proposed Priorities Board. This will replace both the existing Joint Consultative Organisation (JCO) Board, which consists of eleven independent members under an independent chairman (Mr Oscar Colburn), and the Sponsors Group, which consists of senior officials from MAFF, AFRC and DAFS.

ECB 31.1.

2. It is clear that the new Priorities Board - on which we intend to rely for advising us on scientific priorities and the allocation of research budgets - will need to have a majority of independent members and an evident scientific competence. If it is to be kept as small as possible - you have in mind only seven people - then five independents out of seven would give it the right flavour. The obvious candidates for the other two posts would be my Chief Scientific Adviser and the Secretary of the AFRC. However, I understand that is not acceptable to George Younger. His view is that, since he is one of the three sponsors of agricultural R and D, and a major spender in this field, it is essential for political and accountability reasons to have a DAFS representative as a member of the Board. If this were to be agreed we should have a Board of eight and a 5:3 ratio of the independents to officials.

3. The five independents would include a distinguished academic scientist, and four senior people from the agriculture, food and related industries. Given that some at least of these latter may have a scientific background, and that both Professor Bell and Dr Riley are reputable scientists, the scientific capability of the Board should be evident. As regards the chairmanship, the industries concerned will attach importance to some independent person filling the role, rather than an official or a Minister. We would think that sensible; we want a substantial industry input into the direction of research effort. The ideal person

x why?

/would seem to ...

4. At a meeting of the Sub-Committee of Chief Scientists, however, the view was expressed that Departmental accounting officers would resist a move to less rigorous accounting in respect of Research Council expenditure, despite the Councils having their own accounting officers, on the grounds that this would be counter to Treasury requirements. I said to Chief Scientists that if their Departments agreed that the situation was unsatisfactory, I would be prepared to review the question with Treasury. I asked them for evidence of the administrative and accounting duplications that the commissioning arrangements have created, together with a view of how serious the problem is. This is where the matter rests at present. The case for my pursuing it further will obviously depend on the evidence I receive. I presume from Mr Jopling's minute that MAFF will wish me to carry out the review.

5. I must also comment on the question of a single source of funds for agricultural R & D as suggested by the Chief Secretary and mentioned in Mr Jopling's minute. In my view this would be a disastrous step. AFRC's basic research in biology, physics, chemistry and mathematics is the spring from which successful applied R & D in agriculture flows. The AFRC's basis research is often inspired by scientific advances in the areas covered by SERC, MRC and NERC and vice versa of course. It is scientific nonsence (and totally contrary to Lord Rothschild's 1971 report) to pluck out an arbitrary chunk of basic research from its natural position within the Science Vote and attach it for administrative purposes to MAFF's applied R & D.

6. I am copying this minute to the Private Secretaries of Ministers who received a copy of Mr Jopling's minute and to Sir Robert Armstrong.

RBN.

ROBIN B NICHOLSON
Chief Scientific Adviser

Cabinet Office, 3 February 1984

Agriculture: Lord Rothschild

2

Prime Minister

Yes. An explosive suggestion, but one with a lot to commend it.

FERB

24.1

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG

The Right Hon. Sir Keith Joseph Bt MP
Secretary of State for Education and Science
Department of Education and Science Bt MP
Elizabeth House
York Road
LONDON
SE1 7PH

23 January 1984

Dear Secretary of State

AGRICULTURAL RESEARCH

Recent dicussion of agricultural research - notably at the Prime Minister's meetings on 1 November and 21 December - has concentrated on improving the arrangements for coordinating and commissioning research within the existing financial arrangements, under which half of the AFRC's funds come from the DES and half from MAFF.

2. I wonder whether this is a sensible way to organise responsibility for funding the AFRC; it seems in principle a poor recipe for clarity of responsibility, accountability and value for money. The present arrangements are intended, I appreciate, to reflect the Rothschild principle under which customers, in this instance represented by the agriculture departments, pay for research which is of more or less direct application while the science budget meets the cost of fundamental research. But I am not convinced that in this area the distinction is a clear one, or is properly represented by the present balance of funding. I suspect rather that we are dealing with a fairly wide spectrum of projects, most of them of ultimate, though many not of immediate, benefit to the industries concerned. I should be surprised if purely speculative work - comparable, say, to SERC projects in astronomy or particle physics - accounted for a substantial proportion of the total AFRC effort.

3. I think therefore that it might be helpful if discussion of changes in the organisation of agricultural research could include the possibility of reducing the main sources of public sector AFRC funding from two to one. This could in principle be either DES or the agriculture departments. In favour of the former it might be argued that a similar change was made a few years ago in the funding of Medical Research Council, with benefits in terms of clarity of objectives and simplified administration; and that such a change

CONFIDENTIAL

would allow the claims of agricultural research to be weighed more satisfactorily against those of other areas of science in the distribution of the science budget. But my initial preference would be to place funding in the hands of the agriculture departments, in recognition of the need to give the programme as strong a practical orientation as possible. I would hope, too, that this would ensure that the opportunities for obtaining funding from the agriculture and food industries were fully explored - and, to the extent that public funding for agricultural research is a form of public support, to allow such expenditure to be properly weighed against other agricultural support.

4. Copies of this letter go to the Prime Minister, to Michael Jopling and to Sir Robert Armstrong.

Yours sincerely

J.S. Grieve

J. PETER REES

[Approved by the Chief Secretary]

would seem to us to be somebody with a sound scientific background and a lot of industrial experience. Our suggestion would be Ken Durham, Chairman of Unilever, if he could spare the time. If you agree we will sound him out.

4. Arrangements for the Priorities Board would form part of the Government's response to the Select Committee's Report. In addition my Ministry and the AFRC are working to streamline the arrangements for commissioning work with the Council. We will have a simpler system, based on my Ministry commissioning with the AFRC substantial programmes of work, which the Council will take into its forward planning and coordinate with its Science Budget programmes. The Ministry will discuss the detailed substance of the programmes directly with the scientists concerned at the Council's institutes instead of having always to go through AFRC headquarters. The precise financial provisions, and the staffing implications of the new arrangements as a whole, will depend in part on the format of the simpler system and in part, to the extent that they are appropriate, on the review that Robin Nicholson is to conduct on the present requirements of financial accountability in public sector R and D, and the review recently put in hand by Keith Joseph of the central offices of the Research Councils.

5. The above proposals assume the continuation of dual funding of the AFRC by DES and my Ministry. The Chief Secretary has suggested that there should be a single source of funds and that it should be my Ministry. This would be acceptable to me, but not to Keith Joseph if it meant taking AFRC out of the Science Budget and of the Advisory Board for the Research Councils' consideration of the spread of that Budget. Conversely, I would not be willing to give up the customer-contractor principle which would follow if the AFRC was merely grant-aided by the DES. Dual funding does reflect the national need for both fundamental and applied research and ensures a balance between them. For this reason the Select Committee in its Report supported its continuation. Both Keith Joseph and I therefore think that we should not change the present dual funding arrangements.

6. I have agreed this minute with Keith Joseph and George Younger. I am copying it to them and to Nick Edwards, Jim Prior, Peter Rees and Sir Robert Armstrong

MICHAEL JOPLING

AGRICULTURE: Rothschild

June 85

Mark
I will speak to the PM.

Frank

10 DOWNING STREET

I'm afraid yet again the PM has failed to sign the letter to Lord Rothschild.

Shall I have your minute re-typed? (If she sees the black lines I expect the PM thinks she's dealt with it.)

Mark
4/11

Agric June 83

JR VC
Agriculture

10 DOWNING STREET

From the Principal Private Secretary

20 June 1983

I attach a letter and a report which the Prime Minister has received from Lord Rothschild. The Prime Minister would be grateful for Mr. Jopling's comments on the report attached to Lord Rothschild's letter.

FERB

Robert Lowson, Esq.,
Ministry of Agriculture, Fisheries and Food.

Agriculture: Lord Rothschild 6/83

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

Robin Butler Esq
Principal Private Secretary
Prime Minister's Office
10 Downing Street
SW1

29 June 1983

Dear Mr Butler,

Thank you for your letter of 20 June to Robert Lowson enclosing a letter and a report from Lord Rothschild.

As the Department of Education and Science also have an interest in this matter I am copying this correspondence to Sir Keith Joseph's office for consideration.

Yours sincerely,

Susan Tait

Ms S Tait
Correspondence Clerk

Prime Minister

I have asked for for Mr. Jopling's comments.

FERB

20.6.

I will act on PM's comment when I have MAFF comments.

FERB

23 ST. JAMES'S PLACE
LONDON SW1A 1NH
01-493 4795

20th June, 1983

Dear Prime Minister,

Please let me use the closing down of the CPRS as an excuse for writing to you.

You may remember that in 1971 I was responsible for a report, which I don't think you liked, on Government R & D. The scientific community strongly disapproved of my recommendations and I believe the A.R.C.'s way of impeding their implementation was to set up so cumbersome a bureaucratic machine, ostensibly to implement them, as to make it almost certain that little would happen. I think the attached report confirms this. It is a crushing criticism of the agriculture and food research service.

The group who prepared this report included two Fellows of the Royal Society and a Director of Marks & Spencer.

I do hope you may agree that the recommendations of this group, which might increase the R & D effort at lower cost, need serious and urgent attention.

Yours
Victor

Lord Rothschild

ORGANISATION OF R AND D FOR THE AGRICULTURE AND FOOD INDUSTRIES

A discussion paper by the Consultative Board
of the Joint Consultative Organisation
for Research and Development in
Agriculture and Food

April 1983

File K6

10 DOWNING STREET

From the Principal Private Secretary

20 June 1983

Thank you for your letter of 20 June covering one to the Prime Minister. I have passed the report you sent her to the Minister of Agriculture and asked him to let me know his reactions.

E. E. R. BUTLER

The Lord Rothschild, G.B.E., G.M., F.R.S.

23 ST. JAMES'S PLACE
LONDON SW1A 1NH
01-493 4795

20th June, 1983

Dear Robin,

Enclosed is a letter to the Prime Minister. I do hope you will see fit to put it in one of her boxes (not the "You need not read" one).

Also enclosed is the usual draft answer.

You will see that as the Prime Minister has closed down the CPRS I thought it wise to set up a private one.

An acknowledgement of this letter, which is being delivered by hand, would be appreciated.

Yours
Victor

I was very touched that you took the trouble to ring me up.

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

F E R Butler Esq
Principal Private Secretary
Prime Minister's Office
10 Downing Street
London SW1

5 July 1983

FERB

Dear Robin

In your letter of 20 June you asked for Mr Jopling's comments on Lord Rothschild's letter of the same date drawing the Prime Minister's attention to a discussion paper by the Consultative Board of the Joint Consultative Organisation for Research and Development in Agriculture and Food.

Mr Jopling has now received advice on this letter and at the same time on other related issues and wants to consider the problems which they raise further in discussion with officials. I hope therefore that you can bear with us a few days longer before we reply.

Yours sincerely

Robert Lowson

ROBERT LOWSON
Private Secretary

S 4

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Timothy Flesher Esq
10 Downing Street
LONDON SW1

20 July 1983

Amendments incorporated

Dear Tim,

We spoke about Robert Lowson's letter of 15 July to Robin Butler, covering a draft letter for the Prime Minister to send to Lord Rothschild in reply to his of 20 June about the Report on the Organisation of R and D for the Agriculture and Food Industries.

This is to confirm that I have agreed with David Dawson in Michael Jopling's Private Office an amendment to that draft, subject to which we would be content. The amendment involves substituting the following for the first three lines of the second paragraph:

> "I have consulted Michael Jopling about these Reports. He will need to consult his colleagues, including Sir Keith Joseph, on some of the recommendations. However, I understand that his preliminary reaction to the main issues is:-"

I am copying this letter to David Dawson.

Yours ever,

Stephen Williams.

STEPHEN WILLIAMS
Private Secretary

Agriculture R&D in Food: June 1985

10 DOWNING STREET

THE PRIME MINISTER

Thank you for your letter of 20 June about the Report on the Organisation of R & D for the Agriculture and Food Industries. As you know, its recommendations were picked up by the House of Commons Agriculture Committee in its Report on the Organisation and Financing of Agricultural Research and Development which was published on 17 June.

I have consulted Michael Jopling about these Reports. He will need to consult Keith Joseph and others. His preliminary reaction to the main issues are:-

- the customer-contractor principle which you proposed in your original report has stood the test of time for the agriculture and food sectors;

- the organisation which has grown up to give effect to it is indeed complicated and capable of improvement;

- the problem would not be solved by setting up another organisation, but by streamlining the existing ones; and

/- agriculture and food

- agriculture and food research must be related to the aims of the two industries, with an emphasis on applied research.

Thank you for your continued interest in this subject. I will write to you again when we have fully considered all the recommendations in the Reports.

I hope that you will be able to come in for a general talk during the Summer Recess.

The Lord Rothschild, G.B.E., G.M., F.R.S.

DRAFT LETTER TO LORD ROTHSCHILD FOR THE PRIME MINISTER'S SIGNATURE

Thank you for your letter of 20 June about the Report on the Organisation of R & D for the Agriculture and Food Industries. As you know, its recommendations were picked up by the House of Commons Agriculture Committee in its Report on the Organisation and Financing of Agricultural Research and Development which was published on 17 June.

I have consulted Michael Jopling ~~and Sir Keith Joseph~~ about these Reports. He ~~They~~ will need to consult his ~~colleagues~~ ~~including Sir~~ Keith Joseph and others. ~~on some of the recommendations. However,~~ The ~~our~~ preliminary reaction to the main issues are:-

i) - the customer-contractor principle which you proposed in your original report has stood the test of time for the agriculture and food sectors;

ii) - the organisation which has grown up to give effect to it is indeed complicated and capable of improvement; [needs]

[iii) - the problem would not be solved by setting up another organisation, but ~~rather~~ by streamlining the existing ones.] and

iv) - agriculture and food research must be related to the ~~perceived~~ aims of the two industries, with an ~~obvious~~ emphasis on applied research.

Thank you for your continued interest in this subject. I will write to you again when we have fully considered all the recommendations in the reports, and I hope that we can arrange a talk during the Summer Recess.

AGRICULTURE : Lord Rothschild : June 83.

Robin Butler

I have inserted the amendments proposed by DES and agreed by MAFF

Hold until then

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

F E R Butler Esq
10 Downing Street
LONDON
SW1A

15th July 1983

Dear Robin

In your letter of 20 June you asked for my Minister's comments on Lord Rothschild's letter of that date to the Prime Minister.

The report to which Lord Rothschild refers was produced by the Joint Consultative Organisation which is an advisory body drawn from farming and food interests. Its recommendations were picked up by the House of Commons' Agriculture Committee in a Report on the Organisation and Financing of Agricultural Research and Development which was hastily written before the Dissolution and published on 17 June.

My Minister is therefore considering the recommendations in both documents and will need to consult colleagues on some of the more important ones. However, Mr Jopling has the following preliminary reactions to the issues which they raise -

(i) the customer-contractor principle which emanated from the original Rothschild report is a sound one for the agriculture and food sectors;

(ii) the organisation which has grown up to give effect to it is indeed complicated and capable of improvement;

(iii) the problem would not be solved by setting up another organisation, but rather by streamlining the existing ones;

(iv) agriculture and food research must be related to the perceived aims of the two industries, with an obvious emphasis on applied research.

/My Minister will, ...

My Minister will, of course, make a fuller report to the Prime Minister when he has completed his consultations and in them meantime suggests that Lord Rothschild should receive a holding reply on the lines of the attached draft.

As the Department of Education and Science has responsibility for the Agricultural Research Council I am copying this letter and the papers to Sir Keith Joseph's Private Office.

Yours sincerely

Robert Lowson

ROBERT LOWSON
Private Secretary

ORGANISATION OF R AND D FOR THE AGRICULTURE AND FOOD INDUSTRIES

A discussion paper by the Consultative Board
of the Joint Consultative Organisation
for Research and Development in
Agriculture and Food

April 1983

Research Institutes

50. A most important reason for the changes in organisation which we propose is to increase scope for initiative at institute level and to concentrate all available resources on research. Future prosperity in the agriculture and food industries depends greatly on continuing high quality research. Increased effort in several areas is required and it is essential that necessary funding for fresh priority areas should be made available if necessary by re-allocation of resources.

51. It is our intention therefore that, under broad direction of objectives, responsibility for the execution of programmes and for the recruitment and management of staff should revert to institute directors. Within agreed budgets there would be freedom at institute level for decisions on methods and conduct of research. Programmes should be reviewed annually and would be subject to reinforcement or termination but there would be an increased element of internal responsibility.

52. It is of vital importance that eminent scientists should continue to direct the affairs of research institutes and that they should have sufficient time available to supervise and contribute to intellectual and scientific achievement. Accordingly we believe that deputy directors should be chosen for their managerial experience and capacity and made responsible for internal administration and necessary routine business.

53. Research at MAFF laboratories and other establishments, including those which undertake research on the use of fish as food, and at the Scottish Colleges should be commissioned as at other institutes by the central body.

54. Although the major funding may be derived from the taxpayer, there is an increasing requirement for contributions from others. Research

establishments should be encouraged to seek and fulfil contracts from co-operatives of farmers, food processors, machinery manufacturers and other ancillary industries. Considerable benefits would flow from a closer relation between research establishments and commercial enterprises. Many of our present research institutes were founded and first operated for co-operating groups of farsighted farmers. In a number of other countries a high proportion of research is funded by groups of farmers or food manufacturers. Contracts of this type should be negotiated directly by suitable research establishments. In order to enhance their capabilities in this area, each research establishment should encourage senior staff members to seek business for their institute in this way. Research of this sort may need to be undertaken on the basis of confidentiality. We see no reason why this should not become accepted practice.

55. Successful R and D depends, at all levels, on the perception and achievement of objectives whether these be the discovery of new knowledge by fundamental research or the development of such findings to solve old problems or to permit valuable applications. At present promotion of scientists in the ARS depends almost entirely on the number of papers published in refereed scientific journals. This is doubtless an excellent guide to the quality of the work as judged by editors and referees but provides no indication of the ability of the man, or the value of his endeavours, in achieving the targets or meeting the needs of the ARS. This task, the assessment of performance for the Service, can only be made by those to whom the scientist may be responsible. This evaluation should depend on ability to achieve agreed targets and on innovative capacity. Research workers should be encouraged to publish when, and if, this may be appropriate and such activity should contribute to work evaluation because it provides a useful indication of quality though it may give no measure of the research in meeting the needs of the agricultural and food R and D services.

56. Allocation of resources to various attractive objectives depends not only on their desirability but also on their feasibility. The persons who should be best able to judge the feasibility of a project are the scientists working on the problem. Because of their need to learn of all findings relating to their subject they should be the first to notice advances in basic knowledge, instruments or theory which may suggest that previously insuperable obstacles may be overcome and new desirable targets may thus be within reach. If the central body is to make the best decisions it must have a considered estimate of the feasibility of possible programmes. Rapid communication of new possibilities to the appropriate divisional directors is thus required. This function might best be met if directors of institutes, university departments etc were required to propose new objectives as and when they were perceived. In this way, institute directors and their staffs would be a major source of scientific advice to the board of the central body.

Conclusion

57. The industries which the agricultural and food research services exist to serve have a turnover at retail level of some £30,000 M. Their continued success is of vital importance to the British economy. If properly exploited there is potential for greater exports and for increased import savings. This can happen only if technological progress is maintained and if production at all levels remains competitive.

58. For industries of this size and complexity a vigorous and imaginative research effort is essential. We have outlined briefly the way in which the present direction and organisation of R and D operates (Section I), and have described certain deficiencies (Section II). Few people who understand the present system are prepared to defend it on rational grounds. We have been made aware of criticisms by many of those who are

involved. The present system is costly, cumbersome, time wasting and unsuited to the direction of a modernised research effort. During the last half century it has accumulated systems and procedures which would not be contemplated if a fresh start were to be made.

59. It is our conviction that changes in the organisation that exists for the direction and implementation of the whole R and D effort are now of vital importance. This is essential to the continued strength and competitive position of the agricultural and food industries. Suggestions for change are made in Section III. We believe that consideration of the problems that have been discussed in this paper is a matter of some urgency if the resources which are available for R and D are to be used to best advantage during the next few decades.

efficient use of resources. Executive directors who are responsible for sectors of R and D, and non-executive directors would be needed because the board collectively would be required to formulate a research policy for the whole industry, and from it a series of objectives for the different areas of R and D for which the executive directors would be responsible.

41. In our view the central body for research should organise its operations in three divisions. The divisions would be:-

(a) Plants and soils (including crop engineering and soil machinery).

(b) Animals and birds (including engineering applied to livestock and farm buildings).

(c) Food (including engineering applied to food processing and packaging).

42. Each division would be headed by a divisional director who would be a senior scientist or technologist. There would be a managing director for the central body (a full time chief executive scientist/technologist), a finance director and a director responsible for promoting the utilisation of research results.

43. There would be a full-time, non-executive chairman of the board. Other non-executive directors might be drawn from agricultural and horticultural production, food processing, manufacturing and retailing, academic life, and interested government departments. The board would consist of no more than twelve to fifteen members. Non-executive directors would be remunerated on a time apportionment basis. They would be expected to play an active part.

44. The membership which we propose for the board of the central body would ensure that it was qualified to assess the national requirement for fundamental research, to react rapidly to changing requirements for applied

R and D and to expedite utilisation. The Minister of Agriculture, Fisheries and Food acting when necessary with other ministers should appoint the chairman and, in consultation with the chairman, the other non-executive directors. Executive directors should be appointed by the board of the central body.

45. The terms of reference of the board of directors of the central body, and for which they would individually and collectively be responsible, might be as follows:-

1. To formulate and regularly update the policy for R and D in agriculture and food in the light of anticipated national requirements and to publish it.
2. To implement the policy by:
   (a) commissioning a programme of timely and promising science at public sector research institutes and universities;
   (b) commissioning programmes of applied research at public sector institutes and universities;
   (c) placing contracts for suitable research programmes in research associations and private sector laboratories;
   (d) placing contracts for or purchasing the results of research programmes in other countries;
   (e) monitoring the progress of research programmes and terminating or reinforcing them as necessary.
3. To receive advice on research priorities from suitable persons, groups of people or organisations.
4. To promote the dissemination, application and exploitation of research results.

5. To implement a dynamic research programme for the agriculture-food industry bearing in mind the importance of:

   (a) Maximising cost effective net output from indigenous resources.

   (b) Maximising the value of every type of product before point of sale.

   (c) Making possible the fullest exploitation of export markets for both products and expertise.

The divisions

46. Divisional directors would have four main responsibilities:

   1. line management and accountability;
   2. in association with the institute directors in their divisions, the development and co-ordination of research programmes at institutes;
   3. the promotion of these programmes at the board for the approval of the board;
   4. the effective performance of institutes within their divisions.

Institute directors would be responsible to the director of the appropriate division for the effective operation of their institutes. The responsibility for execution of agreed programmes and selection of suitable staff and their management would revert to institute directors. Within agreed budgets, divisional directors would commission work with individual institutes and other organisations and would be expected to maintain a close liaison with their particular sectors of the agriculture-food industry.

47. Terms of reference at divisional level would be as follows:-

   1. To produce a divisional budget for current expenditure for board approval.
   2. To recommend necessary capital expenditure.
   3. To select and recommend directors and deputy directors of institutes for board approval.
   4. To support (and if necessary initiate) and commission programmes of high grade fundamental research in all disciplines at suitable institutes, research associations and private sector laboratories.
   5. To arrange cost-effective commissioning of applied research at appropriate institutes, research associations and private sector laboratories.
   6. To monitor and report on the performance of programmes and institutes.

48. At divisional level a high standard of scientific competence and comprehension would be required. Ability to advise on the relative merits of projects within institutes would be a main requirement. It is envisaged that advisory councils would be needed to support divisional directors and their institute groups. These would comprise directors of certain key institutes within the group together with other individuals chosen for their knowledge of the requirements of particular sectors of the agricultural and food industries. Advisory councils at divisional level would replace all existing governing bodies, councils or formal advisory committees at institute level. They would operate in a voluntary capacity.

49. Divisional directors would normally be senior scientists or technologists. Each division would have an administrator as deputy director. Divisional staff would be relatively few and normally based at headquarters.

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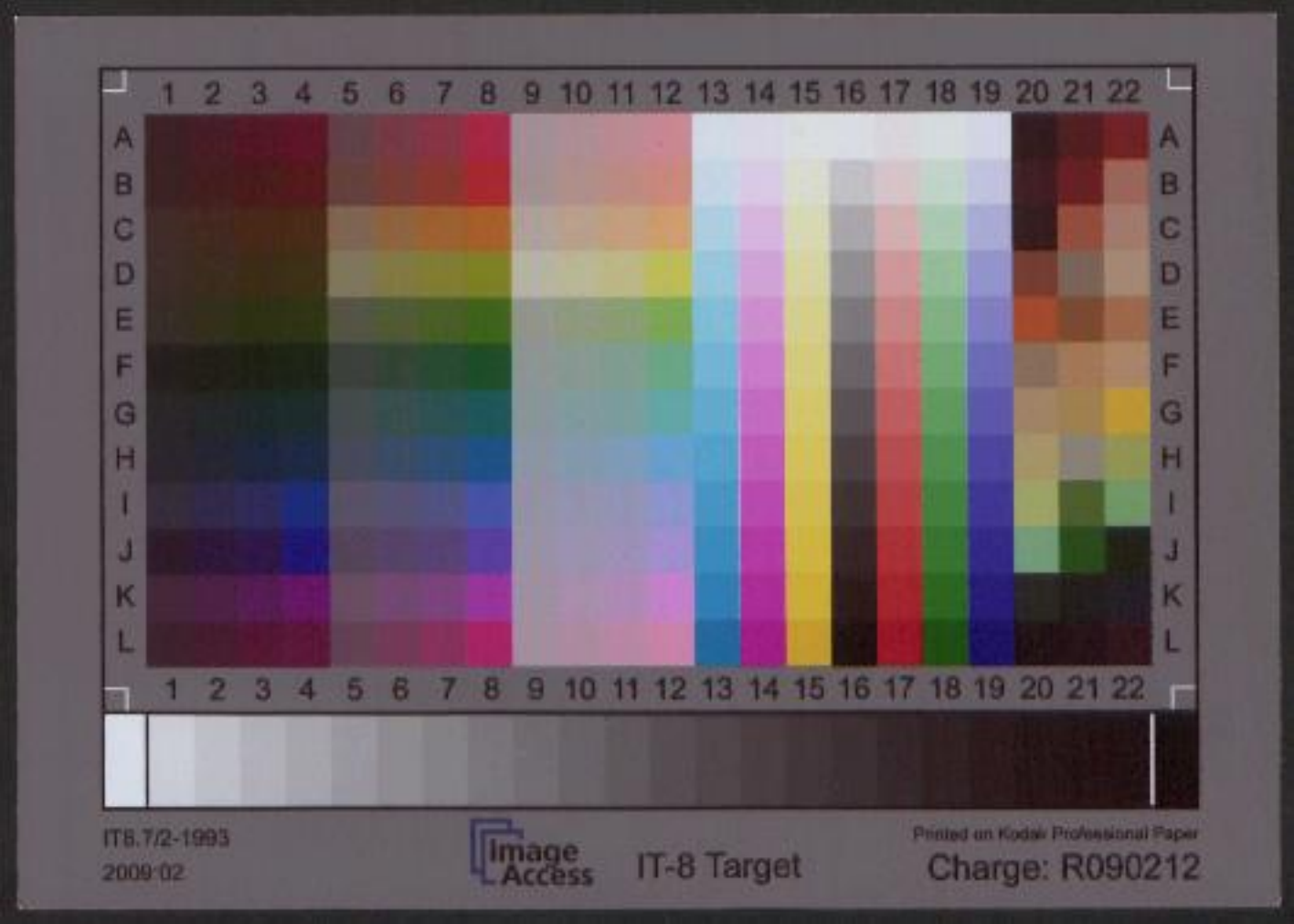
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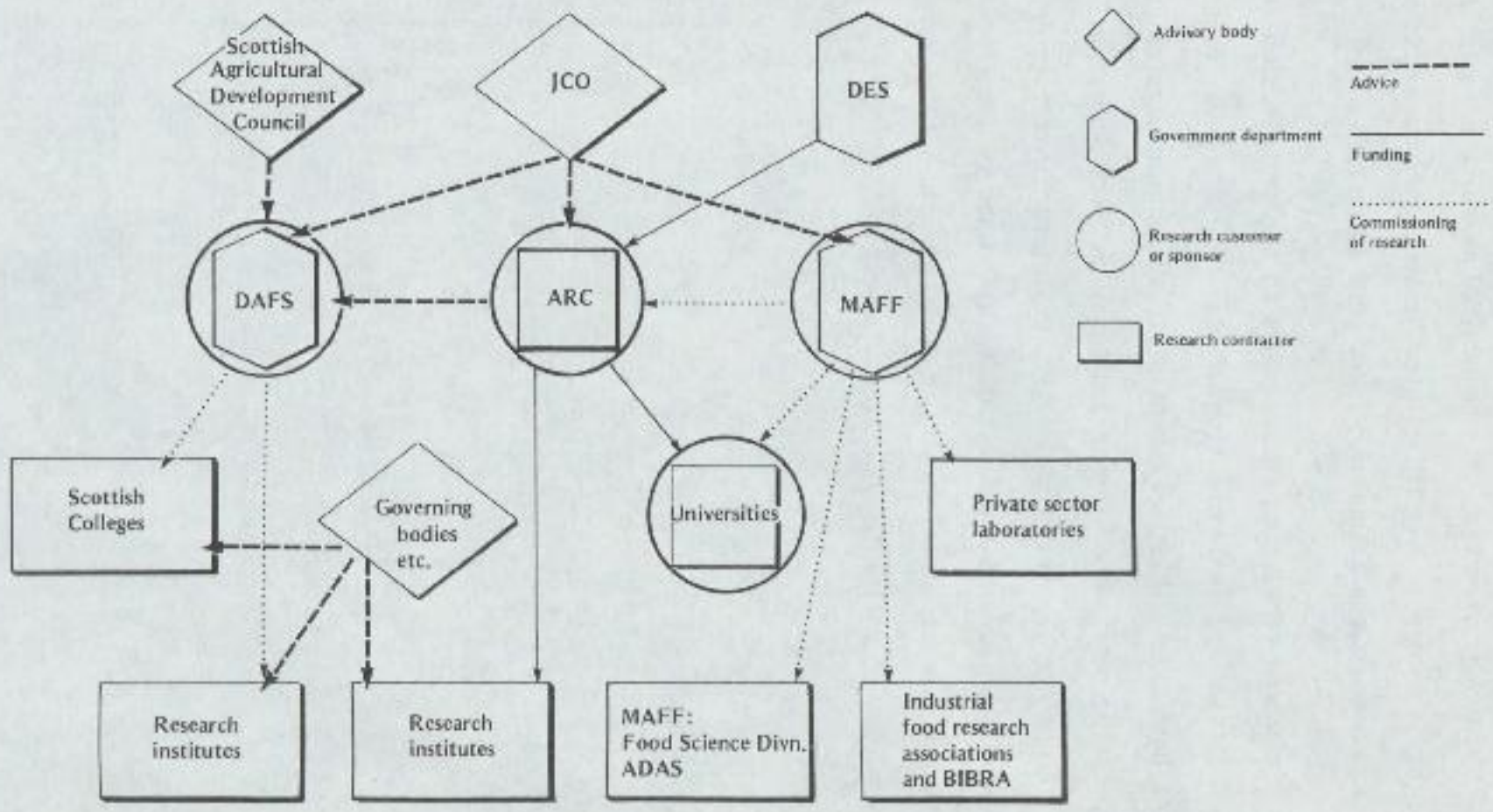
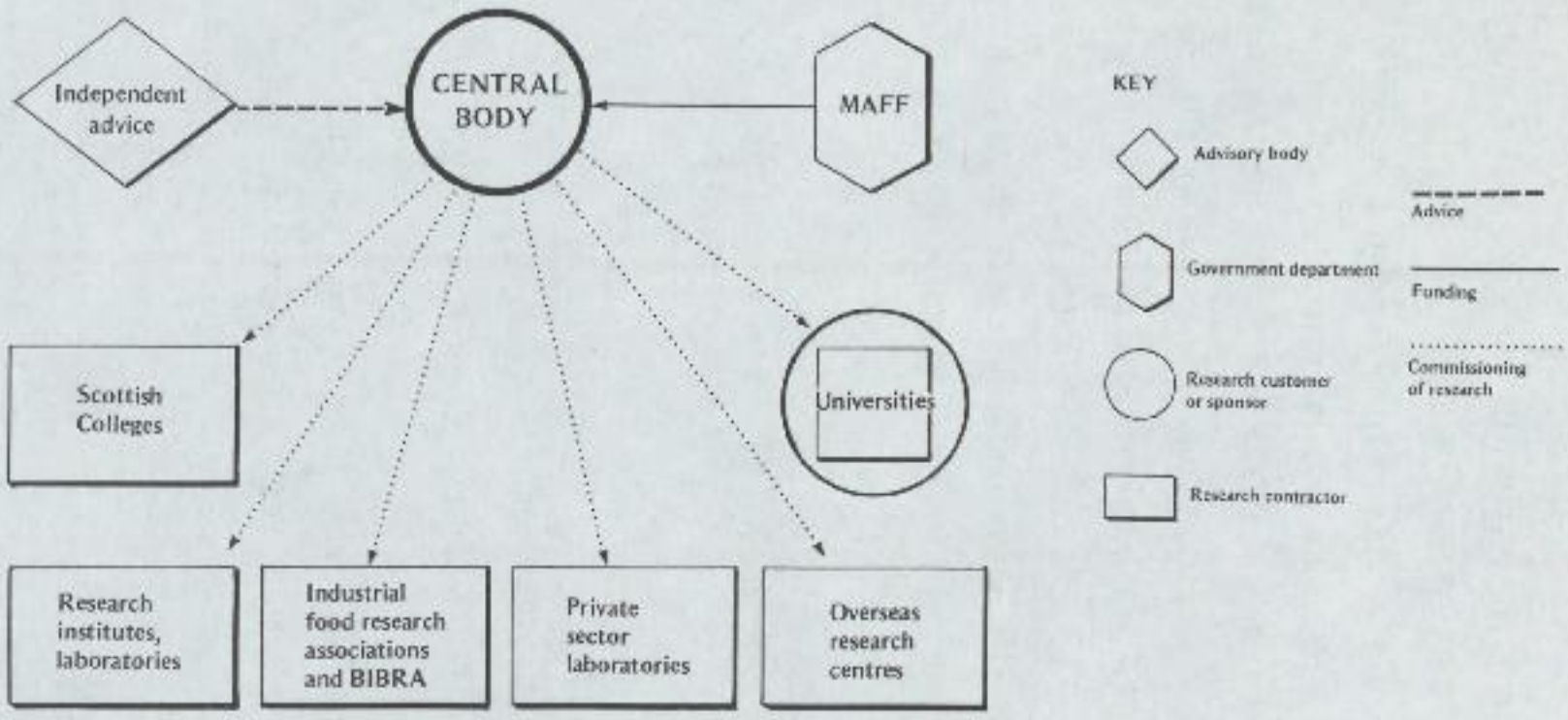
ANNEX 1 PRESENT ORGANISATION OF PUBLICLY FUNDED AGRICULTURAL AND FOOD RESEARCH AND DEVELOPMENT



Annex 2 ORGANISATION OF RESEARCH RECOMMENDED BY THE JCO CONSULTATIVE BOARD



ANNEX 3

THE JOINT CONSULTATIVE ORGANISATION FOR R AND D IN AGRICULTURE AND FOOD

The Joint Consultative Organisation (the JCO) gives advice on agricultural and food R and D needs and priorities jointly to the three Sponsors of publicly-funded agricultural and food R and D in Great Britain who decide what R and D will be carried out. The Sponsors are the Agricultural Research Council, the Department of Agriculture and Fisheries for Scotland and the Ministry of Agriculture, Fisheries and Food. (Agriculture and Food R and D is also undertaken at Universities.) The JCO comprises the Consultative Board and short-term commodity and special activity Committees.

THE JCO CONSULTATIVE BOARD

Membership:

Mr O H Colburn, CBE, JP, DL, Hon. FRAgS (Chairman)	Gloucestershire farmer
Mr W A Biggar, CBE, MC, FRAgS	Roxburghshire farmer
Mr J E Cross	Norfolk farmer
Dr W F J Cuthbertson, OBE	Consultant in food science
Professor Sir Hugh Ford, FRS	Consulting engineer, Professor Emeritus of Mechanical Engineering, Imperial College, London
Mr J G Quicke, CBE	Devon farmer
Mr P W J Reynolds, CBE	Chairman, Ranks Hovis McDougall PLC
Dr P W Russell Eggitt	Director of Research and Technology, Dalgety Spillers Ltd
Mr C V Silver	Director of Marks and Spencer PLC with responsibilities for the Food Division
Professor D C Smith, FRS (until March 1983)	Professor of Rural Economy, Oxford University

Terms of reference:

i) to advise the Sponsors' Group and, as appropriate, Ministers and the Chairman of the Agricultural Research Council, on agricultural and food research priorities and facilities;

ii) to provide the Sponsors (through the Sponsors' Group where appropriate) with advice on matters arising from or concerned with the activities of the JCO or other competent organisations, and on related R and D priorities;

iii) to advise the Sponsors' Group on the formation and on the membership of Special Commodity Committees and Special Activity Committees.

JCO Consultative Board
Room 187
Great Westminster House
Horseferry Road
London, SW1P 2AE

Telephone: 01 216 6256/6804

Ministry of Agriculture, Fisheries and Food. London.

III THE CONSULTATIVE BOARD'S RECOMMENDATIONS FOR THE FUTURE

(A diagram is at Annex 2)

35. We believe that in general terms the post-Rothschild changes have been beneficial and a necessary first stage in improving the effectiveness of the research services. We do not believe that they are the final answer to better organisation. Our conclusion is that it is necessary to reorganise the direction and control of the agricultural and food research services in an attempt to retain the best features of the present system but to remove certain disadvantages to which we have referred.

36. The changes that we have in mind have the following objectives:-

(a) To free resources for further necessary high quality science.

(b) To streamline the management of applied research.

(c) To eliminate under-utilised capacity for research.

(d) To stimulate a wider range of thought and initiative about relevant research at local level.

(e) To give a greater degree of responsibility and accountability to local research managers.

(f) To allow better co-ordination of effort among different centres.

(g) To facilitate closer collaboration and interchange of personnel between private, public and university facilities.

(h) To produce a more cost-effective central administration.

(i) To facilitate the more effective use of research results.

37. To achieve these objectives our view is that an amalgamated headquarters organisation should combine the research management functions now performed by ARC, MAFF and DAFS. It should not be a government department. It should not necessarily be based in London. In size and cost it could be substantially less than half the sum of the separate parts and would be

more effective. It should be funded by grant-in-aid. In the following paragraphs we expand our ideas.

38. We do not believe that in this small country five separate headquarters organisations are necessary for the effective direction of R and D in the agricultural and food industries. We cannot imagine that any other organisation would contemplate such an arrangement for the control of six to seven thousand staff. We do not support the view that the direction of R and D poses unique or unusual problems of management. It is evident that a considerable measure of streamlining is required if the resources which are likely to be available for R and D during the next decade or two are to be used to best advantage.

39. The JCO Consultative Board strongly advocates a more professional approach to the management of R and D. This is particularly important when large scale expenditure is involved. The Sponsors' budget for agricultural and food R and D now approaches £200 M annually. In these circumstances, dispersed headquarters, a lack of attributable responsibility and Councils or advisory boards which in fact exercise little real power, are no longer adequate mechanisms for control.

The controlling body

40. We have in mind that there should be a central body controlled by a board of directors for the allocation of funds and the commissioning of research for the agricultural and food industries. It should be an independent body funded by grant-in-aid preferably by MAFF only, but if bureaucracy so dictates by both MAFF and DES. Formally the board of directors should have corporate responsibility to Parliament through the Minister of Agriculture, Fisheries and Food. The board collectively should be responsible for overall strategy, for performance and for

giving consideration to the next steps beyond Lord Rothschild's report (Cmnd 4814, 1971), the subsequent White Paper[+] and the changed financial and economic situation since that time.

3. The present organisational arrangements have grown up over the last fifty years and have resulted in direction of the R and D effort from at least five sources (ARC, MAFF, DAFS and DANI and some university departments) while funding is derived from six somewhat different sources (DES, MAFF, DAFS, DANI, DES via the UGC and certain private sources). The controlling organisations are served by a variety of advisory bodies at several levels both internal and external. The headquarters of the controlling bodies are dispersed and in total their costs are high, possibly equivalent to the expenditure on two or three typical research institutes. There is much replication of functions between different headquarters. Considerable credit is due to the staff of the controlling organisations for their achievements in recent years in operating the present arrangements. No criticism of any individual should be inferred from what is said in this paper.

Agricultural Research Council

4. The headquarters of the ARC occupies office accommodation in expensive central London. It employs 160 people at a cost of about £3 million annually. Almost three quarters of these staff are concerned with internal administration, ie deal with staff organisation, financial control etc both internally and in institutes. The size of the headquarters appears to be large in relation to its essential functions. We are aware that suggestions for change within ARC are under discussion but are inclined to

[+] "Framework for Government Research and Development" Cmnd 5046, July 1972

the view that changes should only take place in the light of a complete review of the administrative requirements for the entire agricultural and food research services.

5. The ARC obtains the major part of its funds from two different government departments. Approximately half of the funds are received as a grant-in-aid from the Department of Education and Science in the form of the share of the Science Budget allocated to agricultural and food research. Advice to DES on the allocation of the Science Budget is given by the Advisory Board for the Research Councils. The other half of its funds is received from MAFF in payment for research work commissioned by MAFF with ARC and undertaken at ARC institutes.

6. There is a division of responsibility between ARC institutes and HQ for matters of management. In many cases reference by institutes to HQ for approval of courses of action is mandatory even in minor matters.

7. The monitoring of programmes of work at institutes which is carried out by ARC HQ staff in some cases duplicates or at best overlaps with that carried out by staff of the MAFF Chief Scientists' Group. The policy making role of the ARC Council is unclear. There is some reason to believe that many policy decisions are made almost entirely by the permanent staff for subsequent ratification by the Council. The role of the Council in the management of the research effort appears to be limited.

Ministry of Agriculture, Fisheries and Food

8. The Chief Scientists' Group of MAFF occupies office accommodation in expensive central London. The group exists together with the associated administrative division mainly for the commissioning of research at various institutes, research associations and universities. It is charged also with the responsibility for monitoring research programmes and liaising

with ADAS and other MAFF divisions. The Chief Scientists and their staffs and the R and D Requirements Division comprise 37 people at a cost of approximately £950,000 annually.

9. Disquiet about the pre-Rothschild operation of agricultural research was the factor which gave rise to the customer-contractor system. Under this arrangement half of the work of the ARC is funded by MAFF and half by DES. The commissioning of work and payment for it is negotiated between MAFF and ARC headquarters which in turn places the work being commissioned by MAFF at a suitable institute within its organisation. This results in some overlapping of functions between the two headquarters organisations. Since the replacement of a single Chief Scientist post in the Ministry by two less senior Chief Scientist posts it is not clear at what senior level a comprehensive view of the R and D requirements of the agriculture-food industry is formed.

10. In addition to commissioning work with ARC, research is carried out in MAFF itself by the Food Science Division and by ADAS at its central laboratories and in the regional organisation. This research involved about 1,500 man-years of work and cost approximately £30 M in 1981/82. It is not clear how the ADAS work is integrated into an overall plan for research although we understand that some programmes are now being brought within the purview of the Chief Scientists' Group. Responsibility for development remains with ADAS who also administer EHFs and EHSs. Further substantial but undisclosed administrative costs result from this aspect of R and D management.

Department of Agriculture and Fisheries for Scotland

11. The central scientific administration in DAFS occupies accommodation in Edinburgh. The DAFS scientific adviser's unit and the associated

administrative division comprise 22 staff at a cost of approximately £450,000 annually.

12. DAFS funds agricultural research and development through seven Scottish Agricultural Research Institutes, the three Scottish Agricultural Colleges (which are independent bodies), and on a smaller scale at the DAFS East Craigs Unit and the Royal Botanic Gardens, Edinburgh. The Colleges undertake education and advisory work as well as R and D and their work is co-ordinated by the Council of the Scottish Agricultural Colleges. Although advised by ARC (who also monitor programmes) on the work of the Institutes, commissioning of R and D with the Institutes and the Colleges is undertaken solely by DAFS which is their only source of grant-in-aid from public funds.

13. The North and East Colleges are combined with the Agricultural Departments of Aberdeen and Edinburgh Universities into single Schools of Agriculture. The West College also has close links with neighbouring universities. Each College contributes to university teaching work and at the same time the expertise of university staff is available to serve the needs of agriculture through the agency of the College. The presence of research, development and advisory workers grouped together within each College is thought to be advantageous for the efficient translation of research results into practice and for bringing farmers' R and D needs to the notice of scientists and agriculturists without undue delay.

14. Some other features of the Scottish system are of interest. It allows commissioning of both fundamental and applied research to be integrated in a system of packages which gives some measure of management flexibility to directors of institutes. There is also a very close integration of R and D institutes with teaching and advice in Scotland and the geographical proximity of the institutes and appropriate university departments helps this process enormously.

ORGANISATION OF R AND D

FOR THE

AGRICULTURE AND FOOD INDUSTRIES

Glossary of abbreviations used

ADAS	Agricultural Development and Advisory Service
ARC	Agricultural Research Council
ARS	Agricultural Research Service
BIBRA	British Industrial Biological Research Association
DAFS	Department of Agriculture and Fisheries for Scotland
DANI	Department of Agriculture, Northern Ireland
DES	Department of Education and Science
DHSS	Department of Health and Social Security
DOI	Department of Industry
EHF	Experimental Husbandry Farm
EHS	Experimental Horticulture Station
JCO	Joint Consultative Organisation for Research and Development in Agriculture and Food
MAFF	Ministry of Agriculture, Fisheries and Food
MRC	Medical Research Council
SERC	Science and Engineering Research Council
UGC	University Grants Committee

I THE PRESENT ORGANISATION

(A diagram is at Annex 1)

1. The Consultative Board's terms of reference include a remit to give advice on agricultural and food research priorities and facilities. In 1982 we expressed our views on the need for a policy for publicly-funded agricultural and food R and D. We have followed this by considering the advice which we should give to ARC, MAFF and DAFS on the second component of an efficient R and D operation, namely an improved form of organisation. While giving evidence to the House of Commons Committee on Agriculture's enquiry into the organisation and financing of agricultural and food research and development in December 1982, the Consultative Board was invited to submit to the Committee any further views which it had on matters within the scope of the Committee's enquiry and we have therefore brought forward the preparation of this paper. We should welcome public discussion of this topic and believe that a strengthened form of organisation can only be of benefit to the research services and the agriculture and food industries.

2. In our discussion paper on R and D policy*, we said ".... R and D presages the future and its organisation is a vital element in the embodiment of the impact which R and D should have on that future. We are not convinced that the present organisational arrangements for government sponsored R and D are the right ones, and recommend that urgent consideration should be given to necessary changes". In this paper, we set out our views on an appropriate form of organisation for publicly-funded R and D in support of the agriculture and food industries in the 1980s and 1990s

* "Towards a Policy for Research and Development in Agriculture and Food" JCO Consultative Board, June 1982

II THE WEAKNESSES OF THE PRESENT ARRANGEMENTS

25. The concept of customer/contractor in the organisation of research is comparatively recent. It originated in Lord Rothschild's report of 1971 in an attempt to make the research services more responsive to the needs of industry and other users. It was introduced as a mechanism to ensure that a substantial proportion of publicly funded research should be directed to focus its efforts on matters of immediate importance to economic requirements. For the agricultural industry Lord Rothschild proposed that some 75% of research should be directly commissioned by MAFF.

26. In practice such a proportion never has been agreed. Currently some 50% of agricultural research is commissioned. Nevertheless the fact that the system has given impetus to science-based agriculture is now beyond doubt. There is some evidence that lead time from research into practice has shrunk in some disciplines, and among scientists there is noticeably an increased awareness of the prime importance of serving the industries in which they work.

27. In the ten years since the inception of these arrangements, however, some disadvantages have become apparent. These have arisen not because of the customer/contractor principle, but because of the organisation that exists to implement it. It is not necessary to enter into the historical and political reasons for the various directing and funding sources that have been described in Section I, but their existence adds unnecessary complications to what in essence should be a simple system. They all operate within a small geographical area in a service which contains only some 6,500 scientists and other workers. The duplication of many functions at different headquarters, the system of financial control, the multiplicity of advisory bodies and the lack of a formal and agreed strategy for

research create unnecessary difficulties. By modern standards the command structure is outdated.

28. The real costs of present arrangements for direction and control are high. In Section I we have drawn attention to the budgets for various headquarters which in total are sufficient to operate two or three research stations. There is in addition substantial current expenditure and high capital investment in expensive office space. It is our view also that unnecessary central administrative activity consumes further resources at institute level which would be better devoted to research, and that undue elaboration of structure and procedure leads to less than optimum efficiency in operation.

29. At institute level there is reason to suspect that the existing structure to some extent inhibits the responsibility of directors for staff and programme management. At some institutes staff are appointed and paid directly from ARC headquarters in London. At most institutes appointments of staff even at very junior level have to be agreed by headquarters. The process is time consuming and erodes the authority of directors. A substantial proportion of secretarial staff time at all institutes is devoted to unproductive form filling and queries from headquarters. Much of it seems designed to sustain the bureaucracy rather than to improve the quality of research. Much time and energy is expended by directors and senior staff in serving the needs of the present system. There are few obvious benefits and the resulting costs which properly should be allocated to headquarters are obscured in institute budgets.

30. As is the case in many other parts of the public service, arrangements for financial control in the research services are ponderous and unwieldy. There are the usual difficulties about postponing budgeted expenditure. The rules are a deterrent to good house-keeping. There are generally

unsophisticated methods of financial control at local level. Much obsolete capital investment in the form of land, buildings and equipment has accumulated during the last quarter century. Some of this has happened as a result of the lack of a strategic plan for agriculture and the food chain, with a consequent lack of long term planning for the requirements of the research services. The present management structure seems unlikely to be able quickly to respond to changing needs. Complications are such that the whole apparatus has a momentum which is difficult to control or change.

31. To outsiders a serious weakness of the public R and D services as now organised, is the inflexibility of their operation - a further reflection on present structure and staffing arrangements and a vested interest in the status quo. This lack of flexibility may well become an impediment to the ability of the national R and D programme to anticipate and respond rapidly to changing technology and economic pressures. Although ostensibly there is much consultation at different levels about research needs and requirements, in practice the voice of the agriculture-food industry, the technical needs of which research is there to meet, is heard often only at the periphery of management instead of playing a central role in the direction of the research effort.

32. Many examples could be given. As the importance of efficient operation in the whole food chain becomes increasingly apparent, research into the science of food processing and manufacture has lagged behind that of our competitors. In five years it has risen from 4% to only 8% of the total research effort. There is a shortage of programmes designed to anticipate changes of levels of oil and other major inputs into agriculture. Applications of engineering to soil, buildings, biotechnology and food have been neglected. There are few programmes designed to prepare

the way for the results of increased concern about the environmental consequences of present methods, animal welfare, and total land use. There is a shortage of capacity to expand work in new disciplines such as genetic engineering.

33. Evidence suggests that there are inadequate arrangements to terminate the life of programmes and institutes which are no longer useful. The incentives to an ageing scientific staff to be mobile and to seek re-training for new work are too few. We are not convinced that present procedures permit efficient monitoring of research in a way that could rapidly reinforce success or replace failures in both personnel and original conception. Visiting groups whose present remit extends only to personnel and not programmes in ARC institutes only are not an acceptable substitute for a better management structure for research in the agriculture-food industry as a whole.

34. For these reasons we make proposals for change in the command structure of the agricultural and food research services. These are designed to improve efficiency in operation during the next few critical decades.

Department of Agriculture, Northern Ireland

15. Agricultural education, research and advisory work are all the responsibility of DANI and are closely co-ordinated. They cost about £5 M annually. DANI runs the three agricultural colleges which carry out applied research and development work in addition to teaching and, together with the Horticulture Centre, serve as experimental husbandry farms for the benefit of the advisory service and farmers. Specialist scientific and economic advice and diagnostic and analytical services are available from DANI's scientific and economic divisions which also provide the agricultural and food scientists and the agricultural economists who run the Faculty of Agriculture and Food Science of Queen's University, Belfast. DANI also provides the scientific staff and most of the funds for the Agricultural Research Institute, which is controlled by trustees.

16. The R and D effort is directed and administered by the Chief Scientific Officer assisted by a Research Co-ordinating Committee under his chairmanship comprising the heads of the research establishments, six other departmental chief officers and an external assessor from ARC. Six industrial sector committees maintain a continuous review in order to identify and predict problems requiring research. Similar but ad hoc study groups are appointed as required.

University departments

17. Agricultural and food R and D funded by the UGC and the JCO sponsors is also carried out in some university departments but usually there exist only ad hoc links for separate purposes between these departments, ARC, MAFF, and DAFS. Some ARS institutes in England and Wales have closer links with universities and formally are controlled by university governing bodies.

18. There is some reason to believe that expertise within university departments both in fundamental and applied R and D is inadequately recognised and insufficiently used. This may hinder the placing of research contracts with them by ARC, MAFF and DAFS and by the agriculture-food industry. We have suggested in another paper that the national R and D effort would be significantly enhanced by the closer association of universities' experience and facilities with those of government agricultural departments, the ARC and of industry. If this were done the universities themselves would be better placed to compete for research resources which are on offer, particularly funds from the EEC or other international sources.

Liaison with the industry

19. Various institutional arrangements exist in order to maintain a liaison between publicly-funded R and D and the agriculture-food industry so that priorities for research can be established. These include the Joint Consultative Organisation which is headed by the Consultative Board. The Board is supported by a series of short term committees and is charged with the duty of advising the Sponsors (MAFF, DAFS, ARC) on research priorities. There is a Sponsors' Group which receives advice from the Joint Consultative Organisation, ADAS and from other sources. Within ARC, advice is given by the Chairman's Group, by the Priorities Working Party and by various ad hoc arrangements for discussion. There are three food Research Associations and the BIBRA which have governing councils and industrial membership. They undertake research which is funded from both public and private sources.

20. At institute and experimental centre level there are a variety of arrangements for participation by representatives of the agricultural and ancillary industries, by academics and in some cases by representatives

of the food processing chain. These take the form of governing bodies, advisory committees and sometimes of associate memberships. There are informal contacts between some institutes and groups of farmers and industrialists.

21. In Scotland, there is in addition the Scottish Agricultural Development Council whose members are appointed by the Secretary of State for Scotland and which is responsible for keeping under continuous review the needs of the Scottish farming industry and for assessing annual programmes of development work undertaken in Scotland.

Inter-departmental liaison

22. The DOI has an important role in R and D for agriculture-food in encouraging the development of packaging materials and methods and the development of machinery for agriculture and also for food processing, an area where the United Kingdom has seriously lagged behind its overseas competitors in recent years. There is a lack of communication between DOI Institutes and the food processing industries and inadequate co-ordination between DOI and MAFF in related research programmes which hampers progress and the take-up of relevant technology.

23. The DHSS is involved in food safety and nutrition and exercises considerable influence on the application of developing technology in agriculture-food. The MRC which undertakes research in nutrition has an input via the Joint ARC/MRC Committee on Human Nutrition. The SERC makes research grants, notably in biotechnology, where there is an element of training involved.

24. Previous paragraphs have briefly described the command structure and advisory system of the agricultural research services as they now exist.

At various levels, many people are involved in all these activities. The system is complicated and there is a liberal expenditure of man-hours and documentation on the deliberations of those responsible for direction and advice.

10 DOWNING STREET

Mr Butler

RN is in the USA until Monday.

His secretary is emphatic that no copy was passed to DES (or anywhere else). Clearly the note must have been mentioned – witness DES's enquiry to me about a possible further "letter from Lord R to the PM", which we

discussed. How much of the contents of the note was relayed to DES I do not know (and neither does RN's secretary). But I do understand that had R's views on Research Council Head Office Staff are well known to DES from other sources.

I have not tried to contact RN abroad, but will do so if you wish.

DMB
1/11/83

23 ST. JAMES'S PLACE
LONDON SW1A 1NH
01-493 4795

1st November 1983

Dear Robin,

I enclose a letter to the Prime Minister following the meeting this morning. I have marked it Personal & Confidential in the hope that it will not be circulated.

I was disturbed that you did not let me know you had circulated a previous note headed R&D, head office staffs, dated 26th October 1983. I only learnt this morning that David Phillips, for example, had seen a copy of it. Would it be too much to ask who else received it?

In my letter to the Prime Minister I have referred adversely to a particular person. This explains why I am anxious, if only because of the current crop of leakages, that this letter should not receive further circulation. Should it be necessary, I could send you a bowdlerised version.

Yours
Victor

Agriculture
June 83
cd Rothschild paper
(R & D)

W 0715

PRIME MINISTER

MEETING WITH LORD ROTHSCHILD ON AGRICULTURAL RESEARCH

I have read the file on this subject and would like to advise you as follows.

The JCO Consultative Board report which Lord Rothschild sent you correctly identifies excessive bureaucracy in the handling of agricultural R & D. In principle, there are two possible approaches to the problem:

i. the abolition of present arrangements, and the creation of a new national body, as proposed by the Board;

ii. the radical improvement and streamlining of current working arrangements.

I see no great merit in the first approach since it will create an introverted research community. The big opportunities in agricultural R & D will come from the application of novel ideas in biology, physics and chemistry, many of which will be developed outside agriculture. In the present arrangements, the ABRC is alive to the multidisciplinary aspects. Research flourishes best when there can be a plurality of thinking.

I would therefore favour the second course. MAFF and ARC are already streamlining the arrangements for developing the agricultural research programme. Their new system should be given a try rather than setting up a mega-bureaucracy as proposed by the Consultative Board.

In addition, the Chairman of ABRC has just received a perceptive report from Sir Ronald Mason on the customer-contractor relationship by which MAFF commissions research from ARC. It advocates removal of overlapping functions, with MAFF concentrating on the development of Departmental policies and programmes for R & D, and ARC carrying out the required programmes. Significant cost savings will accrue from this arrangement; it should be implemented.

It follows from this approach that the Scottish arrangements, which appear to me to be working well, should be left alone.

Attached immediately below

Finally, on the question of headquarters staff numbers, Lord Rothschild's comparison of the headquarters staff of research councils and Shell verges on the mischievous. (By his criteria, the 22 members of DES Science Branch exercise super-efficiency in running the Research Councils!) Research Councils receive annually more than 6,000 research proposals from universities, prepare expert views on each one and then award and monitor about 2,500 research grants. In addition, they award each year more than 5,000 research studentships at universities. This is their major workload; their management of Research Council institutions is simply an additional task. I suggest that the Efficiency Unit be asked for a study in order that the facts may be brought out; the Unit has recently studied other aspects of the Councils and an extension to headquarters staff numbers should be quick and easy.

I am copying this minute only to Sir Robert Armstrong.

RBN

ROBIN B NICHOLSON
Chief Scientific Adviser

31 October 1983

PRIME MINISTER

MEETING WITH LORD ROTHSCHILD AND MINISTERS ABOUT AGRICULTURAL RESEARCH: TUESDAY 1 NOVEMBER 1983 AT 1030 HOURS

To remind yourself of the issues, you might like to glance again at the highlighted passages in the blue booklet attached to Lord Rothschild's letter of 20 June.

FLAG A

Its recommendations were picked up by the House of Commons Agriculture Committee, particularly its recommendation for the establishment of a new non-departmental body, responsible to the Minister of Agriculture, which would direct all agricultural research and development in the United Kingdom (copy of the Select Committee's report also in the folder).

FLAG B

The Minister of Agriculture has to prepare a reply to the House of Commons Committee. The main issue is whether he will be radical enough in dealing with the problem of duplication and overheads brought to light in the reports. The signs are that he will not since his letter says "the problem would not be solved by setting up another organisation, but rather by streamlining the existing ones"; and the Secretary of State for Scotland is opposed to the suggestion that a single body should direct research and development throughout the U.K. The proposed response is set out in the note circulated by DES today - flag D. It does not tackle the problem of excessive overheads or over-bureaucratic controls.

If you want any help in tackling this problem, Lord Rothschild has told me that he would be willing to help: you will remember that he did the original CPRS report which introduced the customer-contractor principle in agricultural research, and he did the subsequent (less successful) report on the SSRC. Alternatively, you might think that it is something into which a scrutiny under Robin Ibbs' auspices could be mounted.

A briefing note by Robin Nicholson (who cannot himself be present) is attached ~~immediately~~ below.

FLAG C

F.E.R.B.

31 October 1983

CONFIDENTIAL

CONFIDENTIAL

MR. BARCLAY

AGRICULTURE

Just to confirm our brief conversation of this afternoon:

1. You kindly agreed to let me see the papers produced for tomorrow's meeting on the Agricultural Research Council, once the meeting itself is out of the way.

2. Papers are due in imminently from MAFF and the Treasury in response to Michel Scholar's minute to Robert Lowson of 28 September. Since the discussion which these papers are intended to support was mainly a Policy Unit initiative, it is very likely that the Unit will at least want to think about composing a view. Early sight of the incoming papers would therefore be most helpful.

RJ.

ROBERT YOUNG
31 October 1983

CF: I have asked you to let Bob Young see the file, please.
DRB
2/n

Mr. Barclay
No objection to the papers being seen within No. 10.

Mr Butler

FERB
1.11.

Para 1 is something of a travesty. But would there be any objection to Mr Young seeing the papers + a record of the meeting when available?

DRB
1/n

CONFIDENTIAL

10 DOWNING STREET

From the Principal Private Secretary

2 November 1983

Many thanks for your letter of 1 November. I am showing your personal and confidential letter to the Prime Minister.

As regards your other note, I can re-assure you that it was not circulated. What seems to have happened was that our papers were shown to the Prime Minister's Chief Scientific Adviser to enable him to prepare a brief. I think that he must have mentioned your note to Sir David Phillips - I have not been able to check this because Dr. Nicholson is at present abroad. But it was wrong that your note should have been among the papers shown to anybody outside No. 10, and I have given instructions that such a thing should not happen again.

The Lord Rothschild, G.B.E., G.M., F.R.S.

10 DOWNING STREET

THE PRIME MINISTER

Thank you for your letter of 1 November and for making the time available to join the discussion of the organisation of agricultural research and development earlier this week.

As you know, I was sceptical about the proposals put forward for dealing with the problems revealed in the recent reports and asked Michael Jopling and Keith Joseph to look at them again. Since you have marked your letter "Personal and Confidential" it will not go outside my office, but I think that it would be useful if you would have a talk with Michael Jopling and put to him the points in it. They are important points, and I would like him to take account of them in developing his proposals.

If you are content to proceed in this way, my office will ask Michael Jopling's office to arrange a meeting with you.

The Lord Rothschild, G.B.E., G.M., F.R.S.

23 ST. JAMES'S PLACE
LONDON SW1A 1NH
01-493 4795

1st November 1983

PERSONAL & CONFIDENTIAL

Dear Prime Minister,

As you know I had not seen the paper from which you were quoting at the meeting you held this morning, but after it, the Permanent Secretary of the MAFF handed me what I believe to be a copy of it. I hope the following comments may be of interest to you :

(1) The creation of a new Priorities Board for Agriculture and Food R and D seems to me very questionable, even if it results in the liquidation of the Joint Consultative Organisation, the body which has been so critical of the present set up. The priorities for Food and Agriculture R and D should be established by a small (3-4) ad hoc Working Group set up by the MAFF, if this job has not already been done by the Joint Consultative Organisation. As Sir Keith Joseph said, priorities for R and D change from time to time so although the Working Group should be liquidated after completing its task of preparing the schedule of priorities, one member should have the duty of monitoring changes or their absence, and of reconvening the Working Group if necessary.

(1.1) As you and I know, it is not possible to switch off R and D like an electric light and, in the absence of the right sort of Chief Scientific Adviser in the MAFF, whoever does that person's job must see that this point is understood within the MAFF.

FILE

tu

10 DOWNING STREET

From the Principal Private Secretary

2 November 1983

PERSONAL

Many thanks for your letter of 1 November. I am showing your personal and confidential letter to the Prime Minister.

As regards your other note, I can reassure you that it was not circulated. But the Chief Scientific Adviser in the Cabinet Office had access to the papers to enable him to prepare a brief. This is not, as you know, our normal procedure. I think that he must have mentioned your note to Sir David Phillips - I have not been able to check this because Dr. Nicholson is at present abroad. But I apologise if you were embarrassed as a consequence.

FERB

The Lord Rothschild, G.B.E., G.M., F.R.S.

Prime Minister
Attached letter to Lord Rothschild for signature, if you are content.
FERB
3.11.

PRIME MINISTER

Lord Rothschild has sent in the attached letter since your meeting on agriculture R and D. He accompanied it by a personal letter to me saying that he did not want his letter distributed.

It seems to me that the points in Lord Rothschild's letter are all worth considering, but I do not see how they can be considered except by putting them to Michael Jopling so that he can take account of them in revising his proposals. Hence the suggestion in the attached reply to Lord Rothschild that he should talk directly with Michael Jopling; Michael Jopling will get the message that you will want Lord Rothschild's points to be taken seriously.

F.E.R.B.

2 November 1983

MANAGEMENT IN CONFIDENCE

SUBJECT

ec Mark

10 DOWNING STREET

From the Principal Private Secretary

1 November 1983

Dear Robert,

The Prime Minister held a discussion this morning with your Minister, the Secretary of State for Education and Science, the Secretary of State for Scotland and the Chief Secretary, Treasury, about the organisation of research and development for the agriculture and food industries. Sir Michael Franklin, Sir David Phillips and Lord Rothschild were present.

The Prime Minister said that she was not satisfied that the approach set out in the note circulated by Sir Keith Joseph's Office was sufficient to deal with the serious problem revealed by the Reports of the Joint Consultative Organisation for Research and Development in Agriculture and Food, and of the House of Commons Select Committee on Agriculture. The terms of reference of the new Priorities Board seemed to be a recipe for continuing bureaucracy and she doubted whether they were capable of fulfilment. She was concerned about the over-administration of research grants, illustrated by the fact that reports were prepared by two assessors and then considered by a committee on each of the 6,000 applications received from universities: she would have expected more filtering to be undertaken at a prior stage. She accepted the Secretary of State for Scotland's arguments for not interfering with the arrangements in Scotland, which appeared to be working satisfactorily, but she felt that a more radical approach was needed in England and Wales.

In discussion, it was pointed out that a distinction needed to be made between strategic direction and management of research. If a single new organisation were not to be set up covering the whole of the United Kingdom, some machinery was needed to co-ordinate the strategic direction of research in England, Wales and Scotland: this was the purpose of the new Priorities Board, which would replace two existing bodies. As regards management, there was no way of avoiding serious consideration of the applications put forward for research grants which had already been the subject of careful scrutinies by the directors of research concerned. More generally, however, it was accepted that streamlining of administration was possible and it was being undertaken; but since redundancies would be required, the availability of funds was a constraint on progress. Even so, a number of research institutes had been closed and the emphasis of research was being shifted towards the universities. There had also been an increase

/ in

in the proportion of MAFF's research budget being spent on research to assist the food industries. The Agricultural Research Council was making substantial reductions in job numbers and MAFF were simplifying their procedures for commissioning, managing and monitoring research. It was suggested that the calibre of those responsible for scientific direction in MAFF was of great importance in this respect and some of those present considered that the organisation would have been more effective if Lord Rothschild's recommendation that a single chief scientist should be appointed at MAFF to take overall responsibility for research had been accepted.

Summing up the discussion, the Prime Minister said that she recognised that much of what was being done went in the right direction but she was not yet satisfied that the proposals in the note which had been circulated as a basis for discussion went far enough to provide an adequate response to the serious defects in organisation which had been brought to light. She asked your Minister and the Secretary of State for Education and Science to look again at what was proposed, with a view to seeing what further could be done to remove the defects in the existing organisation; and to let her know the outcome of their considerations.

I am sending copies of this letter to Jerry Bird (Department of Education and Science), John Graham (Scottish Office) John Gieve (Chief Secretary's Office, HM Treasury), Sir Michael Franklin (Ministry of Agriculture, Fisheries and Food), Sir David Phillips (Department of Education and Science) and Sir Robert Armstrong.

Yours sincerely,

Robin Butler

Robert Lowson, Esq.,
Ministry of Agriculture, Fisheries and Food.

(2) The proposed Priorities Board consists of no less than sixteen people. While recognising that the interests of the various departments and those who represent agriculture and food must be taken into account, a board of this size will be hopelessly unwieldy unless it breaks up into a considerable number of committees or sub-committees, thus reproducing or, even worse, duplicating the present unwieldy committee structure.

(3) What on earth will be the function of the Agricultural and Food Research Council if this new body is created ?

(4) It is said that the new Priorities Board "will conduct reviews of all the relevant R and D". This task should be undertaken by the small Chief Scientific Adviser's Group in the MAFF. Such a review has, of course, nothing to do with determining the capabilities of the research workers themselves and the efficient functioning of the Institutes, which is the job of the Agricultural and Food Research Council. Using my unpopular language, the latter is the contractor whose function it is to have the right people to do the required job, to estimate its cost and to ensure that the work is done efficiently. There is, of course, no reason at all why the MAFF's Chief Scientific Adviser should not be in touch with the work, but he must be of sufficient stature to be respected by the scientists, a number of whom are, for example, Fellows of the Royal Society.

(5) To sum up, I have not found the case for creating yet another supervisory board compelling. On the contrary, rather than seek an institutional solution, I believe the first job is to deal with excessive administrative overheads wherever they occur. If not already envisaged,

the early retirement of (please see the attached piece of paper) would be one, but only one, desirable course of action.

(6) After your meeting, Sir David Phillips and I stayed behind for twenty minutes to discuss the problem under consideration. I do not think there was much difference of opinion between us.

Yours
Victor

Lord Rothschild

Please excuse the attached piece of paper but I am frightened of leakages.

B1031PR1506

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01 928 9222

FROM THE SECRETARY OF STATE

31 October 1983

Dear David

I attach a note, agreed between MAFF and DES officials following discussion between the Minister and my Secretary of State, to provide the basis for discussion at the Prime Minister's meeting on Tuesday.

Copies go to Lord Belstead, Mr Younger, Sir Michael Franklin and Sir David Phillips.

Yours Sincerely

J F BIRD
Private Secretary

David Barclay Esq
Private Secretary
10 Downing Street
London
SW1

Agriculture

NBPM

FCRS

23 ST. JAMES'S PLACE
LONDON SW1A 1NH
01-493 4795

2nd August 1983

Dear Prime Minister,

Thank you for your letter of July 29th. Naturally, I will be happy to attend the meeting to which you refer, during the Summer Recess.

I was very sorry not to be able to say thank you and goodbye the other evening when you entertained members of the CPRS. It was difficult to barge in as you were clearly so much in demand.

Yours
Victor

Lord Rothschild

Agriculture
June 83
U Rothschild - Organization
of R&D in Ag & Food

system works well, and I do not think that any case has been or indeed can be made out for scrapping it. I would certainly find it difficult to sustain an argument for dismantling the Scottish system in the face of the comments which have been made about its present advantages.

My second and even stronger reason for opposing the House of Commons recommendation is that in relation to Scotland the proposal is political nonsense. We can be certain that opposition to any move to transfer responsibility for agricultural R & D in Scotland to a new London-based Quango would not be confined to the agricultural sector. Such a move would be seen as a major erosion of my responsibilities as Secretary of State and would be seized on as useful ammunition by our political opponents in Scotland. We would simply create unnecessary political embarrassment for ourselves.

I understand that the Scottish NFU made representations to you about the matter last week and that you agreed that the Scottish system worked well and there was therefore no case for changing it. I would of course be ready to consider adjustments to our liaison arrangements with MAFF and the ARC in the light of any changes that might be decided on in the South; these adjustments would, however, essentially be matters of administrative detail.

I understand that there may be a meeting between yourself, Michael Jopling and Keith Joseph to discuss the Agriculture Committee and JCO Reports, and I would be grateful if you would note my wish to participate.

I am copying this minute to Michael Jopling and Keith Joseph.

G.Y.

9 September 1983

(Approved by the Secretary of State and signed in his absence)

Agriculture Robin

Trev
Yes
Robin

I haven't set up the meeting yet, given the position on the chancellor. Can it wait till October?

T.

10 DOWNING STREET

Trev

Could you pl. arrange a meeting with
S/S Education & Science
Min. Agriculture
Sir Michael Franklin
Lord Rothschild
in September to discuss organisation of R and D for the agriculture & food industries.

Provisionally set for 1200 on 19 October

FERGUS

38

10 DOWNING STREET

THE PRIME MINISTER

Thank you for your letter of 20 June about the Report on the Organisation of R & D for the Agriculture and Food Industries. As you know, its recommendations were picked up by the House of Commons Agriculture Committee in its Report on the Organisation and Financing of Agricultural Research and Development which was published on 17 June.

I have consulted Michael Jopling about these Reports. He will need to consult Keith Joseph and others. His preliminary reaction to the main issues are:-

- the customer-contractor principle which you proposed in your original report has stood the test of time for the agriculture and food sectors;

- the organisation which has grown up to give effect to it is indeed complicated and needs improvement;

- agriculture and food research must be related to the aims of the two industries, with an emphasis on applied research.

/Thank you for

Thank you for your continued interest in this subject. I will write to you again when we have fully considered all the recommendations in the reports.

I hope that you will be able to come in for a general talk during the Summer Recess.

with Michael Jopling, Michael Franklin, Keith Joseph & myself

Thank you for your letter of 20 June about the Report on the organisation of R&D for the agriculture and food industries.

~~I have asked Michael Jopling to consult Keith Joseph and others about the report. I am simply now simply to say that~~

My reaction is that the report reveals an appalling state of affairs which ~~simply~~ simply must be dealt with. I have asked Michael Jopling to consult Keith Joseph and others about the ~~fundamental~~ changes that are needed

I hope that you will be able to come in for a general talk with Michael Jopling, Keith Joseph, Michael Franklin and myself during the Summer Recess

The Lord Rothschild, G.B.E., G.M., F.R.S.

RCE BM

cc: MAFF
DES

10 DOWNING STREET

THE PRIME MINISTER

29 July, 1983

Dear Victor,

Thank you for your letter of 20 June about the Report on the Organisation of R & D for the Agriculture and Food Industries.

It reveals an appalling state of affairs which simply must be dealt with. I have asked Michael Jopling to discuss with Keith Joseph and others the changes that are needed.

I hope that you will be able to come in for a talk about it with Michael Jopling, Keith Joseph, Michael Franklin and myself during the summer recess.

Yours

Margaret

The Lord Rothschild, GBE, GM, FRS

✓ SA

PRIME MINISTER

I think that you should glance at the highlighted passages in the discussion paper attached to Lord Rothschild's letter of 20 June. This looks like Quangos run wild and the criticisms ring true with me.

The attached interim reply to Victor Rothschild has been suggested by the Ministry of Agriculture. The sentence I am most doubtful about is:-

> "The problem would not be solved by setting up another organisation but by streamlining the existing ones".

This suggests to me that MAFF do not mean to undertake the radical sort of solution which seems necessary.

I have therefore attached a second version of this letter which omits that sentence. If you share my suspicion that a radical change in the existing organisation is needed, I suggest that you sign the second version of the letter and I will tell MAFF that this is why you have done so.

F.E.R.B.

Neither letter will do. Have amended version 2. Tell MAFF before it is too late

22 July 1983

Meeting 19/10

2

Prime Minister:

I will invite Mr Younger to your meeting with Lord Rothschild.

NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

PRIME MINISTER

12/9

ORGANISATION AND FUNDING OF AGRICULTURAL RESEARCH AND DEVELOPMENT

I had hoped to speak to you about this matter when you were in Edinburgh last week, but unfortunately other matters intervened.

Briefly the position is that the House of Commons Agriculture Committee reported just before the Election on the organisation and funding of agricultural research and development in the UK. The most far-reaching of the Committee's recommendations was for the establishment of a new Non-Departmental Public Body, responsible to the Minister of Agriculture, Fisheries and Food, which would direct all agricultural research and development in the UK, including the dissemination and application of research results and the provision of extension (advisory) services. This recommendation broadly echoed the views of the Joint Consultative Organisation for R & D in Agriculture and Food (JCO), who had given evidence to the Committee.

If this recommendation were to be implemented it would mean the dismantling of the distinctive Scottish arrangements which provide close integration of research, development, education and advisory services and which were praised by the Agriculture Committee in its report. At present my Department of Agriculture and Fisheries (DAFS) is responsible for the funding and administration of seven Research Institutes and three Colleges of Agriculture. On the research side in particular close contact is maintained with the Agricultural Research Council (ARC) and MAFF.

I am opposed to the proposal that the Scottish system be dismantled and responsibility for it passed to London, for two reasons. In the first place all the evidence is that the

simplification and administrative and scientific savings. These changes are now being examined by MAFF, DES and AFRC.

7. The above proposals would meet the Select Committee's wishes for the development of a strategy and for the simplification of procedures.

8. Conclusions

(i) a new Priorities Board should be created to replace the existing Joint Consultative Organisation and the Sponsors' Group, to advise on national priorities for research and development in agriculture, food and the related sciences;

(ii) the new Board will conduct reviews of all the relevant R and D; and

(iii) proposals for a simplified and more cost effective arrangement for commissioning by MAFF with AFRC are being drawn up and will be submitted for Ministerial approval.

ANNEX A

PRIORITIES BOARD FOR AGRICULTURE AND FOOD R AND D

Remit

To advise the Minister of Agriculture, Fisheries and Food, the Secretaries of State for Scotland and Wales and Northern Ireland and the Chairman of the Agricultural and Food Research Council on the national strategy for R and D in agriculture, food and the related sciences and to advise on priorities in the allocation of R and D resources.

Membership

An independent Chairman

8 independent members knowledgeable in agriculture or food or the related sciences, including at least 2 scientists of FRS calibre.

2 members nominated by the AFRC, of whom 1 will be the Secretary of the Council

2 nominees from the Ministry of Agriculture, Fisheries and Food

1 nominee from Department of Agriculture and Fisheries for Scotland

1 nominee from Welsh Office Agriculture Department

1 nominee from Department of Agriculture Northern Ireland

FUTURE ORGANISATION OF AGRICULTURE AND FOOD RESEARCH AND DEVELOPMENT

1. The report of the House of Commons Agriculture Committee criticized the national administration of R and D as too complex and bureaucratic and not paying enough attention to the needs of the industry. The report recommended a radical restructuring of national arrangements involving a new central body responsible for the development and implementation of a national strategy for R and D; the current Joint Consultative Organisation and the Sponsors' Group would be abolished, as would the Chief Scientists' Group of MAFF, the Agricultural and Food Research Council (AFRC) and the present separate Scottish arrangements. The Committee recommended the continuation of dual funding by MAFF and DES and stressed the importance of a national strategy or programme plan.

2. Officials have reviewed this and other options. The Secretary of State for Scotland has emphasised that for political and other reasons he wishes to retain his present responsibility for the funding and management of the Scottish Agricultural Research Institutes and Agricultural Colleges (the Colleges have a similar role in Scotland to that of ADAS in England and Wales in regard to carrying out development work and providing advisory services to farmers.) Any new body would need to take account of the existing responsibilities of the Ministers concerned and of the AFRC as the body entrusted with the relevant expenditure from the Science Vote. Taking these factors into account, and taking advantage of those aspects of the present structure which could help to achieve the improvements which the Committee sought, officials make the following recommendations.

3. The existing Joint Consultative Organisation would be abolished as also would the Sponsors' Group (which links AFRC, DAFS, MAFF and WOAD). A new Priorities Board for Agriculture and Food R and D would be established. Its remit would be to advise

the sponsors on the national strategy for R and D in agriculture, food and the related sciences, and to advise on priorities in the allocation of R and D resources. In particular it would receive the corporate plans of each of the Sponsors and advise on their co-ordination within the national priorities. Its advice on priorities would include quantitative assessments. Responsibility for management and administration would remain with the existing bodies. The sponsoring organisation (AFRC, DAFS, MAFF and DANI) would expect generally, but not necessarily, to accept the advice of the Board. (In the case of the AFRC, the advice of the Priorities Board would, of course, need to be compatible with decisions about the Science Vote.)

4. The Board would review areas of research and development periodically and systematically. Each review would be national in coverage and would include all relevant commissioned and non-commissioned R and D. It would replace the present reviews conducted by MAFF and DAFS and it would simplify existing review procedures, reduce the work involved and support the further development of the national strategy.

5. The Priorities Board would consist of an independent chairman and a majority of independent members. They would be appointed by the Minister of Agriculture, Fisheries and Food in consultation with the Secretary of State for Education and Science (who might wish to consult the Chairman of the AFRC), the Secretary of State for Scotland and the Secretary of State for Wales, also the Secretary of State for Northern Ireland. The members would be personal appointments based on expert knowledge of agriculture, food or the related sciences. The Board would also include nominees from the AFRC, DAFS and MAFF and DANI and would have a small secretariat. A draft of its terms of reference and outline composition are at Annex A.

6. Officials have drawn up proposals for new arrangements for the work commissioned by the Ministry with AFRC, aimed at major

R & D, head office staffs

(1) Excluding head offices the R & D payroll strength of the Royal Dutch-Shell Group in England and Holland is about 3,850. The head office staff (London and The Hague) is 23.

(2) The payroll strength of the five Research Councils, excluding their head offices, is about 14,590. Their head office staff amount to 1,240. Can this staggering difference in the ratio R & D strength/head office strength, 167 in the case of the Royal Dutch-Shell Group and 12 in that of the Research Councils, be explained by the fact that the latter make a number of grants to research workers and Universities?

(3) If the Research Council head offices are assumed to be as efficient as those of the Royal Dutch-Shell Group, they would need 87 people to "look after" the research establishments and units, leaving an incredible 1,153 to administer grants. The comparison is, however, not fair towards the Research Councils because they have so many more laboratories and units than the Royal Dutch-Shell Group. Nevertheless, the figures are sufficiently wide apart to warrant further study. It seems probable, to put it mildly, that the Research Councils' head offices are over-staffed, perhaps because of inadequate delegation and over-bureaucratisation.

(4) The most notorious of the Research Councils in this respect is the SSRC, who have 75 staff in research establishments and units and 141 in their head office. This was the subject of recommendations, Nos. 8 and 9, apparently ignored by the Department of Education & Science, in the Rothschild report An Enquiry into the Social Science Research Council. Recommendation 9, if implemented, would have sharply reduced their head office payroll strength.

k

26th October 1983

R & D, head office staffs

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R.

26th October 1983

10 DOWNING STREET

From the Private Secretary

27 October 1983

Agricultural Research

As we discussed on the telephone, we have arranged a meeting chaired by the Prime Minister for next Tuesday, 1 November, at 1030 to discuss the organisation and funding of agricultural research.

The origin of the meeting is the attached report by the Joint Consultative Organisation for Research and Development in Agriculture and Food, together with subsequent correspondence between Ministers. Those already planning to attend are the Secretary of State for Education and Science, the Minister for Agriculture, Lord Rothschild and Sir Michael Franklin.

You agreed that the Chief Secretary might well like to attend this meeting or be represented. Perhaps you could let me know what is decided.

MR. D. BARCLAY

John Gieve Esq
Chief Secretary's Office.

Note: Chief Secretary will attend.

31/10

U10

Please put in the PM's folder for the meeting on agricultural research on Tuesday 1 November.

FER 26.10

To: Mr. Robin Butler

From: Lord Rothschild 26th October 1983

The Prime Minister may be interested in the attached note. It is concerned with somewhat more than the agricultural research services because the disease seems to be endemic among the Research Councils.

R

Institute of Horticultural Research and is a company limited by guarantee without share capital and a registered charity set up for the purpose of encouraging horticultural research. After consultation the Society has agreed that its Board of Directors should be reconstituted so that it functions as an Executive Committee. Final details relating to the legal and financial structure of the new organisation are still being settled but the aim is for it to be in place by 1 April 1990.

3. The management of the integrated R & D programme will be the responsibility of a Chief Executive, who will be appointed by and report to the Executive Committee. The Committee and the Chief Executive will prepare and work to an annual Corporate Plan and have a financial memorandum agreed with the Minister of Agriculture, Fisheries and Food. Sectoral advisory committees bringing together growers and scientists, complementary to Horticultural Development Council (HDC) panels and similar arrangements elsewhere, will provide advice to the Committee and the Chief Executive on scientific developments and industrial needs.

4. The new organisation will continue to carry out research of the kind financed and commissioned by Government - basic, strategic or in support of policy or statute. It will also be able to carry out work commissioned by the HDC and by other grower organisations, commercial companies, individual businesses and international interests. Funds will flow to BSHR from three sources; MAFF, DES (provided as grant aid by AFRC) and industry. Existing work commissioned by MAFF via AFRC will continue but MAFF intends to place new work with BSHR direct.

5. The research and development centres have been chosen in order to carry out programmes of research covering the various sectors of horticulture and the varying geographical

and climatic conditions faced by growers. They are the centres recommended by the working group on the Reorganisation of Horticultural Research, under the chairmanship of the late Mr E J G Smith, which took evidence from many horticultural organisations.

6. As already announced, the Government will withdraw all public funding from near market research by 1991/92. Increasingly during that period and thereafter it will be for growers themselves to support near market research and to decide how much to spend upon it. The Government's intention is that the new organisation will carry out most of the basic and strategic research in horticulture in England and Wales which it will continue to finance.

7. The new organisation will liaise closely with horticultural R & D establishments in Scotland and the close integration of the UK R & D programme will be maintained. DAFS will continue to have responsibility for funding some horticultural research; and the Scottish Crop Research Institute and the Scottish Agricultural Colleges will continue to have a role as contracting bodies. Further consideration of the organisational arrangements in Scotland will take place following the report of the Committee of Enquiry into the future of the Scottish Agricultural Colleges. Arrangements for horticultural R&D in Northern Ireland will be unchanged.

n/release.dra

IN CONFIDENCE

DRAFT JOINT PRESS RELEASE BY MAFF AND DES

MINISTERS ANNOUCE NEW ORGANISATION FOR HORTICULTURAL R & D

Government plans for a single unified organisation for the management of horticultural research and development in England and Wales were announced today by Agriculture Minister, John Gummer and Education Secretary, John MacGregor. In a joint statement they said:

"Growers have just received their voting forms for the Horticultural Development Council poll. In considering the way in which the industry's contribution to horticultural R&D should be organised and funded in future they will of course wish to know of the Government's intentions following the review we have been conducting.

We have decided that the horticultural research and development carried out by the Agricultural and Food Research Council and by the Agricultural Development and Advisory Service should be integrated under a reconstituted British Society for Horticultural Research. (BSHR).

This will be headed by a small and strong Executive Committee, reporting to the Minister of Agriculture, Fisheries and Food and reflecting the tripartite partnership of MAFF, Agricultural and Food Research Council/DES and growers. Members of the Committee, which will include growers, will be appointed by the Minister and the Secretary of State. Growers will ~~then~~ thus have an influential and effective voice in the new

organisation, which will be able to receive funds directly from a range of sources including MAFF, the AFRC and the industry.

BSHR will have available to it the facilities at six horticultural research centres. These will be Wellesbourne (which, as already announced, will become the principal horticultural research station), East Malling (centre for fruit and other perennial crops R & D), the centre for hops research at Wye College, and the Experimental Horticultural Stations at Kirton, Efford and Stockbridge House. The new organisation will bring together the expertise and effort of staff drawn from the AFRC and from ADAS.

The Government believes that bringing the elements of horticultural R&D together in this way will provide a sound basis for the future. Naturally, the Government's support for BSHR will be influenced by the industry's response since growers' support will be essential to provide the balanced programme of R & D needed to safeguard the future of British horticulture in a highly competitive international market. We believe this new integrated organisation will command the confidence of the industry. We are sure that all the partners will work together to bring about a successful launch."

NOTES FOR EDITORS

1. In May this year, the Government announced its intention of re-organising the management and structure of Government financed horticultural R & D.

2. At present the British Society for Horticultural Research (BSHR) is the Governing Body of the AFRC's

MR GRAY 12 October 1989

FUTURE ARRANGEMENTS FOR THE PRIORITIES BOARD FOR R AND D IN AGRICULTURE AND FOOD

1. I have now had some further information on MAFF's review of the role of the Priorities Board (Derek Andrews' letter attached).

2. The Board's current remit is to provide independent advice on the balance of the Government's agriculture and food research programmes. MAFF propose that this remit should continue. But in addition the Board should be asked to advise Government on the priorities for deploying its own strategic funding in the light of industry's plans to fund near-market R & D.

3. I am not sure that there is really much difference in the remit. More important are the changes which MAFF are proposing to the way the Board and its subsidiary committees work. These reflect the move away from very detailed discussion with industry of Government-funded near-market R & D to more strategic exchanges designed to find out broadly what R & D industry are prepared to fund themselves. This information would be the background to establishing the Government's own priorities for strategic research.

4. The organisational changes are set out below:

Now	Proposed
8-man Priorities Board meeting about 10 times a year.	10-man Priorities Board meeting about 3 times a year.
20 RCCs, each meeting about 8 - 12 times a year.	8 SAGs, each meeting about 3 - 4 times a year.

The present arrangement of Priorities Board and RCCs costs £225,000 p.a. MAFF cannot quantify the savings from the new proposals but believe it is likely to be significant. Certainly the increase in the Board's membership from 8 to 10 is not expensive - Board members only receive travelling costs.

5 . John Gummer's minute of 28 September told us nothing about these changes. He simply asked if the Prime Minister would agree to the Priorities Board being expanded from 8 to 10, with the two new members representing consumers' interests and the retail trade respectively.

6. Given that extra Board members cost very little, I see no real objection to this. The much more fundamental question is whether the continuation of the Board and its structure of 8 Sectoral Advisory Groups (SAGs) is right.

7. John Fairclough is worried that the new role of the Board will not be sufficiently different from that of its predecessor. He fears it may become a forum for debating where the dividing line between public and private funding should be drawn. He suggests that its remit should be confined to the longer term needs of industry and Government, and that its membership should be widened (John Gummer is going some way in this direction already).

CONCLUSION

8. No doubt MAFF are, as usual, trying to change as little and as slowly as possible. The best way forward may be for the Prime Minister to reply, saying:

Prime Minister
Content? Cabinet Office have no objections
AT 11/10

Mrs Lapwood Relayed to No. 10 from Ms Northcotts
AT 14/10

PRIME MINISTER

HORTICULTURAL RESEARCH AND DEVELOPMENT

For some time now, my Department has been working with the Ministry of Agriculture, Fisheries and Food and the Agricultural and Food Research Council to find the best way of integrating in a single organisation the horticultural R & D carried out by the Ministry's Agricultural Development and Advisory Service and the AFRC's Institute of Horticultural Research. This is desirable for a number of reasons, including the need to get more industry funding of near market research.

John Gummer and I have now agreed that we should set up a new integrated organisation based on the British Society for Horticultural Research for which John Gummer will be accountable to Parliament as his ministry will provide most of the public funds. The AFRC will support basic research at the new organisation, providing it with grant aid from the DES Vote. John and I believe that this new organisation, built upon a partnership between MAFF, AFRC/DES and the growers, will best command the confidence of the industry.

Not attached

Our proposals are set out in more detail in the attached draft announcement which Jean Trumpington will be making to the Lords on Tuesday.

I am sending copies of this letter and its attachment to John Gummer, Norman Lamont, Richard Luce, Robin Butler and John Fairclough.

JM

JM

16 October 1989

DEPARTMENT OF EDUCATION AND SCIENCE

10 DOWNING STREET

Paul

I'm afraid I find it hard to judge the strength of the Scientific Secretariat's case. J. Fairclough always seems to be unsure, & his No 2 is new.

I doubt if the PM will want to have a great wrangle with Mr. Gunner over this. So I suggest a cross forward that plays for time. It would be helpful if the Secretariat could tell us how things are organised elsewhere. Does DTI have a Priorities Board, for example? Does it have sectoral sub-committees? I can pursue this, but not before Monday – the relevant DTI people are not available today.

12/12

OTo

cc PB

PRIME MINISTER

HORTICULTURAL RESEARCH AND DEVELOPMENT

For some time now, my Department has been working with the Ministry of Agriculture, Fisheries and Food and the Agricultural and Food Research Council to find the best way of integrating in a single organisation the horticultural R & D carried out by the Ministry's Agricultural Development and Advisory Service and the AFRC's Institute of Horticultural Research. This is desirable for a number of reasons, including the need to get more industry funding of near market research.

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Our proposals are set out in more detail in the attached draft announcement which Jean Trumpington will be making to the Lords on Tuesday.

I am sending copies of this letter and its attachment to John Gummer, Norman Lamont, Richard Luce, Robin Butler and John Fairclough.

JM

JM

16 October 1989

DEPARTMENT OF EDUCATION AND SCIENCE

B

B

PAUL GRAY 18 October 1989

FUTURE ARRANGEMENTS FOR THE PRIORITIES BOARD FOR R AND D IN AGRICULTURE AND FOOD

1. Last July, John MacGregor told the Prime Minister that MAFF "were making a radical change in the commissioning arrangements" for R & D. This involved

- giving budgetary responsibility for R & D to policy divisions in MAFF;

- changing the way in which the Priorities Board for R & D operates.

2. The Prime Minister's response said that she was looking forward to receiving a further report on MAFF's new commissioning arrangements. You told Mr Fairclough's office that the Prime Minister would consider his suggested review of the respective roles of the Research Councils and Departments in commissioning R & D once she had received this further report from MAFF.

3. John Gummer's minute of 28 September fell far short of the report we were expecting. It told us nothing of the new arrangements proposed for the Priorities Board. It simply asked if the Board's membership could be increased from 8 to 10, with the new members representing consumers and retailers respectively.

4. I therefore asked MAFF for more background. This is summarised below.

New arrangements for the Priorities Board

5. The Board's current remit is to provide independent advice on the balance of the Government's agriculture and food research programmes. MAFF propose that this remit

should continue. But in addition the Board should be asked to advise Government on the priorities for deploying its own strategic funding in the light of industry's plans to fund near-market R & D.

6. I am not sure that there is really much difference in the remit. More important are the changes which MAFF are proposing to the way the Board and its subsidiary committees work. These reflect the move away from very detailed discussion with industry of Government-funded near-market R & D to more strategic exchanges designed to find out broadly what R & D industry are prepared to fund themselves. This information would be the background to establishing the Government's own priorities for strategic research.

7. The organisational changes are set out below:

Now	Proposed
8-man Priorities Board meeting about 10 times a year.	10-man Priorities Board meeting about 3 times a year.
20 RCCs, each meeting about 8 - 12 times a year.	8 SAGs, each meeting about 3 - 4 times a year.

The present arrangement of Priorities Board and RCCs costs £225,000 p.a. MAFF cannot quantify the savings from the new proposals, but believe it is likely to be significant. Certainly the cost of increasing the Board's membership from 8 to 10 would not be expensive - Board members only receive travelling costs.

This is a change without much difference.

PRIME MINISTER

PRIORITIES BOARD FOR R&D AND AGRICULTURE AND FOOD

In July John McGregor (as Minister of Agriculture) indicated that he would be making "radical changes in the commissioning arrangements" for R&D. You said you looked forward to receiving a further report on this. I have been waiting for this before also putting to you a note John Fairclough prepared in July in which he proposed there should be a more general review of the respective roles of the Research Councils and Policy Departments in relation to research.

After a long delay, John Gummer sent you a minute a few weeks back (Flag A) which purported to respond to the July remit. But it fell well short of its earlier billing, and simply proposes that the Priorities Board for R&D in Agriculture and Food should be given two extra members - one to represent consumers plus a high level retailer.

I therefore asked Carolyn Sinclair to dig into the background. Her note at Flag B reports on the position. She recommends that:

- you can agree to the proposal to increase the Priorities Board membership from 8 to 10;

- but you should register concern that the proposed new structure of sector groups could be turned into lobby groups, and you should ask John Gummer how he proposes to prevent this;

- you should also ask to be kept informed on how the new structure of R&D is working.

These recommendations broadly subsume comments also received from John Fairclough (Flag C).

Also outstanding is the earlier July proposal from John Fairclough that there should be a wider review of the respective

roles of research councils and policy departments - see his separate minute at Flag D. It now appears that John's idea for this wider review has no particular relation to the agricultural policy board issue. So it falls to be considered on its own merits. I am not sure whether this is the time to launch an exercise of this sort, but you will want to consider whether to allow John Fairclough to float the idea with departments.

No

Conclusion

I see no reason for an increase from 8 to 10 - she is the initial 8.

i. content to respond to John Gummer's note on the Priorities Board as recommended by Carolyn Sinclair?

ii. as regards John Fairclough's suggestion for a review of the respective roles of research councils and policy departments:

a. do you want to discourage him? Yes - it would get no there. MT

or

b. content that he should discuss this idea with departments and then gauge reactions?

PAUL GRAY
29 October 1989

Agriculture 6/83

Lord Rothschild.

A: HORTI. KK

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

16 October 1989

HORTICULTURAL RESEARCH AND DEVELOPMENT

This is to confirm our telephone conversation earlier today about your Secretary of State's note to the Prime Minister about the integration in a single organisation of the horticultural research and development carried out by the Ministry of Agriculture, Fisheries and Food's ADAS and the AFRC's Institute of Horticultural Research. As you know, the Prime Minister agrees to what is proposed and to the early announcement of the decision in the Lords on Tuesday.

I am copying this letter to Andy Lebrecht (Ministry of Agriculture, Fisheries and Food), Carys Evans (Chief Secretary's Office), Martin Le Jeune (Office of the Minister for the Arts), and to Trevor Woolley and John Fairclough (Cabinet Office).

(CAROLINE SLOCOCK)

John Ratcliff, Esq.,
Department of Education and Science.

COMMENT

8. Does this new structure look sensible? Will it be sufficiently different from the old structure to prevent the 8 sectoral groups from turning into lobbies for more Government spending on R & D in this or that area?

9. John Fairclough has expressed doubts about this. He would like the Board's remit recast to make it focus on the longer term needs of industry and Government. He thinks the Board's membership should be gradually changed to reflect wider interests than simply producers and retailers.

Do we need a Priorities Board at all?

10. Politically, the answer is yes. Complete abolition would be a shock to an industry which is struggling to come to terms with the fact that the Government is going to withdraw from near-market R & D in agriculture.

11 In practical terms there does need to be contact between MAFF and the industry. This is partly so that MAFF can learn what R & D industry is planning to fund itself; and partly to discuss wide-ranging issues such as public health which may affect a number of interests. DTI have sectoral boards which perform this function - in relation to IT, for example.

Does the Priorities Board need to have 8 Structural sub-groups (SAGs)?

11. This is more questionable. It will be important to ensure that the SAGs do not cut across the new arrangements under which MAFF's policy divisions are responsible for commissioning R & D. This is an important step towards enshrining the customer/contractor principle.

12. On the other hand, SAGs could become a useful educational forum. The industry - which is fragmented into small players - has much to learn about organising and paying for its own near-market R & D. MAFF could use the SAGs to encourage self-help.

CONCLUSION

13. No doubt MAFF are, as usual, trying to move as little and as slowly as possible. But there are no solid grounds for objecting either to the continuation of the Priorities Board nor to the structure of 8 SAGs, though agreement to the latter should be set about with provisos.

14. Now that we know where we are with MAFF's review of its own commissioning arrangements, the link with John Fairclough's wider study looks tenuous. It is an issue to be decided on its own merits.

RECOMMENDATION

- Agree John Gummer's proposal to increase the Priorities Board membership from 8 to 10: this will help to provide a wider view and underline the change in the Board's role;

- Register concern lest the proposed structure of 8 SAGs cut across the new role of the policy divisions, with the SAGs turning into lobby groups for more Government spending on R & D;

- Ask John Gummer what he proposes to do to prevent this;

- Ask to be kept informed on how the new structure for commissioning R & D is working.

CAROLYN SINCLAIR

- that she has no objection to the proposed widening of the Board's membershiip; but

- that she would like to know more about the proposed structure of Sectoral Advisory Groups. Are these really necessary? What steps will MAFF be taking to ensure that they do not become sectoral lobby groups for more Government-funded R & D in this or that area?

Ann Clark

P.P. CAROLYN SINCLAIR

AGRICULTURE: R+D in
Agriculture + Food
June 83

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CONFIDENTIAL

CCPU

NBPM

PRC6

6/9

Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon John Selwyn Gummer MP
Minister of Agriculture, Fisheries and Food
Whitehall Place
London
SW1A 2HH

6 September 1989

Dear John

REVIEW OF AGRICULTURAL DEPARTMENTS' R & D PROGRAMMES

Your predecessor minuted the Prime Minister on 21 July, attaching his review, promised last year, of Agriculture Departments' R & D programmes. I have seen the Prime Minister's private secretary's letter of 8 August.

While I understand that the industry's response to the withdrawal of Government funding of near-market research has been disappointing to your department, this could be interpreted as casting some doubt on the work's value to the industry. It is also disappointing to note your predecessor's conclusion that, despite E(ST)'s view last year that we should look for savings of more than £30 million, there is little scope for this.

We will need to discuss this in our forthcoming public expenditure discussions. We will also need to discuss the funding of your bids for strategic and other R & D expenditure, in particular whether the review of the balance of your R & D programme mentioned in the paper can release resources to cover your new priority items.

I am copying this to other members of E(ST), Malcolm Rifkind, Peter Walker, Tom King and Sir Robin Butler.

Yours

NORMAN LAMONT

A

A

Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

PRIME MINISTER

When the Priorities Board for Research and Development in Agriculture and Food was set up in 1984 you asked to be kept informed, and Michael Jopling wrote to you accordingly on 31 October 1986.

at flap

In the light of the Government's policy of withdrawing funding for near market research, the Secretary of State for Scotland, the Chairman of the AFRC and John MacGregor, as the co-sponsors, commissioned a review on the Board's future role. This concluded that there is still an important task for such a Board.

why

To help it fulfil its role more effectively we believe that space should be found for two new members: someone to represent the consumers' interests, and a high level retailer representative to balance the farmer and food industry members and in order to try to engage the retailers in the formulation of the R & D programmes. To accommodate these two new members my colleagues and I considered removing the three Government Scientists from the Board and making them assessors, but on reflection decided that this would be inappropriate, given the Board's role in relation to Government expenditure. Accordingly, we are proposing that the Board's membership should be increased from eight

to ten. However, there should be no additional cost since we envisage the Board meeting less frequently than at present and we shall be streamlining the arrangements which provide it with advice on individual sectors.

My co-sponsors and I now seek your approval for these changes in the composition of the Board and the way it operates. We very much hope you will feel able to agree.

I am copying this letter to John MacGregor, Malcolm Rifkind, Peter Walker, Peter Brooke, Norman Lamont, John Selborne and Sir Robin Butler.

JOHN GUMMER

Ministry of Agriculture,
Fisheries and food
28 September 1989

TL
CS

cc PU

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

8 August 1989

CONFIDENTIAL

Dear Shirley,

REVIEW OF AGRICULTURAL DEPARTMENTS' R & D PROGRAMMES

The Prime Minister has seen Mr MacGregor's note of 21 July, enclosing his E(ST) memorandum reviewing Agriculture Departments' R & D programmes.

She notes this report and looks forward to receiving the further report from Mr Gummer on commissioning arrangements. However, she does not consider that it is possible to give industry a clear statement of where the Government expects to fund research and an assurance of stability on Government policy in this area, as the report suggests. She considers that the Government must spend research money where there are the best scientists. She also points out that a lot of food and protein research is done under other headings. She therefore feels that future funding should be considered in the normal way in the Public Expenditure Survey.

I am copying this to private secretaries of members of E (ST), David Crawley (Scottish Office), Stephen Williams (Welsh Office), Stephen Leach (Northern Ireland Office) and Trevor Woolley (Cabinet Office).

Yours sincerely,

Caroline Slocock

CAROLINE SLOCOCK

Mrs. Shirley Stagg
Ministry of Agriculture, Fisheries and Food

PRIME MINISTER

AGRICULTURAL R & D

Last year following discussions in E(ST) it was agreed that MAFF should find savings of £30 million a year on near-market R & D. Mr. MacGregor was asked to report back on industry's plans for taking over responsibility for R & D from Government. His report at Flag A was sent out shortly before the reshuffle. Key points are:

- The various parts of the agriculture and food industry are prepared to take over only £10 million of the R & D, so up to £20 million may simply not be done in the future.

- Various changes in commissioning arrangements should be made, but a further more detailed minute of this is promised (now not likely to come before September).

- There is no scope for further savings and, as well as industry being given a clear statement on where the Government expects to fund research in the future, it should also be given "an assurance of a period of stability" ie. no further cuts.

This isn't possible. We have to spend research money where we have the best results. Pouring a lot of good research under a bushel. Probably not.

The main issue that arises is whether the industry should be given the proposed "assurance of stability". The Treasury have not yet commented, although I understand Norman Lamont will want to avoid such an assurance being given, and to keep the issue of future levels of funding open for the Survey. Carolyn Sinclair (Flag B) recommends avoiding giving an open-ended commitment to continued Government funding, although she suggests an indication could be given that no cut beyond £30 million is proposed at this stage.

AGRICULTURE: LTD, June 1983

cc BG ✓

CONFIDENTIAL

NOTE FOR THE RECORD

COMMISSIONING OF AGRICULTURAL RESEARCH

John Fairclough in the Cabinet Office enquired what, if any, reaction the Prime Minister had given to his minute of 19 July, headed S&T issues, in which he raised the possibility of his conducting a review in this area. I was unable to speak direct to Mr. Fairclough, but I told one of his staff that the Prime Minister would not be taking a view on this until she had seen the further note promised by the Minister of Agriculture on the Priorities Board for Agriculture and Food R&D; I understood this was not now expected until early September.

PG CG.

PAUL GRAY

11 August 1989

L066HP

AGRICULTURE Lord Rothschild —
discussion paper on R&D in
Ag. and Food June 1983.

4. Agricultural Ministers and the Chairman of the AFRC concluded that these recommendations should be accepted but that there was a continuing need for independent advice on the whole range of publicly supported work carried out in the UK, including the basic research funded from the Science Vote. They therefore concluded that the Board should continue to advise them on priorities for the overall allocation of Government funds for agriculture and food R & D. The Board's terms of reference would thus remain unchanged.

SECTORAL ADVISORY GROUPS

5. Ministers' intention is that the Research Consultative Committee reviews of each sector should be wound up as they were primarily a means of consulting industry on its needs. It is, of course, now for industry itself to define and fund its near market R & D requirements. The RCCs would be replaced by up to 8 tripartite Sectoral Advisory Groups (SAGs), each chaired by an independent Board member. Each SAG would cover a particular area of R & D eg. cereals, ruminants, milk etc. The SAGs would consist of Government customers directly concerned with commissioning research and representatives of the industry bodies (eg. the Home Grown Cereals Authority) which commission industry funded R & D. The purpose would be to provide for discussion of the work Government and industry plan to support so that a commercial view can be brought to bear on the basic and strategic research funded by Government. They would inform the Priorities Board on this, sector by sector, so that the Board can advise Government.

MEMBERSHIP

6. As the Minister's note indicates, careful consideration has been given to the size of the Board. The proposal for two additional members reflects the new component of the Board's advisory role and the change in direction of the Government programme away from production related issues.

RESOURCE IMPLICATIONS

7. The annual cost of the Priorities Board and the RCCs is approximately £225k, of which the Board's share is around £85k. The proposals envisage the Board's meeting about three times a year compared with about ten at present. This should produce a significant saving of time and resources. The savings expected from the replacement of 20 RCCs by 8 SAGS are difficult to quantify. But the membership of the SAGs should be about half that of the RCCs and the frequency of their meetings less. The new structure is intended to reduce the bureaucratic burden of the present system and thus produce a more streamlined and manageable advisory mechanism.

Ministry of Agriculture,
Fisheries and Food
6 October 1989

n\prior2.dft

MAFF

Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH
Tel: 01-270-8701

Derek Andrews CB CBE
Permanent Secretary

Ms Carolyn Sinclair
Policy Unit
10 Downing Street
LONDON SW1

10 October 1989

Dear Carolyn,

FUTURE ARRANGEMENTS FOR THE PRIORITIES BOARD FOR R & D IN AGRICULTURE AND FOOD

I understand that you feel the Prime Minister would like some further detail to supplement the minute that Mr Gummer put to her on 28 September about the future arrangements for the Priorities Board.

I attach a note which gives more background information on our proposal for the Sectoral Advisory Groups and on the effects of the changes. As you will see, the intention is to retain the Board's advisory role but to adjust its focus to take account of industry funding of near market R & D in the interest of getting the best value for money from the Government spend.

I hope the attached note provides the additional information required. Ministers naturally hope that the Prime Minister will be able to agree to the changes they propose.

I am copying to Sir Robin Butler, John Caines, Louden Hamilton, Richard Lloyd-Jones, Bill Hodges, John Fairclough and Bill Stewart.

Yours ever,
Derek

DEREK ANDREWS

PRIORITIES BOARD FOR R&D IN AGRICULTURE AND FOOD

NOTE ON FUTURE ARRANGEMENTS

BACKGROUND

1. The Priorities Board was set up in 1984 to provide independent advice to Agriculture Ministers and the Chairman of the AFRC on the balance of the Government's agriculture and food research programmes. It has eight members, five of whom are independent, including the Chairman. Its terms of reference and current membership are annexed.

2. The Prime Minister approved the Board's membership initially, subject to review in 1986. Following the 1986 review the Prime Minister agreed to the Board's retaining its existing structure, subject to a further review in 1988. Her office agreed that the 1988 review could be put back into 1989 pending the outcome of the wider review conducted earlier this year.

THE 1989 REVIEW

3. This recommended that the Board should continue but that it should be given the task of advising the Agricultural Departments on the priority for deploying their strategic funding in the light of industry's plans. It also proposed, inter alia, that the Board's consultative machinery should be wound up and replaced by more streamlined arrangements; and that the Board itself should meet less frequently.

n\prior2.dft

W0242

MR GRAY
No 10

4 October 1989

PRIORITIES BOARD FOR RESEARCH AND DEVELOPMENT
IN AGRICULTURE AND FOOD

I have a number of concerns with the proposed arrangements for the Priorities Board as set out in Mr Gummer's minute of 28 September to the Prime Minister.

2. The minute implies, but does not state, that the Board's role will not depart from the present terms of reference which are 'to advise the UK Agriculture Ministers and the Chairman of the Agricultural and Food Research Council on priorities for research and development in agriculture and food and on the allocation of research and development budgets'.

3. In my opinion since MAFF is proposing to change its commissioning arrangements a more strategic view of the role of the Priorities Board is needed. In earlier discussions with MAFF I have been led to believe that it is intended that the Board should act as the focus to a series of sectoral advisory committees to parallel the new commodity/ policy customers. The role of these committees would be to try to ensure that the various players in these sectoral areas - science base, agriculture departments and industry - all mesh together.

4. I think such an advisory structure if implemented would be a mistake. There is a danger that the Priorities Board could be seen as the forum for debating where the dividing line between public and private funding should be drawn. A Priorities Board, particularly with a subcommittee structure of sectoral groups, could quickly become a lobby for different interest groups and make the task of managing the agriculture R&D enterprise more difficult.

5. Because outside people on advisory bodies have particular interests, I believe it to be important that the terms of reference of bodies such as the Priorities Board are clearly drawn and that their role is limited to advice on the longer term needs of industry and Government (in respect of regulatory purposes), and not on the conduct of day-to-day business.

6. I would therefore favour giving the Board a longer term remit, and shifting membership over time so that it reflects interests wider than those of the producers and retailers, for example consumer, recreational, environmental and health. It is not clear to me that it is altogether healthy, for there to continue to be three Government scientists on the Board. There is presumably no reason why they might not attend as advisors or assessors.

7. You will wish to consider these remarks within the context of any clarification from MAFF, but I suggest that we have to be sure that the overall structure has been fully thought out.

JWF

JOHN W FAIRCLOUGH
Chief Scientific Adviser

PRIORITIES BOARD FOR R & D IN AGRICULTURE AND FOOD
TERMS OF REFERENCE

To advise the UK Agriculture Ministers and the Chairman of the Agricultural and Food Research Council on priorities for research and development in agricuture and food and on the allocation of research and development budgets.

MEMBERSHIP

Dr N BRIAN SMITH CBE
Chairman, MB Group PLC

PROFESSOR R L BELL CB
Director General, ADAS, and Chief
Scientific Adviser, Ministry of Agriculture,
Fisheries and Food

PROFESSOR W D P STEWART FRSE FRS
Secretary and Deputy Chairman
Agricultural and Food Research Council

PROFESSOR SIR HANS KORNBERG FRS
Professor Biochemistry in the
University of Cambridge and Master of
Christ's College

S G METCALFE
Deputy Chairman and Chief Executive
Ranks Hovis McDougall PLC

J E MOFFITT CBE
Farmer, Northumberland

m/annexI.pb

J S RYMER
Farmer, East Yorkshire

DR A M RAVEN
Scientific Adviser to the Department
of Agricuture and Fisheries for Scotland

objectives; additional funding was provided for strategic research in the 1988 PES. Beyond 1990/91 public spending plans remain subject to review in the annual PES. However the Government understands the need to avoid sudden disruption of research programmes and will take full account of the Committee's views on this point.

7. The Government welcomes the Committee's endorsement of the restructuring and rationalisation within the AFRC. The Council expects to complete major physical restructuring in 1992-93. The Agricultural and Development Advisory Service (ADAS) in England and Wales and the Scottish Agricultural Research Institutes (SARIs)and Scottish Agricultural Colleges (SAC) have also been restructured to become more streamlined with a more coherent research strategy. They are well placed to secure research contracts from the private sector.

8. The Government accepts the Select Committee's view that cutting research budgets is not the answer to over production (5.4). It agrees that agricultural surpluses are a result of political and financial policies (5.3) and should be reduced primarily through policies to encourage market economics. It is important that the industry should continue to improve its efficiency and pursue the necessary research, collaborating with partners where appropriate.

THE ROLES OF INDUSTRY AND PUBLIC FUNDING

9. The Government welcomes the Committee's view (5.9) that industry should contribute to research aimed at improving its profitability and competitiveness. While the Government recognises the difficulties in raising research funds from farming, which is a fragmented industry with large numbers of small producers, it notes that in most sectors mechanisms already exist to provide a collective base for such funding.

The Government is convinced that the increasing involvement of industry will result in better targeting on industry's real needs and an improved uptake of results.

10. In the light of the move towards greater industry involvement in research the Government has reorganised its objectives for publicly-financed agricultural and food R&D and has taken steps to shift its emphasis. The primary role of public funding for agricultural and food research and development is now similar to that identified by the Committee (5.10). In particular the Government will:

a. support research and development aimed at benefiting and protecting the community at large; such work includes food safety issues (eg salmonella), food compositional and nutritional quality, animal health and welfare (eg bovine spongiform encephalopathy (BSE))and the environment (eg nitrate leaching, options for land use, biological control of pests).

b. provide the necessary scientific knowledge to underpin the formulation of new policies and the setting and monitoring of appropriate standards and requirements whether by statute, in regulations or codes of practice.

c. support basic and strategic research, so that the country continues to sustain that knowledge and scientific skill base which provides the long-term underpinning for commercial development by industry.

The Government agrees with the Committee (5.10) on the importance of entering into a partnership with industry to fund certain areas of research and development and has set

single National Research Council. The ABRC advised the Secretary of State in July 1989 that it was sympathetic to the Morris recommendations, but that there would be practical problems in implementing these and that further study was needed. The Secretary of State welcomed the Board's detailed scrutiny of the issues and specifically asked that the Select Committee's proposal for a Natural Resources Research Council should be considered.

3. The ABRC's substantive advice, in November 1989, recommended the reconstitution of the ABRC - as a smaller body with a more explicit remit to improve coordination among the Research Councils - and the creation of a working group to examine the practicalities of achieving a closer association of the AFRC and NERC, possibly leading to their merger. The Government response to these recommendations (see House of Lords Report for 22 January and 1 February; columns 914 and 510) was to reconstitute the ABRC from April 1 with a membership reduced from 26 to 14 and with a revised remit to promote collaboration between the public bodies funding research. These new terms of reference are reproduced at Annex A.

4. In the light of the decision to reconstitute the ABRC, the Government concluded that it would prefer the "new" ABRC to take forward the question of improving cooperation between all the Councils, within the existing Research Council structure. The Government believes that the new Board will give the Research Council system a dynamic central organisation, able to foster more effective cooperation at the boundaries where the most exciting research opportunities arise and to respond quickly to those opportunities through appropriate changes in the balance of financial support. This evolutionary reform seems to the Government to offer the best opportunity for improving cooperation between the Councils whilst avoiding the

disruption, transitional costs and the need for legislation associated with more radical proposals. The Government now expects the "new" Board to give urgent attention to carrying this into effect.

5. In advising the Secretary of State on its own reconstitution in November 1989, the ABRC said that the first challenge for the newly reconstituted Board would be to improve coordination of research programmes in biotechnology. The Government welcomes and endorses this statement and looks forward to early practical results from the Board's consideration. The need for collaboration extends beyond the Research Councils to embrace the Government Departments which fund research. The Government gives high priority to that part of the "new" Board's remit to:

> "promote effective collaboration between Government Departments and Research Councils in the development of both their forward strategies, and in arrangements for commissioned research".

THE FUNDING OF RESEARCH

6. The Select Committee advocates a strong Government commitment to agricultural and food research (5.2, 5.5) including at least level public funding in real terms for a period (5.8). It also emphasises the importance of basic research (5.6). The Government's commitment to R&D remains strong. Following the Public Expenditure Survey (PES) in both 1988 and 1989 it announced substantial increases in the science budget which will reach £897 million in 1990/91 - over 11%* higher in real terms than in 1988-89. The Agriculture Departments are giving priority to strategic research (ie applied research which has not yet advanced to the stage where eventual applications can be clearly specified) and to work in support of statutory and policy

*In constant prices using the Treasury GDP deflater

of funding for support of R&D in biotechnology, in both national and international programmes; to define and advise on how to meet the national need for education and training for biotechnology; and to propose measures which would further technology transfer and industrial application of biotechnology. AFRC, NERC and SERC are full members, and the MRC has a standing invitation to participate either as a member or as an observer.

TRAINING AND MANPOWER

16. The Government endorses the Select Committee's view (5.16) that research is an important means of producing highly trained personnel. It welcomes AFRC's policy of increasing support for research and training in universities and polytechnics, and moves by the Research Councils towards greater integration of the work of their institutes and units with that of university departments. Like the Committee, it also acknowledges the important training role of AFRC institutes and SARIs.

17. The Government notes the Committee's concern (5.17) about potential shortages of biological scientists, but agrees that there is no clear evidence of the overall extent of the potential problem, or of its likely effect on particular specialisms. The DES will invite the ABRC to assess the evidence it has obtained from the Research Councils about manpower shortages in some areas of the biological sciences and to consider how efforts to overcome these shortages might be better coordinated. The Government agrees with the Committee's view, (5.17), that breadth of research training is important and welcomes AFRC's efforts to retrain staff to facilitate redeployment. However, there are practical limitations to the extent to which scientists can convert from one specialist research field to another.

18. The Government does not accept the Committee's view (5.18) that short-term appointments are at too high a level in AFRC at present; nor does it see any need to reverse the trend. It is for the Council itself to decide on the appropriate balance between permanent and period scientific appointments in light of existing commitments and future opportunities. Short-term appointments may often be appropriate to industry funded work.

NUTRITION

19. The Committee recommended nutrition research should be given greater priority (5.19). The Priorities Board recommended* a shift in resources from food technology to food safety and nutritional quality, including multi-disciplinary research on human nutrition. The Government has accepted that recommendation. The Medical Research Council has also examined its own priorities in nutrition research. It will be giving increased emphasis to a number of nutritional areas designed to provide a balanced portfolio of nutrition research. The MRC recognise the importance of cooperation with the other Research Councils and links between the MRC Dunn Nutrition Unit and the AFRC Institute of Food Research have been established, especially in the area of clinical nutrition. The MRC is seeking financial support for rehousing the Dunn Nutrition Unit in modern accommodation closer to the Clinical Departments of the University of Cambridge.

20. The Committee also advocated (5.20) that the Health Education Authority (HEA) should provide sound dietary information for the public. The Government wholeheartedly accepts the need for such information. The HEA has recently reviewed its education strategy. A separate nutrition programme has been established and a formal MAFF, DH, HEA

*Priorities Board third report to the Agriculture Ministers and Chairman of AFRC, March 1990

up the LINK initiative which includes specific projects in the food area. It is exploring with industry how the initiative might be extended to agriculture and horticulture.

NEAR MARKET RESEARCH

11. Near market R&D (ie work whose primary objective is the development of a specific product, process or service for commercial sale or use) is for industry to fund. The Committee recommends (5.11) that the withdrawal of Government funding from near market research should not result in an overall reduction in public expenditure on research. The Government confirms that the money saved has been redirected into areas of research more appropriate for public funding. Reference has already been made to the overall increase in the Science Budget. Within this the DES grant to the AFRC has been increased from some £62m in 1988/89 to £75m in 1989/90 and £86m in 1990/91. In addition planned provision for spending by the Agriculture Departments on strategic research was increased by £2m for 1990/91 and £5m for 1991/92 in the 1988 public expenditure decisions.

12. The Committee recommends (5.12) that the Government should reassess their lists of projects identified as near market. As part of the review of R&D priorities announced in Cm 185 in July 1987 the Agriculture Departments carried out a review of their research and development programmes and identified certain areas which were near market and hence appropriate for industry funding. The Government has since consulted the industry as to the work which the industry wishes to fund and has indicated the nature of the work which will continue to be funded by the Government (paragraph 10). The Government confirms that it will continue to give priority to work which is essential in the

public interest and is readjusting its programme as necessary to ensure this. But near market research which is not picked up by industry will be terminated.

13. The Select Committee also recommends (5.13) that the timescale for transferring the funding of near market research to the private sector should be extended to 5 years. The Government recognises the need for adequate time for industry to raise its funding level: the transfer of funding is being phased and will be completed by 1991/92, over six years from the initial announcement that the Government would be looking to industry to bear more of the cost of R&D from which it benefited.

BIOTECHNOLOGY

14. The Government welcomes the Committee's support for the SERC's Biotechnology Directorate (5.14). Following a review in 1988 the Directorate is to be supported for a further six years, with another review in 1994. There is day-to-day liaison with the other Research Councils and a formal avenue for input via their membership, or participation in the Biotechnology Joint Advisory Board (see below). Joint funding with industry has been steadily increasing over the Directorate's history. Joint funding with other bodies began in 1986 with the establishment of the antibiotics and RDNA Club, funded by industry, the SERC and the DTI. More recently formal joint funding arrangements have been established under the LINK scheme.

15. The Committee's interim report recommended the establishment of a Biology Advisory Group which the Committee suggest (5.15) should draw up proposals on how to improve support for biotechnology. The Biotechnology Joint Advisory Board (BJAB) was set up by SERC and the DTI in 1989 to advise on the broad objectives, the strategy and balance

DRAFT

GOVERNMENT RESPONSE TO THE REPORT OF THE HOUSE OF LORDS SELECT COMMITTEE ON SCIENCE AND TECHNOLOGY : AGRICULTURAL AND FOOD RESEARCH*

INTRODUCTION

1. The Government is grateful to the Select Committee for its report. It has carefully considered the Committee's conclusions and recommendations and welcomes their endorsement of the need for public support for agricultural and food research and their view that industry should contribute to the cost of research aimed at increasing industrial profitability and competitiveness. Since the report was published, the Ministry of Agriculture, Fisheries and Food (MAFF) and the Department of Agriculture and Fisheries for Scotland (DAFS) have reviewed their research commissioning arrangements and are introducing substantial changes which take account of many of the Committee's recommendations, particularly with regard to the customer/contractor relationship.

STRUCTURE OF RESEARCH COUNCILS (5.1)#

2. The Committee's interim report of October 1988 recommended an amalgamation between AFRC and NERC (5.1). This was a timely contribution to the debate on the structure of the Research Council system. In May 1988 the Advisory Board for the Research Councils (ABRC) had set up a sub-group, under the chairmanship of Mr Dick Morris, to review the Research Councils' overlapping responsibilities for the increasingly important pervasive biological sciences. This sub-group went on to look at the entire span of Council responsibilities and its April 1989 report recommended that five Councils should be replaced by a

*Session 1988-89,1st Report; HL Paper 13

#Numbers in brackets refer to the relevant conclusions and recommendations in the Report.

PART 1 ends:-

AT to MAFF 29.5.90

PART 2 begins:-

SS/DTI to MS/MAFF 4.6.90

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES.

Reference: STO (CS) (83) 31

Date: 25 November 1983

Signed PWayland Date 10 November 2016

PREM Records Team

PREM 19/2902

New file cover. MT.

A/13 P+1 Confidential Filing.

Lord Rothschild — discussion paper by consultative Board of the Joint Consultative Organisation for R&D in Agriculture & Food.

AGRICULTURE

June 1983.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~24.7.89~~							
~~8.8.89~~							
~~6.9.89~~							
~~12.10.89~~							
~~23.10.89~~							
~~30.10.89~~							
25.5.90							
PART ENDS							

PREM 19/2902

PRIME MINISTER

HOUSE OF LORDS REPORT ON AGRICULTURAL AND FOOD RESEARCH

MAFF have prepared a draft response to the Report on Agricultural and Food Research prepared by the House of Lords Select Committee on Science and Technology. There is relatively little of interest, but you might like to know:

(i) the Government has set out its view that the AFRC and NERC should not be merged as the House of Lords proposed, but that the reconstituted ABRC will be asked to review the boundaries between the two and ways in which co-operation could be improved, paragraphs 2-4.

(ii) paragraph 6 contains a defence of the Government's record on research and development but declines to enter into a commitment about the agricultural component of this.

(iii) paragraph 9 sets out the priorities for Government-funded research, i.e. that required to underpin the Government's responsibility for food safety, animal health and the environment plus basic and strategic research. Paragraph 11 repeats the Government's view that near-market R&D is for industry to fund.

AT

ANDREW TURNBULL

25 May 1990

A:\pps\agri (pmm)

Ou

Ccl/Jr

Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

PRIME MINISTER

The House of Lords Select Committee on Science and Technology published a report on Agricultural and Food Research in December 1988. Preparation of the Government response to this report has been delayed pending decisions on the structure of the research councils but these issues have now been resolved and I am anxious not to delay the response any longer. The attached draft response has already been circulated at official level and I should be grateful for colleagues' rapid agreement to its publication as a White Paper.

Copies of this letter go to members of E(ST), Sir Robin Butler and Sir John Fairclough.

JOHN GUMMER

Ministry of Agriculture,
Fisheries and Food
22 May 1990

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons 31: First Report from the Agriculture Committee, Session 1983-84
'Organisation and financing of agricultural research and development'
HMSO, 30 April 1984 [ISBN 0 10 238184 4]

Signed PWayland Date 10 November 2016

PREM Records Team

A: AGRICULTURE

10 DOWNING STREET

From the Principal Private Secretary

29 May 1990

HOUSE OF LORDS REPORT ON AGRICULTURAL AND FOOD RESEARCH

The Prime Minister has seen and noted the draft response to the Report by the House of Lords Select Committee on Science and Technology on Agricultural and Food Research. She is content that this should be published as a White Paper.

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

ANDREW TURNBULL

Andy Lebrecht, Esq.,
Ministry of Agriculture, Fisheries and Food.

liaison group formed to assist the HEA in increasing its activity in this field. DAFS and the Scottish Home and Health Department, for their part, have initiated work on aspects of human nutrition and health, and the programme has attracted wide support. MAFF and DH have also established a committee to coordinate their own activities in the fields of nutrition research, surveillance and public information.

FORESTRY

21. The Government agrees with the Committee's view (5.21) that research will be needed into new areas of forestry. As part of the fourfold increase in expenditure on farm woodland research, announced by the Minister of Agriculture, Fisheries and Food in evidence to the Committee, new research projects have been commissioned on many of the specific areas identified by the Committee including silviculture of broadleaved species, improvement of genetic material and environmental impacts. Tree and forestry research is also carried out or commissioned by the Forestry Commission, NERC, the Department of the Environment (DoE), AFRC, DAFS, the Department of Agriculture Northern Ireland (DANI), the Countryside Commission and the universities.

22. The Forestry Research Coordination Committee (FRCC)is the central body responsible for coordination of forestry research planning and the Committee has recommended (5.22) that the organisational arrangements for forestry be tightened up with the appointment of a Chief Scientist for Forestry. The FRCC was set up as a result of a 1980 report from the Select Committee*. At the time the Government concluded that the FRCC would fulfil the necessary co-ordination role and that the appointment of a Chief Scientist could not be justified. The Government has now re-considered the matter, and confirms its earlier view, while recognising that the Chairman of the FRCC may need to

*Second Report of Session 1979/80

balanced advice on the priorities for deploying available R & D funding. Final decisions in this area will rest with Ministers and I see a more balanced Board as less likely to come forward with recommendations that cause us difficulties.

Overall, I believe that the changes which we have in mind will produce a better and more cost-effective arrangement. I am attaching brief biographical details of each of the present Board members to supplement the list of names which was sent to Carolyn Sinclair on 10 October. I hope in the light of this further explanation that you will be ready to agree to our proposals.

I am copying this letter to John MacGregor, Malcolm Rifkind, Peter Brooke, Peter Walker, Norman Lamont, Sir Robin Butler and John Fairclough.

JOHN GUMMER

Ministry of Agriculture,
Fisheries and Food
December 1989

AGRICULTURE: Lord Rothschild:
Discussion - Rep
June 83

PRIME MINISTER

PRIORITIES BOARD FOR R&D IN AGRICULTURE AND FOOD

Earlier in the autumn you questioned the proposal from John Gummer that, in order to widen the membership of this Priorities Board to include consumer and retailer interests, its total size should be increased from 8 to 10. John Gummer has now minuted you again (Flag A) reiterating that earlier proposal and asking you to consider your objection. Attached to his letter is a list of the existing eight members, to whom it is proposed to add one new member representing retailers and another lobbying consumers.

You will want to consider whether you are now persuaded. One possibility would be to agree subject to the conditions set out in the advice from Carolyn Sinclair (Flag B) which you saw at the earlier stage namely;

- ask John Gummer to ensure that the proposed structure of eight Sector Advisory Groups does not turn into lobby organisations for more government spending

- ask to be kept informed on how the new structure for commissioning R&D is working.

Conclusion

i) Content to agree the increase from 8 to 10 on that basis?

Yes mt

or

ii) Prefer to ask that 2 of the existing 8 should be stood down?

PR-CB.

Paul Gray

8 December 1989

c: priorities (MJ)

A cc PU

Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

PRIME MINISTER

PRIORITIES BOARD FOR R & D IN AGRICULTURE AND FOOD

I wrote to you on 28 September on behalf of my colleagues who share with me responsibility for Agricultural and Food R & D, about the internal review which we have undertaken of the Priorities Board. I have since seen the letter of 30 October from your Private Secretary recording your concern about the proposal to increase the size of the Board.

We have looked carefully at this once again. I should like to explain more fully what we intend. The proposed changes in the membership of the Priorities Board itself are part of a package of measures designed to make the Priorities Board more representative while, at the same time, streamlining the Board's operations and way of working in order to reduce the resources devoted to this. At present, the Board is advised by eighteen Research Consultative Committees (RCCs). Four or five of these RCCs are active in any one year and each of them meets eight or ten times. We really don't need so extensive a structure. What we propose to do is replace the RCCs by a much smaller number - eight or nine in total - of Sector Advisory Groups (SAGs), which will meet less frequently. We shall also cut down significantly the amount of paper produced for each meeting as well as for the Board itself.

At the same time, the proposed addition of a consumer and a retailer to the membership of the Board will broaden its scope so that it covers the whole of the food chain from the producer through to the end consumer. I can certainly make advantage of this is speaking to Consumer Groups. This will enable it to give

Agriculture 6/83

Lord Rothschild

SPW

a: food

10 DOWNING STREET
LONDON SW1A 2AA

cc Roughdalker
Cab Off
Sci Tech
Secret.

From the Private Secretary

30 October 1989

Dear Andrew,

PRIORITIES BOARD FOR R&D AND AGRICULTURE AND FOOD

The Prime Minister has now had an opportunity to consider your Minister's minute of 28 Septmber. She is not persuaded that it would be appropriate to increase the Board's membership from 8 to 10, and would be grateful for details of who the existing 8 members are.

I am copying this letter to Stephen Crowne (Department of Education and Science), Jim Gallagher (Scottish Office), Stephen Williams (Welsh Office), Stephen Leach (Northern Ireland Office), Carys Evans (Chief Secretary's Office) and Trevor Woolley (Cabinet Office).

Yours,
Paul

(PAUL GRAY)

Andrew Lebrecht, Esq.,
Ministry of Agriculture, Fisheries and Food.

PRIORITIES BOARD FOR R & D IN AGRICULTURE AND FOOD

TERMS OF REFERENCE

To advise the UK Agriculture Ministers and the Chairman of the Agricultural and Food Research Council on priorities for research and development in agricuture and food and on the allocation of research and development budgets.

MEMBERSHIP

Dr N BRIAN SMITH CBE
Chairman, MB Group PLC

PROFESSOR R L BELL CB
Director General, ADAS, and Chief
Scientific Adviser, Ministry of Agriculture,
Fisheries and Food

PROFESSOR W D P STEWART FRSE FRS
Secretary and Deputy Chairman
Agricultural and Food Research Council

PROFESSOR SIR HANS KORNBERG FRS
Professor Biochemistry in the
University of Cambridge and Master of
Christ's College

S G METCALFE
Deputy Chairman and Chief Executive
Ranks Hovis McDougall PLC

J E MOFFITT CBE
Farmer, Northumberland

m/annexI.pb

J S RYMER
Farmer, East Yorkshire

DR A M RAVEN
Scientific Adviser to the Department
of Agricuture and Fisheries for Scotland

file MJ

(cc: Prior)

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

11 December 1989

Dear Andrew,

PRIORITIES BOARD FOR R&D IN AGRICULTURE AND FOOD

The Prime Minister was grateful for your Minister's further minute. She is now content for his proposals to be implemented. But she would be grateful if your Minister would ensure that the proposed structure of eight Sector and Advisory Groups does not turn into a mechanism for lobbying for more government spending. She would also be grateful to be kept informed on how the new structure for commissioning R&D is working.

I am copying this letter to Stephen Crowne (Department of Education and Science), Jim Gallagher (Scottish Office), Stephen Leach (Northern Ireland Office), Stephen Williams (Welsh Office), Carys Evans (Chief Secretary's Office), Sonia Phippard (Cabinet Office) and John Fairclough (Chief Scientific Officer).

Yours,

Paul

Paul Gray

Andrew Lebrecht, Esq.,
Ministry of Agriculture, Fisheries and Food

The Government will be monitoring the operation of the new arrangements and confidentally anticipates they will produce a more effective relationship with MAFF's contractors, including the AFRC.This customer role would not be fulfilled if the funds were transferred to AFRC. The strategic work currently supported by AFRC under the Science Vote differs from that funded by MAFF in that it springs from the science base and is directed towards scientific questions rather than specific applications. However, the allocation of funds between Departments is kept under continual review and decisions are taken annually in the context of the PES. It has already been noted that the Science Budget received significant increases in both 1988 and 1989.

27. The Committee also recommended (5.27) that MAFF should pay a general surcharge averaging 10% on research contracts as recommended by Lord Rothschild. The Government accepts the principle, that budgetary provision should be made for "seed corn" research and to generate future research capability. However, the Government remains of the view expressed in Cm 185 that flexibility is necessary in applying the principle to specific cases. MAFF has recently reviewed its policy and concluded that an overhead of up to 10% to fund seed corn research may be agreed where this is appropriate.

AFRC AND ADAS

28. The Committee considers (5.28) that changing circumstances call for a review of the relationship between the AFRC and ADAS. It points to the possibility of integrating programmes and facilities (5.29 and 5.31) and the possible impact of the creation of agencies (5.30). Following the introduction of an integrated programme for ADAS and AFRC work in horticulture, the work of both organisations has been integrated under a reconstituted

British Society for Horticultural Research (BSHR). Formal mechanisms exist in other sectors to allow ADAS and AFRC to define potential joint projects and co-ordinate programmes. For instance, in February 1990 ADAS and the AFRC's Institute of Arable Crops Research launched a collaborative programme of integrated and coordinated research and development.

29. However, integration must be limited by the fundamental difference in nature between the AFRC and ADAS.
AFRC plans, executes, monitors and reviews basic and strategic programmes in the biological and physical sciences related to the agricultural, food and non-medical biological sectors financed by a grant-in-aid from DES. Through its institutes, AFRC also acts as a contractor for research from others, including MAFF. ADAS is of course also a contractor for research but, unlike the AFRC, is not solely a research organisation but is heavily involved in technology transfer and advice to the rest of MAFF on the formulation and implementation of policies and statutory responsibilities. In its role as an intelligent customer the Ministry places work with whichever organisation is the most appropriate and offers the best value for money. The Government does not consider it appropriate to merge the two organisations. It would be concerned at the confusion in the respective roles of AFRC and ADAS that would result from such a merger.

AGRICULTURAL AND ENVIRONMENTAL RESEARCH

30. The Government agrees with the Committee (5.32) in attaching importance to the integration of agricultural and environmental research. Following publication in 1988 by Government of "Protecting Your Environment" (HMSO), significant additional funds have been made available to Environment and Agriculture Departments, Research Councils and other bodies to advance environmental research and

discharge some Chief Scientist-type functions to ensure adequate representation of the wide range of research interests in forestry.

THE CUSTOMER/CONTRACTOR RELATIONSHIP

23. The Government welcomes the Committee's support for the customer/contractor relationship (1st Report 1986-87/HL20-I). With the changes currently taking place in the balance of research, there was a need to reexamine the way in which MAFF has discharged its role as an "intelligent customer". The Ministry therefore initiated an internal review which took account of the Committee's views (5.23) and the Ministry is now implementing its conclusions. The Ministry's R&D programme will be restructured by major customer groups, with budgetary responsibility for each block of R&D passing to the policy units at Grade 3 level. The aim is to strengthen the Ministry's 'intelligence' as a customer by bringing about a much closer integration between science and policy formulation and a clearer separation between the customer and the contractor. A further development was the launch of the Central Veterinary Laboratory as an agency.

24. The Government does not accept that scientific knowledge has not had a major impact on MAFF policy(5.23). Many of MAFF's policies stem directly from the application of scientific knowledge eg the setting of standards for pesticides and their subsequent use to avoid residue problems, the prevention of animal diseases such as zoonotic infections, research into the effectiveness of cooking methods on the control of pathogens and policies on measures to limit nitrate leaching. MAFF is the second largest employer of scientists in the Civil Service - only the Ministry of Defence has more - and is increasing the number

of posts in its Chief Scientist Group as a result of the review mentioned above (paragraph 23). The Ministry also cooperates with and, where appropriate, receives advice from outside scientific sources including the Priorities Board, other departments and the research councils. At all levels there is close liaison between scientists and administrators in policy formation.

25. The Government is concerned that the Committee gained the impression that MAFF's contractors are discontented (5.23). That impression is not borne out by day-to-day contacts between the Ministry and its major contractors. Indeed, the NERC has applauded the clear recognition by the Ministry of the long-term nature of strategic science in the environmental field, and commented that the Ministry's strategy has contributed significantly to the maintenance of high quality research of great benefit to the science and to both organisations.

26. The Government has considered carefully the Committee's recommendations (5.24, 5.25 and 5.26) that funds transferred to MAFF in 1975-76 should now be returned to the AFRC. However, as a user Ministry with a range of science based policy responsibilities MAFF requires research and development in support of its policies and in the practical application of those policies. It also funds strategic research where there is no market or where defects in the market mechanism are such as to prevent research being fully funded from private industry or other non-Government beneficiaries. MAFF thus has a continuing and important role as a customer for strategic R&D. Noting the Committee's support of the customer/contractor relationship in principle, the Government considers that the reforms noted in paragraph 23 will bring about considerable improvements in the way in which the relationship operates in practice.

EVALUATION

35. Appraisal of research proposals, the monitoring of work in progress and the evaluation of completed research are all necessary to ensure that funds are properly deployed and value for money is achieved. The appraisal form criticised by the Committee (5.35) was in fact a pilot form used in a comparative trial. MAFF are currently revising their appraisal, monitoring and evaluation systems as part of the review described at paragraph 23 and this is expected to lead to improvements in the effectiveness of commissioned research.

CONCLUSIONS

36. Departments will continue to support R&D because it is essential to the formulation, appraisal and evaluation of policies and to the practical application of those policies to the agriculture, horticulture, fisheries, food and related industries and to consumers. Government will also support basic and strategic research which takes opportunities to the point where it is appropriate for industry to fund further development prior to exploitation. Changes introduced since the Committee's report, particularly in regard to the customer-contractor relationship should further increase the effectiveness of publicly funded agricultural and food R&D. However, the Government will continue to monitor the efficiency and effectiveness of publicly funded R&D with a view to obtaining continual improvements and better value for money.

ANNEX A

ADVISORY BOARD FOR THE RESEARCH COUNCILS (ABRC)

TERMS OF REFERENCE

1. To advise the Secretary of State on his responsibilities for civil science - with particular reference to the Research Council system and its articulation with higher education, and the proper balance between national and international scientific activity;

2. To advise the Secretary of State on the resource needs of the Research Councils, Royal Society and Fellowship of Engineering, and on the allocation of the Science Budget between these bodies;

3. To promote effective collaboration between the Research Councils and the harmonisation of their activities, and to advise the Secretary of State on any necessary transfers of responsibilities between Councils;

4. To work closely with the UFC and PCFC on issues concerning the support of research in higher education institutions, and the training and support of postgraduate students;

5. To promote effective collaboration between Government Departments and Research Councils in the development of both their forward strategies, and in arrangements for commissioned research;

6. To promote productive interaction between the Research Councils and the users of the research which they support.

monitoring. The Government is committed to research in this field and foresees a further increase in expenditure over the next few years. Funding bodies include MAFF, DoE, DAFS, DANI, the AFRC, NERC, the Economic and Social Research Council (ESRC), the National Rivers Authority and the Foundation for Water Research. There is regular liaison between these bodies and cross-representation on research committees. Specific actions have been taken to improve coordination including regular meetings between MAFF and DoE Chief Scientists. A register of Government-funded Agriculture/Environment R and D in the UK has been placed in the Library of the House. Joint and collaborative projects include: the Countryside Change Initiative funded by the ESRC at University College, London and the University of Newcastle; a £5.4m three-year research programme on agriculture and the environment, launched in 1989 and managed jointly by AFRC, NERC and ESRC; long-term monitoring activities by NERC, MAFF, DAFS, DANI and the AFRC; collaborative research on problems of animal and sewage waste disposal; and studies of nitrate leaching. Discussions are also taking place to devise a programme studying pesticide leaching to water. The Government will continue to ensure that agricultural and environmental research are appropriately integrated taking account of the Select Committee's views.

LONG TERM POLICY AND PRIORITIES

31. The Government welcomes the Committee's support for the Priorities Board (5.33). The Board's sponsors (MAFF, DAFS and the AFRC) have recently reviewed the role of the Board and its associated sectoral Research Consultative Committees, taking into account the views of the Select Committee.

32. The Government has made three important changes to the way in which the Board will work in future. First, it will

operate and make its reports to its sponsors on a much more closely defined timetable. Second, the Research Consultative Committees are being replaced by six Advisory Sectoral Groups (ASGs) representing the various sectors, including the environment. These ASGs will report to the Board each year and will provide a focus for discussion of the work Government and industry plan to support so that both sets of customers can prepare their programmes in the knowledge of each others' plans. Third, membership of the Board is being extended to cover the whole of the food chain. By this means the Board's ability to advise the Government on the whole spectrum of R&D should be maintained even though industry is now solely responsible for funding work close to the market. Discussions with industry about the detailed arrangements for the sectoral groups are now in train.

33. These changes should enable the Board to offer advice in the knowledge of the whole research continuum and should facilitate the coordination of both public and private sector research.

SET ASIDE

34. The Committee considered (5.34) further research was needed on the desirability or otherwise of removing land from agricultural production. The economic and other effects of policies which involve removing land from agricultural production are kept under review. DOE and others are studying the environmental aspects of set aside but the main thrust of research is directed towards determining the best way of maintaining land taken out of production. For example, ADAS now has in hand a series of five year experiments to evaluate different methods of establishing and maintaining rotational fallow. Complementary work is being funded by DAFS in Scotland.

Conclusion

I assume you will want to note the report and look forward to the further report from John Gummer on commissioning arrangements. But on the contentious issue of future levels of funding, would you prefer:

(i) to accept John MacGregor's proposed assurance? No

or

(ii) to say there should be no assurance and the issue of future funding should be considered in the normal way in the Survey? Yes MT

or

(iii) to adopt Carolyn Sinclair's formula of no open-ended commitment, but an indication that no further cuts are envisaged at this stage?

PLCG.

PAUL GRAY
4 August 1989
KAYAYS

Agriculture: Lord Rothschild & Agricultural R&D
6/83

CONFIDENTIAL

CE 10

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

15 February 1985

nbpm
DMB
15/2

Dear Nigel,

AGRICULTURAL R&D: LORD SELBORNE'S MEMORANDUM

Keith Joseph copied to me his letter to you of 17 January enclosing the Memorandum from the chairman of the AFRC about the effects of the projected reductions in MAFF expenditure with his Council.

I do not have a direct interest in AFRC, with which my Department commissions only a small amount of work. However the House of Lords Select Committee on Science and Technology recently reported on Agriculture and Environmental Research and urged my Department to work more closely with MAFF and to strengthen it contacts with AFRC. I am also concerned with the overall strength of environmental research in the country, and the effects on the Government's reputation if, for relatively modest financial economies, we appear to be undermining the scientific base for our policies. We take considerable pride internationally in stressing (for example in connection with acid rain) that we require a sound research foundation for the things that we do, and these protestations may ring hollow if we appear to be diminishing our capacity for that research support at the same time. It is easy too, to imagine the furore that the kinds of cuts detailed in Lord Selborne's memorandum would provoke in the scientific and academic communities, who are already agitated over the effects of constraints on University and Research Council funding.

Keith Joseph asks for a meeting to consider the implications of this matter. I assume that he wants to discuss the wisdom, from the Government's standpoint, of the constraints that are being placed on the funding of Civil Science generally, whether through the Science Vote or Departmental R&D commissions. The specific problems of the AFRC could then be considered in that context. I would certainly like to take part or be represented in any meeting because of the close relationship between environmental policies and their research base.

I am copying this letter to the Prime Minister, Willie Whitelaw, Keith Joseph, Peter Rees, Michael Jopling, Douglas Hurd, other members of MISC 106, Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Nigel Lawson MP

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13. Treasury officials have also begun discussions with the AFRC about the scope for savings on non-staff recurrent costs and central overheads, closure of premises, sale of assets, etc. However, they have concluded both on these issues and on industry funding that at this stage there are no grounds for reducing the AFRC's (and DAFS's) estimates of redundancy and related costs, but that they should be regarded as provisional and reviewed in the summer once MAFF and DAFS have decided how to apportion its cuts and has formed a view on how much industry funding is likely to be forthcoming in 1986/87 and 1987/88 at the same time.

14. There is no provision within the AFRC or DAFS budgets or the Science Budget for these redundancy payments. Were they required to absorb them this would require cuts in other R and D of the kind Lord Selborne outlined in his memorandum, making it clear that he would find them unacceptable.

Options

15. On the foregoing assumptions the distribution of the total redundancy and related costs of £14.1M for AFRC between years is estimated to be:

	£ million
1985/86	4.5
1986/87	6.0
1987/88	3.6
	14.1

For Scotland DAFS preliminary estimate is that the total redundancy costs (arising from advisory as well as R and D work) could be in excess of £5M. The profile of such costs is not yet established but it is hoped that by relying initially on natural wastage to defer expenditure on redundancies until 1986/87.

16. The Secretary of State has said that he does not intend to find the costs from the Science Budget (letter to the Minister of Agriculture of 22.11.84) and that to do so would countermand

the decisions which he reached with the Chancellor on the Science Budget. The Secretary of State for Scotland has expressed similar views. The Minister of Agriculture has drawn attention to the terms on which he accepted the cut in expenditure on R and D, namely that the redundancy costs arise in the AFRC should not fall on his budget (his letter of 28 November and Chief Secretary's letter of 3 January). The Treasury's view is that the size of the problem of financing redundancies in the AFRC and Scottish Institutes and Colleges cannot be established until the precise cuts in commissioned R and D are known and the scope for industry funding and any savings has been examined further. However it is recognised that the AFRC and DAFS need to know soon how redundancy costs arising in 1985/86 are to be financed. The Treasury suggests that Ministers should aim to settle this matter in principle now and to invite the relevant bodies to complete as soon as practicable the work which will permit the cost in 1985/86 and subsequent years to be quantified with more certainty.

17. As regards 1985/86, DES point out that the allocation of funds within the Science Budget for this year has been adjusted already, the second allocation being forced by the row about parental contributions to student grants. It would be politically impossible for the Secretary of State to re-open this question a third time. The other options for financing the redundancies are savings elsewhere in public expenditure or a claim on the contingency reserve.

18. As regards 1986/87 and 1987/88, the position is that if the costs cannot be absorbed within their Science Budget, their fifnancing will have to be considered in the 1985 Survey.

023/112

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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Sir Keith Joseph Bt MP
Secretary of State
Department of Education and Science
Elizabeth House
York Road
London
SE1 7PH

24 January 1985

Dear Keith

AGRICULTURAL R AND D

Nigel Lawson has asked me to thank you for your letter of 17 January and for the copy of Lord Selborne's memorandum.

I agree that there are important issues to be resolved here, but before we meet, I think it would be useful if officials first got together to sort out the facts. We need to be clear, for example, exactly how much AFRC stand to lose by way of commissioned income, what the chances are of industry making up at least some of the difference and how AFRC have constructed their cost estimates. I understand that my officials have already convened an interdepartmental meeting and, if you agree, I will ask them to report back to us by the middle of next month.

Copies of this letter go to the Prime Minister, Willie Whitelaw, Michael Jopling, George Younger, Douglas Hurd, other members of MISC 106, Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever

PETER REES

R&D : AGRICULTURE June 83

AGRICULTURE: R&D: June 1983.

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CC 10

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister
CONFIDENTIAL

wh pm
Dub
24/1

The Rt Hon Nigel Lawson MP
The Chancellor of the Exchequer
Treasury
Parliament Street
London
SW1

24 January 1985

Dear Nigel

AGRICULTURAL R & D: LORD SELBORNE'S MEMORANDUM

file with DB

I have seen Keith Joseph's letter of 17 January on this subject. I can well understand the reaction of Lord Selborne, the Chairman of the AFRC. The cuts we agreed in the PES are painful and we can expect difficulty with the industries concerned. However, the basis for our agreement in MISC 106 was clearly set out in Willie Whitelaw's letter to Keith Joseph of 5 November and the subsequent letters of Peter Rees and myself. As I see it the outstanding problem concerns the treatment of redundancy costs at the AFRC. I do of course have an interest and would be ready to attend the meeting Keith has suggested.

In his letter Keith refers to the consultations which are taking place with the Priorities Board. I have already given the Board details of the agreed PES reductions and would expect to have their views on the broad allocation of the available funds towards the end of February. I shall also be seeking the Board's advice on the question of industry funding and a paper on this subject will be going to the Board shortly. I understand that Sir Kenneth Durham's comments were made in the context of a discussion of food R & D, and related particularly to major food companies. It remains to be seen what view the Board will take when it considers possible funding arrangements in agriculture but I would agree with the general thought that the amount likely to be available from within the industry will be fairly modest.

I am copying this letter to the Prime Minister, Willie Whitelaw, Keith Joseph, Peter Rees, George Younger, Douglas Hurd, other members of MISC 106, Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever
Michael

MICHAEL JOPLING

10. To realise the proposed £5M MAFF cut in 1986/87, AFRC have stated that they must cut 450 of the posts by April 1986 or very soon after and that these decisions cannot be long delayed because they claim that the identification of the posts to be lost and the redundancy procedures take 4-5 months, and 6 months' notice of redundancy is then needed. However, until MAFF has decided finally which research projects to cut, which could take until the middle of 1985, AFRC cannot identify the posts to be cut and launch the redundancy procedures.

11. In Scotland DAFS calculate that to accommodate the reductions of £1.8M and £3.65M in 1986/87 and 1987/88 respectively shown in table 1 and the cut of £3.4M for College Advisory Services in 1987/88 redundancies spread over these two years of the order of 300 to 400 may be anticipated. Pending the advice of the Priorities Board and further discussions with the Institutes and Colleges it is impossible to be precise as to the number or phasing of redundancies, but at least 300 redundancies in the period seems likely. If the redundancies were pro rata to the cuts in R and D and advisory work (but this is only a hypothesis) around 200 of them might be attributed to cuts in expenditure on R and D. The remainder will also fall on the colleges and the question of funding these raises the same point of principle.

12. Officials have considered the scope for raising additional funds from industry. MAFF are already studying this option and are seeking the views of the Priorities Board. They do not expect to reach early or firm conclusions and believe that any build up of indstry funding will be gradual. Higher charges for research by the AFRC were considered, but it was argued that this could well lead to a reduction in the volume of research contracts. In any case government accounting rules would not permit the AFRC by this means to build up a reserve over time to deal with contingencies such as redundancies.

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MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

The Rt Hon Peter Rees MP
Treasury Chambers
Parliament Street
London SW1P 3AG

25 March 1985

Dear Peter

EARLY RETIREMENT

We are to meet shortly to discuss the paper attached to your letter of 14 March on the possible consequences for the AFRC of the planned cuts in expenditure on R & D.

In the meantime I understand that your officials have circulated a paper introducing new arrangements under which departments would become responsible for premature retirement costs arising, inter alia, on structural grounds, which have hitherto been carried on the Civil Superannuation vote. I also understand that the PES transfer to the Agriculture Departments to accompany this change takes no account of the consequences of last year's PES decisions on the provision for Agricultural Advisory Services.

I must stress that my letter of 28 November 1984, which is referred to in paragraph 16 of the paper which we are due to consider, was based on the understanding that redundancy costs arising in the AFRC and in my department would not fall on my budget. If, as a result of a general change in the system, redundancy costs arising within my department are to fall on my budget, I must look to you to agree to an equivalent increase in my provision, otherwise the 1984 PES decisions themselves would come into question.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, George Younger, Douglas Hurd, other members of MISC 106, Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever
Michael

MICHAEL JOPLING

Agriculture June '83
R+D

CONFIDENTIAL

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

NB pm – let us await the outcome of the meeting
MCA 26/3

The Rt Hon Peter Rees
Chief Secretary
Treasury
Parliament Street
London SW1

26 March 1985

Dear Peter.

AGRICULTURE R AND D

Thank you for your letter of 14 March on this subject, and the paper you enclosed. I welcome the prospect of an early meeting. We owe it to Lord Selborne that he should receive a reasoned and substantial reply to his memorandum.

I agree that the main topic for the meeting should be the proposed cuts in agriculture R and D rather than the funding of civil science generally; but we are bound to touch on wider questions, such as implications for the science base of our environmental policies, about which Patrick Jenkin expressed understandable concern.

Your paper is in error in claiming that it has been agreed by officials. It has not. My officials and those of AFRC were consulted in its preparation, and some of their amendments have been included. But the whole tenor of the last section on options reflects, so far as I know, Treasury thinking exclusively. Attempts by my officials to set out the arguments in a balanced way were ignored by the Treasury.

This section is wrong to imply that the cuts have been confirmed, and that the issue is how to fund the costs. This is not the position, as is abundantly clear from the history of this matter from the MISC 106 report onwards. As Willie Whitelaw recorded in his letter to me on 5 November that report qualified the figures for overall reductions (£10M in 1986/7 and £40M in 1987/8) with the words

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"The figures for expenditure on agricultural research and development and the Agricultural Development and Advisory Service are provisional. They will be reviewed in the light of developments, and in particular of the Government's decisions on the recommendations of the Bell Report, and of the scope for possible change in the arrangements for financing agricultural research."

His letter added "The considerations referred to in your minute [of 1 November, viz AFRC redundancies] would clearly be among those to be assessed before final figures were agreed."

Furthermore paragraph 18 of the paper implies that it is agreed that the problem of redundancy costs in 1986-87 and 1987-88 is appropriate for consideration in the 1985 PES round. This is quite wrong. These redundancy costs are a necessary consequence of the 1984 PES bilaterals between the Treasury and MAFF which the Treasury failed to ensure were covered. I called the problem to your attention last August. It is now up to you to propose a solution.

There ought to be no question of absorbing these redundancy costs within the Science Budget. For Treasury Ministers to suggest this would make a nonsense of the Chancellor's decision last December to assist me to allocate an extra £33m to the Science Vote in order to check the erosion of the quality of the science base. The true options to be considered at your meeting, so far as 1986-87 and 1987-88 are concerned, are, therefore, not those in paragraph 18 of the paper, but the following:-

(i) to confine the cut in MAFF contracts to those that can be financed from the £4.5M which I understand you are ready to provide for redundancy in 1985-86;

(ii) to add the costs of redundancy in 1986-87 and 1987-88 to the PES baseline for the Science Vote.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, Michael Jopling, George Younger, Douglas Hurd, Patrick Jenkin, other members of MISC 106, Sir Robert Armstrong and Sir Robin Nicholson.

Yours,

Keith.

		£m	
		1986-87	1987-88
Planned reductions		10	20
Of which			
DAFS		1.80	3.65
MAFF		8.20	16.35
Suggested allocation of MAFF cuts			
Fisheries		0.50	1.00
Food:	In-house	0.20	0.65
	Commissioned	0.80	1.35
Agriculture:	In-house	2.50	5.00
	Commissioned	4.20	8.35
		8.20	16.35

4. MAFF's in-house research is carried out by the Agricultural Development and Advisory Service (ADAS) which is already facing a separate planned reduction of £16.6M in its expenditure on advisory work in 1987/88. Commissioned research is placed mainly with the Agricultural and Food Research Council. Unlike MAFF virtually all of the DAFS expenditure is on commissioned research placed with the 7 Scottish Agricultural Research Institutes and at the 3 Scottish Agricultural Colleges. The Colleges also provide an advisory service in Scotland which in England and Wales is provided on an "in-house" basis by ADAS. These services are due to be cut by £3.4M in 1987/88.

5. MAFF and DAFS consider that the allocation of these cuts between types of research and ADAS and AFRC is their responsibility in accordance with the customer/contractor principle. They are seeking the views of the Priorities Board for R and D on Agriculture and Food and their Ministers would normally be guided by its advice. MAFF have told the Board that they wish to put more emphasis on the applied end of the R and D spectrum. This has implications for the split between in-house and commissioned R and D because in-house R and D is primarily applied whereas research commissioned from the AFRC is more often strategic.

6. It may be relevant to MAFF's desired emphasis on applied R and D that DTI, in the current review of their support for innovation, are moving to the view that the balance of their research should be shifted away from assistance for specific projects to non-project assistance where the benefits are more likely to be diffused throughout industry as a whole, i.e. "externality" is involved. The same argument can be claimed to apply to R and D - the nearer to basic research the greater the uncertainties as to particular economic returns, but the wider the spread of benefits if the research is successful. These arguments have been put by the Chief Scientific Adviser, Cabinet Office, in respect of MAFF help for R and D.

7. It follows that there is scope for discussion about the precise distribution of the planned expenditure reductions, taking account of the structure of the agricultural industry. A factor in this is the extent to which a Government Department, in operating the customer/contractor principle should take account of the consequence of change for other Departments' programmes.

Implications for AFRC and Scottish research institutes and Colleges.

8. On the basis of the figures in table 1 AFRC faces cuts in commissioned research of £5.0M in 1986/87 and £10M in 1987/88. In addition MAFF plan to cut their support for AFRC by a further £0.5M in 1986/87 and £1 in 1987/88 to expand their open contracting fund.

9. AFRC have pointed out that the precise number of job losses can only be defined when the specific MAFF programme changes are known in detail. Meanwhile, AFRC has calculated provisionally that it would need to cut 900 posts (300 by natural wastage) at a total cost of £14.1M. These cuts would be on top of an already planned reduction of 500 posts in the current year and 350 posts in 1985/86 and closure of some establishments.

026/1282

cc NO

NPBM
discussed with RN
Mon 18/3

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Sir Keith Joseph BT MP
Secretary of State
Department of Education and Science
Elizabeth House
York Road
London
SE1 7PH

14 March 1985

Dear Secretary of State

AGRICULTURE R & D

You wrote to Nigel Lawson on 17 January about the possible consequences for the AFRC of the planned cuts in expenditure on R & D by MAFF and DAFS and enclosed a copy of Lord Selbourne's memorandum.

As foreshadowed in my reply of 24 January, my officials, in consultation with your department, AFRC, MAFF and DAFS, ... have now prepared the attached paper setting out the facts and analysis which are available at this stage. I propose that we should now meet to discuss the problem for the AFRC and Scottish agricultural research institutes and colleges raised in your and George Younger's letters.

I note that Patrick Jenkin has suggested that the purpose of the meeting might be to look at the constraints on funding of Civil Science generally, but I do not think that this is the purpose of the present exercise or that it would be appropriate for the meeting I plan to hold.

My office will be in touch with yours and the other private offices concerned to arrange an early meeting.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, Michael Jopling, George Younger, Douglas Hurd, other members of MISC 106, Sir Robert Armstrong and Sir Robin Nicholson.

Yours sincerely

for PETER REES

ENC 1

AGRICULTURE AND FOOD R AND D

1. It was agreed in last year's survey that there should be expenditure reductions of £10M below baseline in 1986/87 and £40M in 1987/88 in respect of the combined provision for agricultural R and D and the Agricultural Development and Advisory Service (ADAS). In recognition of this the last Public Expenditure White Paper Cmnd 9428 said:

> "Some reductions in expenditure in 1986/87 and 1987/88 are foreseen both in commissioned research and in research carried out within the Agriculture Departments... But the expenditure figures included in this White Paper are provisional and will be influenced by the scope for the agricultural and food industries to make a greater financial contribution towards research undertaken by the Government."

2. MAFF's more detailed, unpublished, proposals for distributing these cuts include reductions in their commissions with the Agricultural and Food Research Council (AFRC). These reductions would give rise to substantial redundancy costs for which there is at present no PES provision. The Secretary of State for Education and Science wrote to the Chancellor on 17 January with a memorandum from Lord Selborne, the Chairman of the Council, on the possible effects of the reductions on the Council's work and proposed a meeting of Ministers to consider the full implications of the matter. The Chief Secretary suggested (letter to Sir Keith Joseph on 24 January) that officials should first get together to sort out the facts. Accordingly officials of the Departments concerned and the AFRC, under Treasury chairmanship, have examined the matter and prepared this agreed paper as a basis for Ministerial discussions.

Planned cuts in R and D spending

3. The provisional distribution of these cuts, suggested to the Priorities Board, is as follows:

CONFIDENTIAL

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury
Parliament Street
LONDON
SW1

Dub
24/1

24 January 1985

Dear Nigel,

AGRICULTURAL R & D: LORD SELBORNE'S MEMORANDUM

Keith Joseph copied to me his letter to you of 17 January enclosing a Memorandum from Lord Selborne, Chairman of the AFRC, about the effect on the Council's scientific programme if the costs of redundancies arising from the reduction of commissioned work from MAFF have to be borne on the regular AFRC budget.

I have the same problem as Keith and very much share his concern. I am responsible for the direct funding (on the AFF Vote) of seven Agricultural Research Institutes and three Agricultural Colleges in Scotland. The institutes combine with those of the AFRC to form the Agricultural and Food Research Service of Great Britain and the staff are all employed on common conditions of pay and employment. The colleges are responsible (in addition to their educational function) for R & D work and the provision of advisory services broadly equivalent to those provided by the Agricultural Development and Advisory Service (ADAS) of MAFF.

As part of the decisions under the 1984 PES the funding of the Scottish institutes and colleges is to be reduced by over £7m by 1987/88. While some of this short-fall may be offset by charging for advice and by external funding of applied R & D (though I am interested to note Sir Kenneth Durham's view that funding from private companies is unlikely to be significant), it is inevitable that we will be faced with many redundancies. It is difficult to quantify these at this stage but they are likely to run into hundreds.

I share Keith's and Lord Selborne's view of the dramatic effect it would have on our scientific programme if the additional costs of redundancies had to be found from within our existing planned financial provisions, I therefore fully support Keith's request that the whole matter be looked at urgently and I would wish to be involved in any Ministerial meeting that might be arranged.

I am copying this letter to the Prime Minister, Willie Whitelaw, Keith Joseph, Peter Rees, Michael Jopling, Douglas Hurd, other members of MISC 106, Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever,

George

AGRICULTURE : Rothschild : June 83

W.0278 10 April 1984

MR ROBIN BUTLER

AGRICULTURAL AND FOOD R AND D: PRIORITIES BOARD

I have seen a copy of the Secretary of State for Education and Science's minute to the Prime Minister dated 10 April on the problem of fitting all interested parties into a Priorities Board limited to seven people. I cannot comment on the Departmental and user interests involved but I would strongly support the case for retaining an independent scientist on the Board.

With PM?

2. As I have indicated earlier in this correspondence, there is nothing self-contained about agricultural and food R & D. It is merely the application of biology, physics, chemistry and mathematics to a collection of technical problems all of which happen to be associated with the production of food. Agricultural and food R&D gains greatly from interaction with applied R&D in other areas and from using a variety of new ideas in science. That being so it is important that the Priorities Board has a window on the wider world of science and technology to prevent it becoming inward-looking and complacent about progress in its field. This is the role of the independent scientists and I believe it is a vital one.

RBN

ROBIN B NICHOLSON
Chief Scientific Adviser

cc: Sir Robert Armstrong

DISS33

Prime Minister

On the face of it, a Chairman plus someone from each of the three Departments, a farmer, a food manufacturer and a scientist would seem comprehensive and well-balanced.

But since the Ministers concerned agree that there should be two farmers, are you prepared to agree to a board of 8?

Yes mt

1

PRIME MINISTER

AGRICULTURAL AND FOOD R AND D : PRIORITIES BOARD

George Younger, Michael Jopling and I have reached something of an impasse on membership of the Board; we should be grateful for your advice on a way through.

FERD 10.4.

2. Mr Butler's letter of 20 February to Mr Llewelyn at MAFF recorded your decision that the size of the Board should be limited to 1 Chairman (Ken Durham) and 6 members. The problem is to accommodate all the relevant interests within a membership of six - apart from the Chairman who must be seen to be independent of those interests. Ministers need to be sure that the Board will secure the confidence of the sectors whose collaboration is essential to the long term health and success of the agricultural and food sector.

3. We are convinced that 3 places should rightly be allocated to the Sponsors - MAFF, DAFS and AFRC - because they are responsible for spending the money on which the new Board will be advising. That leaves 3 places in which to accommodate the interest of the farmers, the food industry, and the scientific community. We are agreed that Michael Jopling is right in insisting on 2 farmers as a minimum to reflect both arable and livestock interests and to retain the confidence of the farming community. (The present JCO Board has 5 farmers including the Chairman.) Patently the food industry must have a place; and we are also agreed that there should be an independent scientist to express an independent view in the event of conflicts of opinion, as well as assisting in the Board's external relationships - notably with the ABRC and more widely as with the Royal Society.

4. In discussion George, Michael and I have canvassed all the imaginable possibilities for combining these interests within 3 places, without success. We would conclude that, if we are not to drop one of the farmers or the independent scientist, then the total size of the Board would have to be increased to 8.

5. The disadvantages of dropping a farmer or the independent scientist, at the outset of the Board's work, seem to us such as potentially to call the Board's success in question. Bearing in mind that you have required that the Board should be reviewed in two years' time, I wonder if you would be willing in the interests of making progress now to accept a Board of 1 Chairman and 7 members?

6. I am copying this minute to George Younger, Michael Jopling, Sir Robert Armstrong and Dr Nicholson.

KJ

10 April 1984

AGRICULTURE: Rothschild, R+D

June 83

O.C.

file: agricultural R&D

LORD ROTHSCHILD

Telephone: 01-280 5000

Telex: 888031

N.M. Rothschild & Sons Ltd.
New Court
St. Swithin's Lane
London EC4P 4DU

15th February 1984

I have spoken to Lord Rothschild and have told him that the answer with be contained in reply to the Select Committee which I cannot anticipate. RCB 15.2.

~~Dear Victor,~~

As you know I have been abroad for a long time and do not know what, if anything, has happened since the two meetings I attended with the Prime Minister.

Has some Board been created or has nothing so far happened? Or is something intended fairly soon?

Perhaps you would drop me a line letting me know whether I am to treat your letter* as confidential to me or not.

Yours
Victor

* assumed answer

Agriculture : Lord Rothschild KJD 6/83

NBPM
AT 21/3

W.0253 20 March 1984

MR ANDREW TURNBULL, NO 10

COMMISSIONED RESEARCH - ADMINISTRATIVE AND ACCOUNTING DUPLICATIONS

Mr Jopling's minute to the Prime Minister of 30 January, on the organisation of agricultural and food R&D, referred to "the review that Robin Nicholson is to conduct on the present requirements of financial accountability in public sector R&D". I minuted the Prime Minister on 3 February to clarify this statement and point out that I awaited Departments' views on the need for such a review.

2. I have now received Departments' replies. Their answers to my questions make it clear that Departments do not believe that there is a case for me to take up this subject with Treasury. Responses from different Departments have been:

(i) that there is no duplication of accounting officer responsibilities:

(ii) that existing arrangements reflect Ministerial policy and that reversal would run counter to the Financial Management Initiative;

(iii) that there is no substance to the claim that the bureaucracy is unreasonably slow, expensive or debilitating;

(iv) that research programmes are now managed at programme rather than project level, as Sir Ronald recommended.

3. This minute is therefore to inform you that, on the basis of the evidence Departments have provided, there does not appear to be a case for me to pursue the matter with Treasury. It is still possible that DES will challenge the views of Departments in which case the matter may have to be re-opened. But for the time the proposed review is dead.

I am copying this minute to the Private Secretaries of Ministers who received a copy of Mr Jopling's minute, and to Sir Robert Armstrong.

ROBIN B NICHOLSON
Chief Scientific Adviser

RBN

file VC

cc CO
Nicolson.
MAFF
SO.

10 DOWNING STREET

From the Principal Private Secretary

11 April 1984

Agricultural and Food R & D:
Priorities Board

The Prime Minister has seen your Secretary of State's minute of 10 April and in the circumstances is prepared to agree that the Priorities Board should consist of a Chairman and seven members.

I am copying this letter to the Private Secretaries of those who received copies of your Secretary of State's minute.

E. E. R. BUTLER

Miss C.E. Hodkinson,
Department of Education and Science.

6

CONFIDENTIAL

In the light of Lord Selborne's memorandum - with the possibility of major damage to the AFRC's whole programme - accompanied by sharp public protests in the Lords and some resignations - I must now insist on a meeting of Ministers to consider the full implications of this matter. When my proposals to switch funds from student support to the Science Vote ran into opposition in the House, you were good enough to express support for my wish to protect basic research and for that reason you agreed to share with me the cost of the withdrawal of the proposal to ask richer parents to contribute to fees. The effect of Michael Jopling's proposals could be to countermand the effect of the agreement we reached on 5 December. I cannot believe that colleagues seriously expect me to go back to the ABRC for the second time and ask them to reconsider the allocation of Science Vote money between the Councils in order to finance redundancies at AFRC. (In any case, the allocation for 1985-86 has already been announced.)

The matter is urgent. Lord Selborne has every right to expect an early reply to his memorandum.

I am copying this letter and enclosure to the Prime Minister, Willie Whitelaw, Peter Rees, Michael Jopling, George Younger, Douglas Hurd, other members of MISC 106, Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever,

Keith

RECEIVED - 9 JAN 1985

IN CONFIDENCE

8 January 1984

MEMORANDUM

TO: The Rt. Hon. Sir Keith Joseph, MP
Secretary of State for Education and Science

cc: The Rt. Hon. Michael Jopling, MP
Minister of Agriculture, Fisheries and Food

FROM: The Earl of Selborne,
Chairman, Agricultural and Food Research Council

1. I have been led to expect that MAFF will make reductions of £5M in 1986/87 and £10M in 1987/88 in its expenditure on research with my Council as a consequence of public expenditure decisions. In addition, MAFF will remove a further £0.5M in 1986/87 and £1M in 1987/88 for its scheme of short-term competitive funding of research, bringing the overall reduction in firm AFRC funding in 1987/88 to about £11M. MAFF would then spend approximately £47.9M with AFRC in 1986/87 instead of the expected £53.4M, and £43.7M in 1987/88 instead of £54.7M.

2. You will know that AFRC is already engaged in a major programme of restructuring to increase flexibility, to tackle new scientific objectives (e.g. in agricultural biotechnology, food research and environmental science), and to adjust to the lowered expectations from the Science Budget. Our resources are already fully stretched in reducing staff numbers (over 500 posts will have gone in 1984/85 and a further 350 must go in 1985/86) and consolidating on fewer sites. I was most grateful to you for your valiant efforts to secure an increase in the Science Budget, £4.8M of which is, I understand, to be used for restructuring in AFRC in 1985/86.

3. In order to reduce AFRC's expenditure to the extent made necessary by the prospective MAFF cuts an additional 900 posts must be lost (more than 600 by compulsory redundancy) and research establishments must be closed. The costs of doing this will be approximately £14M in redundancy and related payments and in the costs of transferring workers to sites where research will continue. Most of this will fall in 1986/87 but up to a third could fall in 1985/86 in order to obtain the necessary reduction in staff numbers in time to achieve the required savings in full. (See paragraph 5 below).

4. Because AFRC is already so committed to expenditure on reorganisation there are no resources that can be deployed to meet the costs of the cuts imposed on us by MAFF unless extremely drastic action is taken. As the Council will still need to earn its commission income from MAFF this will mostly affect DES-funded work. If we must

AGRICULTURE: R&D in Agriculture

June 1983.

CONFIDENTIAL

Prime Minister (2)

To be aware - no need to intervene, at least yet.

BF // Await Chancellor's reply

DMB 22/1

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

DMB 21/1

The Rt Hon Nigel Lawson
The Chancellor of the Exchequer
Treasury
Parliament Street
London SW1

17 January 1985

Dear Nigel.

AGRICULTURAL R AND D: LORD SELBORNE'S MEMORANDUM

Lord Selborne has sent me the enclosed memorandum on the implications for the Agricultural and Food Research Council (AFRC) of Michael Jopling's proposal to reduce MAFF's commissioned work with the Council as part of his plans to reduce expenditure on agricultural R and D and ADAS in accordance with the provisional decisions of MISC 106. I understand that the proposals were considered by the Priorities Board on 11 January and that very sharp protests were voiced at the suggestion that the redundancy costs might have to be financed out of the regular AFRC budget. I am also informed that the Priorities Board were consulted about the scope for replacing MAFF funding by contributions from industry and that Sir Kenneth Durham of Unilever expressed the view that it was extremely unlikely that private sector funding could be found to substitute for any significant part of the MAFF contracts with AFRC. If private firms, like his own, decided to increase their expenditure on R and D, they would have a strong preference for doing it in-house.

You will recall that as long ago as 3 August I warned Peter Rees of the adverse and unintended effects on my Science Budget and hence on basic research that might follow reductions in the Agricultural Departments' commissions with the AFRC. My requests for a meeting were ignored; but in the subsequent correspondence Peter Rees, Michael Jopling and Willie Whitelaw assured me that the MISC 106 figures were provisional and subject to review; that the totals might need to be revised in the light of the implications of making such cuts; and that the implications would be thoroughly considered before any final decisions were taken.

NBPM

RT 2/1

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215
GTN 2151 5147
(Switchboard) 215 7877

From the Minister of State
for Industry and Information Technology

GEOFFREY PATTIE MP

Rt Hon Michael Jopling MP
Minister of Agriculture,
Fisheries and Food
Ministry of Agriculture,
Fisheries and Food
Whitehall Place
LONDON SW1A 2HH

31 December 1984

Dear Michael

will request if needed.

Thank you for your letter of 17 December about the Department's review of policy in support of industrial research and development.

I note your remarks about the need of the food and drink sector to apply new technology and the results of research and development. Your Ministry has also submitted a paper setting out the case for continued support in this direction and this will be taken into account in our deliberations.

In the meantime I confirm that it is our intention that other Departments should have the opportunity to consider and react to the outcome of our review before policy is finalised.

I am copying this letter to the Prime Minister, Willie Whitelaw, Keith Joseph, Michael Heseltine, Patrick Jenkin, John Biffen, Norman Fowler, Peter Rees, David Young, Allan Stewart, Rhodes Boyson, John Stradling Thomas and Sir Robert Armstrong.

Yours ever

Geoffrey

GEOFFREY PATTIE

DE4/DE4AAJ

999.5

NDPM AT 17/12

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

Geoffrey Pattie Esq MP
Department of Trade and Industry
1-19 Victoria Street
London SW1H OET

17 December 1984

Dear Geoffrey

will request if required

Thank you for sending me a copy of your letter of 6 December to Allan Stewart about your review of policy in support of industrial research and development.

I am a little disappointed that our own Chief Food Scientist was not invited to assist in this review. While I appreciate the substantial help which your department provides in support for industrial R & D in the food industry as elsewhere, I do not think the food industry's share of aid has been commensurate to the needs which both ACARD and the Government have identified for increasing the uptake of new technology and accelerating the application of R & D in the food and drink sector.

I note, however, that you intend to circulate the main points from the review more widely for comment before announcing any policy changes. I certainly hope that both I and my officials will have an opportunity to contribute constructively in the debate on its conclusions and while policy is still at a formative stage.

I am copying this letter to the Prime Minister, Willie Whitelaw, Keith Joseph, Michael Heseltine, Patrick Jenkin, John Biffen, Norman Fowler, Peter Rees, David Young, Allan Stewart, Rhodes Boyson, John Stradling Thomas and Sir Robert Armstrong.

Yours

Michael

MICHAEL JOPLING

meet costs of £14M overall from within the Council's present budget expectations, it will be necessary to consider taking all the following steps:

(i) immediately stop approving alpha-rated university research grant applications for two years, thus making no new grants for the academic years beginning in September 1985 and September 1986;

(ii) make no provision whatsoever in 1985/87 for the purchase or replacement of scientific equipment and restrict other capital expenditure to unavoidable commitments including the restructuring already in hand;

(iii) effectively close 3 institutes for the whole of 1986/87 to save on running costs. About 1,000 staff would be laid off on full pay, probably from the Institute of Animal Physiology, Cambridge, the John Innes Institute, Norwich, and Rothamsted Experimental Station, Harpenden, where the majority of the staff are financed from the Science Budget.

(iv) abandon the planned increases in DES-funded food research;

(v) approve no allocation of resources to new scientific initiatives in our institutes.

From University grants, about £1.5M in 1985/86 and £3.5M in each of the following two years might be released towards redundancy expenditure; from scientific equipment £3M; from institute closures £2M; from food research £1M in 1986/87 and £1.5M in 1987/88; and from new scientific initiatives £900K in 1986/87. This would produce a theoretical £16.9M but in practice the yields would probably be less and the incidence not match the needs of restructuring and redundancy expenditure.

5. If AFRC must reduce its spend by £5M by 1986/87 it will be necessary to discharge about 450 staff during 1985/86 so that they are off the payroll by April 1986. This would require about £4.5M to meet the costs of redundancy in 1985/86, and decisions on the specific programme to be discontinued must be known by March 1985 to allow for the identification of the surplus posts and for the redundancy process. The latter has to include the contractual period of notice of compulsory redundancy of 6 months.

6. I cannot believe that it is the Government's intention that my Council should be driven to such straits. It may not have been appreciated that to reduce expenditure on the scale and at the speed required carries costs which must be met separately from other expenditure. They could not be found from the AFRC's present Science Budget allocation without irreparable damage being done to that important sector of the national scientific capability for which my Council is responsible. Additional

funding is essential. If this cannot be found and the work of the AFRC is to be gravely disrupted and much of its future jeopardised as I have described, I must warn you that I will be obliged to disassociate myself publicly from such actions and that other Members of Council may well also wish to consider their positions.

7. I therefore urge you and your colleagues to make a speedy decision to correct the situation that threatens most serious damage to an activity that sustains an important part of the economic life of the nation.

Selborne

SELBORNE

19. There are understandable fears in the industry and the scientific community that the Government may move the goal posts and withdraw from areas other than near-market research. We cannot give assurances for ever, but we need time in which to build on the progress already made. Between 1984/85 and 1991/92 the farming industry will almost have quadrupled its expenditure on R & D. If we now go back and ask for funding of far as well as near market work we are bound to get a very adverse reaction. What is needed now is a clear understanding of what Government will fund, and a period of stability.

SCOTLAND

20. The position described above in relation to England and Wales also applies in Scotland, although there are necessarily some differences. A major enquiry into the future of the Scottish Agricultural Colleges (which carry out R & D and technology transfer services) is nearing completion, with a final report expected in the autumn. Early indications are that it will recommend a single organisation in place of the present federal structure leading to a significant reorganisation of services and facilities. Both the Scottish Agricultural Research Institutes and the Scottish Agricultural Colleges have increased substantially their collaborative and contractual arrangements, earning sufficient private funding over the last two years largely to offset the public expenditure reductions. It is doubtful whether this achievement can be sustained over the rest of the PES period and Malcolm Rifkind agrees that a period of consolidation and stability is now essential.

CONCLUSION

21. We have convinced industry that they must take over the funding of near-market research if it is to be done at all and they are responding. We are delivering the £30 million cut in

funding agreed last year, with a loss of 540 posts in MAFF alone. We have made major changes to our internal procedures for commissioning, assessing and evaluating research. We are changing the arrangements for advice on priorities. We are re-shaping our programmes against a revised rationale. We have weathered a period of heavy criticism from the industry, scientists and the press. We now need to say where we are going in the light of the industry's response. In doing so we must acknowledge the need for R & D to help deal with new or growing problems such as salmonella, nitrates and BSE.

22. I recommend the Committee to

(a) note the outcome of the consultations with industry;

(b) endorse the major changes to our programmes, procedures and rationale following the overhaul we have conducted.

(c) agree on the need to give industry a clear statement of where Government expects to fund research and an assurance of a period of stability on Government policy in this area.

JOHN MACGREGOR
Ministry of Agriculture,
Fisheries and Food
20 July 1989

l/estmemo.rev

PES IMPLICATIONS

14. In the 1988 PES we agreed to reduce the agricultural departments' PES provision by £24 million in 1991-92, equivalent to £30 million at full economic cost. In the light of industry's response on funding we have to close a number of Government research establishments. I have already closed one horticultural station. I also announced in March that a further four ADAS experimental centres would be closed in 1989-90. Local industry interests have mounted rescue bids aimed at keeping two of the centres open - Rosewarne (in Cornwall) and Liscombe (in North Devon). Both the Duchy of Cornwall and Cornwall County Council have expressed an interest in purchasing Rosewarne, so enabling some industry-funded research to continue. Negotiations are in train. So far about two thirds of Liscombe's running costs have been pledged by 1400 local farmers and the likely response justifies at least a reprieve, which we announced earlier this month. This is encouraging, but there is little sign of a comparable response outside the South-West. The AFRC have announced closure of their horticultural research station at Littlehampton and the Institute of Food Research at Bristol, but in these as in other cases unfavourable comment has not been accompanied by a willingness to provide replacement funding.

15. Further cuts will have to be made to meet the PES requirements. I expect to have to dispose of at least the Cattle Breeding Centre in Reading and to cut back facilities elsewhere as well, including our regional laboratories. I expect to have to withdraw my funding from two ADAS experimental centres in Wales (Trawsgoed and Pwllpeiran). This is clearly a problem for Peter Walker but there is a possibility of AFRC taking over the centres as part of the reorganisation of its grassland programmes. In fisheries, we have already announced a reduction of about one third in the facilities at the Torry Research Station in Scotland. The cuts which are likely to be necessary

in MAFF, on the latest prospects for industry funding, are set out in Annex III. About 540 MAFF posts are likely to be lost altogether, of which about 320 are scientific. We are collaborating with AFRC who are also looking critically at their facilities and similarly expect to make further cuts. In practice it has proved very difficult to cut near market work alone and there will therefore be some impact on our strategic and policy programmes.

16. In the short term we are bound to face substantial costs for restructuring and redundancies. These are not easy to estimate, but I believe that of the order of £2.1m will be required for the period 1990/91-1991/92 for redundancy alone. I am pursuing this with the Chief Secretary in the PES.

17. Meanwhile we have changed the balance of our programme to reflect changing pressures and priorities. Brief details of our plans for 1991/92 are in Annex IV. There is much public concern about salmonella and food safety generally; there is the problem of bovine spongiform encepathology; and there is a need to strengthen further our programmes on the environment and biotechnology. We are having to find further resources for this work and I am in touch with the Chief Secretary about this also.

18. By the end of 1990-91 the cut in our PES baseline will have resulted in our complete withdrawal from funding near-market R & D. We have a coherent and logical rationale for public funding and will be able to present a convincing account of what we are doing and why. Apart from collaborative work - which we are seeking to encourage - it is clear that industry will not itself undertake work for public policy or non-near market strategic purposes where market mechanisms do not operate. Withdrawal from public funding of this strategic R & D would leave the results of basic research without any mechanism for securing the transfer through to near market research which we are asking the industry to fund.

CONFIDENTIAL

MAFF, DAFS, DANI

RATIONALE FOR FUNDING RESEARCH AND DEVELOPMENT

1. Departments support R & D because it plays an essential role in the formulation, appraisal and evaluation of most of their policies, and in the practical application of these policies to the agriculture, horticulture, fisheries and food industries. They also support the strategic research which is essential to underpin the commercial development of new technologies, processes and products where the nature of the market is such that industries do not fund the R & D themselves.

2. Departments draw on the latest state of scientific, economic and technical knowledge to commission R & D in order to give Ministers the full range of options and implications for achieving their policy objectives. Departments support strategic research which takes scientific opportunities to the point where it is appropriate for industry to fund further development prior to exploitation. Research is also needed to enable industries to adjust quickly to changes required in the public interest. Except where R & D is needed for Ministers to fulfil their statutory responsibilities, research is commissioned at public expense only where there is no market or where defects in the market mechanism are sufficiently serious to prevent funding by private industry or other sections of the community which would benefit from it.

3. DAFS and DANI have additional responsibility for basic science, and for agricultural education, at institutes and colleges that are predominantly centrally funded. In England and Wales the Department of Education and Science funds the relevant

basic science through Higher Education Institutions and the Research Councils.

4. The requirements for policy-related R & D are specified by those responsible for the Departments' policies in the light of scientific and economic advice. In accordance with the customer/contractor principle, which Departments affirm as being central to Ministers' needs, those requirements will be met by commissioning research with the most suitable contractor, by participating in international initiatives, or by obtaining research results from elsewhere, whichever is the most appropriate.

5. R & D will be funded in support of the Government's policies in the following areas;

(i) <u>the interaction between agriculture, horticulture, fisheries and food industries and the environment</u>;

examples:
- reduction of nitrate leaching, odour nuisance, pollution from farm wastes and the use of agrochemicals;
- implications of possible changes in climate;

(ii) <u>Consumer protection - food safety, hygiene and nutritional quality</u>

examples:
- a framework for evaluating and managing risks from chemical, microbiological and radioactive contaminants in food;
- a basis to ensure safety in use of food additives;

INDUSTRY FUNDING FOR AGRICULTURAL AND HORTICULTURAL R & D BY SECTOR (£K)

The table below summarises the industry response to the near market initiative. It shows spending by industry bodies on R & D for 1987/88 and estimates of what they might be spending by 1991/92 dependent on producer support. The table excludes expenditure on research by companies (including the £0.17 million to be raised by the supporters of Liscombe), breed societies, etc, which is estimated at a further £10-12m. Near market expenditure by food manufacturers is thought to amount to about £100m annually; and by the agricultural supply industry, including veterinary pharmaceuticals, a further £200m.

	1987/88	Estimated 1991/92
Arable Crops		
Home-Grown Cereals Authority (Cereals):	1,400	3,500[a]
(Oilseeds):	-	500
Potato Marketing Board	886	2,000[b]
Processors and Growers Research Organisation:	150	250[c]
Sugar Beet Research and Education Council:	1,700	2,000
	4,136	8,250
Horticulture		
Horticulture Development Council:	850	2,450[d]
Apple and Pear Development Council: (or successor body)	170	150
National Hop Association/Brewers' Society:	120[e]	135
National Association of Cider Makers:	32	32
	1,172	2,767
Livestock		
Meat and Livestock Commission:	137	2,100
Milk Marketing Board:	1,600[f]	4,000[f]
British Egg Industry Council:	25[g]	25[g]
	1,762	6,125
Total:	£7,070	£17,142

Notes

(a) Dependent on agreement of growers to continuation of HGCA beyond 1991 and to an increase in the levies.

(b) As with the HGCA, estimate for 1991/92 uncertain.

(c) Estimate based on PGRO statements of intent to extend scope of levy to cover all types of peas and beans and to widen geographical coverage.

(d) Dependent on agreement of growers to continuation of HDC and assumes participation of mushroom growers.

(e) 1988/89 figures (87/88 not available).

(f) Figures combine both in-house research and external commissioned work.

(g) Represents residue of assets remaining when the Eggs Authority was wound up.

in market mechanisms are such that the work will not be undertaken by industry itself. In this case we should encourage collaboration, through LINK or in other ways. Our rationale is set out in Annex II.

COMMISSIONING PROCEDURES

11. To reflect the need to relate our expenditure on R & D directly to departmental objectives, I am making a radical change in the commissioning arrangements. Budgetary responsibility for R & D will pass to the heads of the Department's policy groups. The interaction between these new customers, their scientific advisers and the research contractors will enhance our "intelligent customer" capability. The MAFF Chief Scientists' Group will retain oversight of the programmes as a whole to safeguard scientific validity and ensure balance. The change will bring a more effective separation of customer and contractor roles.

12. With these arrangements it will be possible to record more clearly the objectives which R & D projects are serving and assess and evaluate the results. We are reshaping our existing programmes to reflect the new rationale and commissioning arrangements.

13. We also plan to change our arrangements for obtaining advice on R & D priorities. The Priorities Board has performed a valuable function in giving advice to Ministers on the general thrust of R & D programmes. We intend to retain this useful overview of our long-term objectives but to adjust the Board's remit to give more emphasis to the interface between Government and industry funding in the new circumstances. At the same time we plan to reduce the cost of the Board itself.

near market R&D as they see that the Government means business when it says that it is withdrawing.

You should therefore resist an open-ended commitment to continue funding certain areas of R&D. This is particularly important given that it may be necessary to provide new money for R&D connected with public health.

Conclusion and Recommendation

i. Accept that the Ministry of Agriculture will cease to fund £30m of near-market R&D by 1991/92; and that up to £20m of this may simply cease to be done if there are no private sector backers.

ii. Agree to the new commissioning arrangements (subject to anything in a later minute, these look sensible).

iii. Resist giving an open-ended commitment to continue Government funding of any particular area of R&D. We should go no further than indicating that we are not proposing to cut more than £30m from the R&D budget at this stage. (The money already agreed for new research into salmonella, BSE etc means that overall the Ministry's R&D budget will be cut by less than £30m).

Carolyn Sinclair

CAROLYN SINCLAIR

AGRICULTURE, R+D June 83

PRIME MINISTER

27 July 1989

REVIEW OF AGRICULTURAL DEPARTMENTS' R&D PROGRAMME

John McGregor has minuted to you and other members of E(ST) reporting the position reached in withdrawing Government funding of near-market agricultural R&D.

Background

Last summer John MacGregor said that he had identified £25m of near market R&D from which Government funding could be withdrawn over five years (releasing savings for transfer to the Science Budget). On being pressed, he increased the figure to £30m by 1991/92.

E(ST) told him to seek larger savings. Underlying this decision was scepticism about the Ministry of Agriculture's definition of 'near market'. This is narrower than that used by the Department of Trade and Industry. A wider definition would include more research and thus yield more savings.

John MacGregor's paper

John MacGregor has not identified savings over and above the £30m offered last year (and now reflected in the Ministry's public expenditure baseline). Nor has he had much success in getting industry to agree to take over the near-market R&D which the Government will cease to fund. At present it looks as though only about £10m of the £30m is likely to be supported by the industry - mainly by levy funded bodies.

Against this background the paper proposes:

i. to accept that up to £20m of near market R&D may simply not be done in future (unless a private sector backer appears);

ii. to make certain changes in the commissioning arrangements designed to ensure that the R&D which the Ministry does fund is related directly to its policy objectives (John MacGregor promised to minute to you separately about this);

iii. that the industry should be told clearly which areas of research the Government does intend to continue funding.

Comment

It is not surprising that John MacGregor did not unearth more pledges of private sector support for near market agricultural R&D. Large firms - such as the retailers - have little or no interest in funding research which would not give them a competitive edge. (A director of Sainsbury's recently told me that they might be interested in financing the development of a pink pepper if they had exclusive rights to sell it. But they did not care whether they sold potatoes from Greece or Britain. They were therefore not interested in research designed to increase potato yields in British growing conditions).

Given that private sector money will mainly have to come from farmers (and fishermen) themselves, there are arguments for not pressing for savings over and above £30m now:

- On average farm incomes fell by 25% last year;
- pests are a serious problem this year;
- slaughter policies connected with food health may well put an increasing burden on farmers (since compensation under new schemes is less than 100%).

But the position may well change in a few years time. An industry - whether large firms or farmers - may be more willing to fund

by 1991/92 although this is subject to confirmation in some cases by producer polls. In the longer term, I believe that there is a prospect of a higher level of funding of near market work as industry sees the need to replace Government funding.

4. There is some scope for increased funding from the corporate sector of agriculture (supply trade, pharmaceuticals) who already work in close liaison with AFRC and MAFF laboratories, often on a confidential basis through individual contracts. But this source of funding will not take up the categories of near market work of direct concern to farmers and growers.

5. In the food manufacturing sector, large individual companies already sustain substantial R & D programmes. We are encouraging such companies to increase their collaboration with us through LINK and have already agreed two research projects under MAFF sponsorship and four under DTI sponsorship.

6. In food retailing there has been a marked unwillingness by the major multiple supermarket chains to cooperate in taking up the funding of any of the types of near market research from which Government funding will be withdrawn. I had hoped that the large retailers would have seen commercial advantage in supporting research on quality to help our industry to meet competition from imports. But they argue that the price they pay to their suppliers already covers the costs of near market R & D which is relevant to their interests. Moreover, they say that they are not concerned about whether they source their foodstuffs from other member states or elsewhere, rather than from the UK.

7. In fisheries the main thrust of the near market policy has been in relation to the Torry Research Station at Aberdeen which deals with work on processing and handling of fish as food. The industry has failed to respond and no offers of additional funding have been forthcoming.

8. It looks, therefore, as though approaching a third of the £30 million (fec) of Government expenditure being withdrawn may be replaced by industry funding. The food sector will meet its own needs. The loss of near market work will therefore affect mainly agriculture and horticulture and fisheries. There are undoubted problems in each of these sectors with large numbers of small businesses of introducing a fundamental change in perceptions over a short period. The impact is particularly severe for horticulture where a much higher proportion of R & D expenditure (60%) was classified as near market compared with other sectors. The task of raising funding and changing attitudes is not made any easier by the sharp decline in farm incomes in 1988 and poor prospects for the medium term. There is, therefore, a continuing need to demonstrate the value of research and convince those concerned that it is in their interests to support it. I am discussing this with leaders of industry.

RATIONALE FOR R & D

9. Both for internal purposes and to make our position clear to industry, we have looked carefully at the rationale for public funding of R & D in relation to agriculture, fisheries and food. Indeed, one of the main points the industry has pressed is the need for a clear statement of the research which Government will continue to fund. There are two areas in which there is a continuing need for publicly funded R & D. The first is on work required for policy purposes and for the execution of statutory functions. My department has always had a strong scientific base and it remains essential that our policies should have a good scientific grounding. The last year has again demonstrated this in relation to the environment (nitrates, global warming), food safety (salmonella), animal health (BSE) and - a less obvious requirement - CAP reform (set-aside). NGRL

NERC

10. Second, we need to fund the strategic R & D which supports innovation and underpins industry's efforts, where imperfections

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A

cc PU

Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

CONFIDENTIAL

PRIME MINISTER

REVIEW OF AGRICULTURAL DEPARTMENTS' R & D PROGRAMMES

At the meeting of E(ST) in July 1988 I was asked to report back on our consultations with the agriculture, fisheries and food industries about their plans for taking over from Government the responsibility for funding near market research and development. My colleagues and I have now concluded our discussions and the report is attached.

In addition to the near market consultations the paper also covers a number of changes we have been discussing with the Government's Chief Scientific Adviser, including a new role for the Priorities Board for Agriculture and Food R & D, about which I shall minute you separately.

I am copying to other members of E(ST), Malcolm Rifkind, Peter Walker, Tom King and Sir Robin Butler.

JM

JOHN MacGREGOR

Ministry of Agriculture, Fisheries and Food
21 July 1989

CONFIDENTIAL

E(ST), JULY 1989

REVIEW OF AGRICULTURE DEPARTMENTS' R & D PROGRAMMES

MEMORANDUM BY THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD

INTRODUCTION

1. At the meeting of the Sub-Committee on 14 July 1988 I was asked to report back on the extent to which industry will take over from Government responsibility for funding near market R & D in agriculture, fisheries and food. I have also been considering since then, with the assistance of the Government's Chief Scientific Adviser, a number of issues relevant to our R & D activity.

2. Wide ranging consultations have taken place with all the sectors concerned, during which I and other Agriculture Ministers have made clear that the Government intends to withdraw from funding near market research and that any such work that industry does not fund will cease to be done. Industry is thus in no doubt about the policy and our intention to carry it through. I believe we have secured a wide understanding and a good measure of acceptance, albeit reluctant, of the underlying philosophy. The agricultural fund-raising bodies in particular have responded positively.

INDUSTRY CONSULTATIONS

3. Details of current and estimated near market expenditure by industry are in Annex I. The main response from the farming and horticulture industry has been from the levy funded bodies who currently support something over £7.0 million worth of R & D annually. This seems likely to increase by about £10.0 million

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(iii) <u>the promotion of a viable rural economy by encouraging alternative uses of land</u>

examples:
- the options for and the consequence of changes in land use and management;
- the measures to improve and the economics of alternative crops and new livestock enterprises;

(iv) <u>the UK's interests and policies, including those for reform, in EC and other international fora</u>

examples:
- the impact of set-aside;
- the contribution to the International Council for the Exploration of the Sea on fish stocks.

(v) <u>the improvement and more effective enforcement of statutory and other controls</u>

examples:
- the diagnosis and control of plant and animal pests and diseases;
- the improvements for animal welfare in the housing, transport and slaughter of livestock.

(vi) <u>the protection of the aquatic environment and the conservation and exploitation of fisheries</u>

examples:
- the assessment of aquatic environmental processes and of the impact of contaminants on the aquatic environment;
- the assessment of marine migratory and freshwater fish stocks.

PRIME MINISTER

ORGANISATION OF AGRICULTURAL R AND D: THE PRIORITIES BOARD

The Secretary of State for Agriculture's letter below says that the Board is working well, and asks you to agree that the existing structure whereby the Chairman of the Board is one of its independent members be retained. John Fairclough has commented at Flag A that your agreement should be subject to review again in two years as it is too early to say how successful the Board is, and work is going on on this in E(RD).

Content for me to:

- confirm that the existing structure should be retained for two years?

- note the work that has been done, but prod them in the direction of furtherance of UK competitiveness?

Yes mt

PM

P A Bearpark

1 December 1986

A

To await comments from Brian Unwin.

IN CONFIDENCE

W0290

MR ADDISON - No. 10

13 November 1986

cc Mr Unwin
Mr Williamson
Mr Wiggins
Mrs Bloom

ORGANISATION OF AGRICULTURAL R & D: THE PRIORITIES BOARD

You sent me a copy of the letter of 31 October from the Minister of State for Agriculture, Fisheries and Food to the Prime Minister.

2. I would advise that the Priorities Board be reappointed on the basis set out in the Minister's letter, but that it should again be reviewed in two years' time. It is too early to say whether the role of the Priorities Board and the changes which are being made within MAFF will be successfully pursued.

3. Work is going on within the Ministerial Sub-Committee on R & D to review agriculture, fisheries and food, and this will be reported to the Prime Minister early in the New Year. I would therefore suggest that in the Prime Minister's reply, she says that she has separately noted the work that is now going on under E(RD), and very much hopes that the Priorities Board will be able to make a positive contribution to the task of shifting resources and priorities to the furtherance of UK competitiveness in, for example, the area

AGRICULTURE - Food in Agriculture

June 13

JC DA

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

2 December 1986

Dear Ivor

ORGANISATION OF AGRICULTURAL R & D: THE PRIORITIES BOARD

The Prime Minister has seen your Secretary of State's letter of 31 October. She is content that the Priorities Board should retain its existing structure, but has asked that the position be reviewed again in two years time.

The Prime Minister has noted the achievements of the Priorities Board to date, and also the work that is going on under E(RD). She very much hopes that the Priorities Board will be able to make a positive contribution to the task of shifting resources in priorities to the furtherance of UK competitiveness in for example the area of food processing.

I am copying this letter to Rob Smith (Department of Education and Science), Robin Weatherston (Scottish Office), Paul Skellon (Welsh Office), Neil Ward (Northern Ireland Office), Jill Rutter (Chief Secretary's Office) and to Trevor Woolley (Cabinet Office).

Yours ever

Andy

(P.A. BEARPARK)

Ivor Llewelyn, Esq.,
Ministry of Agriculture, Fisheries and Food.

One of my reasons for proposing that the Board should be chaired by an independent member was that the Board was dealing with R & D in the whole of the UK and not solely that of my Department. In its first report, delivered to us in December last year, the Board stressed the importance of co-ordination between the sponsors of publicly-funded R & D and gave its advice in terms of the UK programme as a whole, rather than its individual components. This is a very welcome approach, emphasising the Board's role in providing a national overview and confirming the benefit of having a Chairman who is not associated with any one of the sponsors.

Representation to the Board of MAFF's interests and needs as a surrogate customer of the agricultural and food industries in England and Wales has been a vital part of MAFF's participation in the Board's work. This has been effectively achieved through my Chief Scientific Adviser's membership. The Board has considered at my request, some sensitive issues such as the means by which the arrangements for industry funding of the R & D programme could be developed, and the future levels of funding of the Soil Survey by MAFF. I am sure that the credibility to the industry of the Board's advice, and my acceptance of it, has been reinforced by the perception of the Board as a largely independent body, and particularly by the eminence and independent status of its Chairman. Ken Durham has put a lot of effort into the job, to good effect.

The advice that the Board has given to the sponsors, both on these specific matters and in its first report dealing with the whole UK R & D programme, has provided us with valuable guidance on the future conduct of R & D within the resources available. Judging by the usefulness of the advice it has given us so far, and by the response to it from leaders of the agricultural and food industries, the present arrangements have worked well. I recommend that its existing structure should be retained and I am supported in this by my fellow sponsors of agricultural and food R & D. I very much hope you will feel able to accept this recommendation.

I am copying this letter to Kenneth Baker, Malcolm Rifkind, Nick Edwards, Tom King, John MacGregor and Sir Robert Armstrong.

Yours ever

Michael

MICHAEL JOPLING

AGRICULTURE R+D in Agriculture June 83

of food processing. You will wish to note that the Priorities Board covers agriculture and food, it does not cover fisheries R & D. You will also wish to note that there is strong support for the view that agriculture is spending an excessive amount of money on R & D, given current surpluses and the low-level of contribution to GDP.

4. If I can help you further, please let me know.

JOHN W FAIRCLOUGH
Chief Scientific Adviser

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

IN-CONFIDENCE

10/f Monday

31 October 1986

My Dear Prime Minister

ORGANISATION OF AGRICULTURAL R & D: THE PRIORITIES BOARD

In 1984, in consultation with the Secretaries of State for Education and Science, Scotland, Wales and Northern Ireland, I established a Priorities Board for Research and Development in Agriculture and Food. The Board's purpose is to co-ordinate publicly-funded agricultural and food research into a coherent programme relating to defined objectives, and its terms of reference are to advise the Agriculture Ministers and the Agricultural and Food Research Council on research and development priorities and the allocation of their research budgets.

at flap

You will recall that there was considerable discussion about how the Board should be structured, and with your approval we arrived at a composition of eight members of whom five are independents and three officials. In a letter to you of 10 February 1984, I explained my reasons for proposing that the Chairman of the Board should be one of its independent members, rather than MAFF's Chief Scientific Adviser, which you had asked me to consider. Your Private Secretary wrote to mine on 20 February 1984 saying that you were prepared to accept this arrangement, subject to a review in two years' time.

The Board has now been in operation for two years, with Sir Kenneth Durham as Chairman, and my Chief Scientific Adviser as an official member, alongside the Secretary to the AFRC and the Scientific Adviser to DAFS, representing the other two main sponsors of agricultural and food R & D in the UK. With the experience of these two years behind us we have examined the effectiveness of these arrangements and are now reporting our views to you.

/ One of my ...

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

R 14/12

Andy Bearpark Esq
Private Secretary
10 Downing Street
LONDON SW1A 2AA

13 December 1988

Dear Andy, PAS 14/12

ORGANISATION OF AGRICULTURAL R & D: THE PRIORITIES BOARD

We spoke recently about a response to your letter of 2 December 1986 to Ivor Llewelyn concerning the structure of the Priorities Board for Research and Development in Agriculture and Food. As I mentioned to you the Department is just about to undertake a study of its commissioning, monitoring and reviewing procedures for R & D. In agreement with the Cabinet Office (Assessment Office) and the other Departments who sponsor R & D the study will also cover the mechanisms for setting R & D priorities, and is expected to be completed in the Spring.

We agreed therefore that my Minister's response to the Prime Minister's request that the structure of the Priorities Board should be reviewed might be delayed until this rather wider study is completed.

Yours sincerely,

Stephen Lambert

STEPHEN LAMBERT
PRIVATE SECRETARY

AGRICULTURAL, FISHERIES AND FOOD RESEARCH IN 1991/92

1. Over the last five years the Agriculture Departments have been progressively redirecting their programmes to meet the Government's policy requirements of the late-eighties and nineties. The changed approaches can be seen in a number of directions, including the encouragement to industry to fund more of the research from which it benefits which started in 1984. This will by 1991/92 have transferred the funding of all near market research to industry. As noted in the body of the paper, the withdrawal process is being accompanied by a much closer alignment of the research programme with agricultural policy and new central policy initiatives.

Agriculture

2. The transfer to industry of an increasing proportion of the programme has allowed the rationalisation and concentration of the research effort. As AFRC's focus shifts towards wider biological issues, the number of its researchers involved with programmes relevant to agricultural production will by 1991/92 have reduced to less than half that of a decade earlier. Similarly, closures of ADAS facilities and release of scientific staff on a significant scale have been made possible. While this has been taking place, increasing emphasis has been given to research relevant to the environment and issues of public concern such as hygienic production of food and animal welfare. These changes are reflected in the context of the programmes.

3. In research on animals, there is an essential need for physiological and biochemical research at different levels, from the molecular and cellular to the whole animal, including the improvement of its welfare and the interaction of animal production systems with the environment. This will be

accompanied by the termination of major programmes aimed at improving the efficiency of production on the farm. Following a period of some reduction of work on animal diseases, increased emphasis is now required particularly on zoonoses and on work concerned with the physical, physiological and psychological requirements for improved welfare on the farm and at slaughter.

4. Similarly in research on plants the emphasis is increasingly on a sustainable agriculture with reduced chemical inputs to the environment including the water supply. Work on the breeding of higher yielding areas has gone. Plant genetics, biological control of pests and the more tightly controlled use of chemicals are seen as the major ways forward. The fate of agrochemicals, whether in the natural environment or the food chain, is also a major area of expanding interest. The impact of agriculture on the countryside at a time of major change and the implications of new policy initiatives such as set-aside and farm woodlands are the subject of modelling and other studies.

Fisheries

5. The main changes in work on fisheries and the aquatic environment are in the fish utilisation commission. The withdrawal from near market work at Torry has now been announced and cuts will be implemented by 1990/91. The remainder of the fisheries and environmental protection programmes will therefore continue in direct support of policy (including, in the case of fish stock assessment, the UK's negotiating position vis a vis the EC common fisheries policy) and of statutory obligations (in the case of environmental protection under the Radioactive Substances Act, Food and Environment Protection Act and Control of Pollution Act).

(vii) <u>the maintenance and development of the defence against river and coastal flooding and coastal erosion</u>

examples:
- the implications of meteorological change and trends in sea level and their consequences for design of works;
- the standards of protection and reliability of flood warning systems.

(viii) <u>the advancement of the underlying technology of the agriculture, horticulture, fisheries and food industries</u>

examples:
- the optimisation of the design of protected cropping systems to minimise external energy inputs;
- the manipulation of the immune system of animals so as to provide better methods of disease control.

6. As noted above, DAFS and DANI have DES-type responsibility in Scotland and Northern Ireland for basic science.

examples:
- plant science spanning the range from molecular biology and genetics to the study of the whole plant and plant communities;
- animal science including the digestibility, absorption and metabolism of nutrients and the provision of a better understanding at cellular and molecular level of the processes mediating growth, reproduction and lactation.

ANNEX III

MAFF CLOSURES AND POST LOSSES RESULTING FROM WITHDRAWAL OF NEAR MARKET FUNDING: 1989/90 - 1991/92

	S,P&T	Admin	Industrials	TOTAL
ADAS Research and Development Service				
Closures already announced) Lee Valley EHS (closed 31/3/89)) Rosewarne EHS (to close 30/11/89)) Luddington EHS (30/11/89)) Liscombe EHF (see text)) Brogdale EHS (to close 31/3/90))	65.0	25.5	87.0	177.5
Additional savings				
Part Efford EHS (field veg)	9.0	-	6.0	15.0
Closure of Trawsgoed EHF) Closure of Pwllpeiran EHF)	19.0	*5.0	22.0	46.0
Farm Buildings Design Centre	1.0	-	-	1.0
Central Science Laboratory	3.6	-	-	3.6
RDS HQ staff	10.5	-	-	10.5
ADAS Farm and Countryside Service				
Regional and HQ				
Already announced)	157.0	-	5.0	105.0
Further savings)				57.0
State Veterinary Service				
Not yet announced) Cattle Breeding Centre) CVL Depts)	35 **		5.6**	33.0 7.6
Torry Research Station	20 **	4 **	6.0**	30.0
Administrative Support				
Regional (already announced)	-	20.0	-	20.0
Regional (additional savings)	-	10.0	-	10.0
HQ (already announced)	-	12.5	-	12.5
HQ (additional savings)	-	12.5	-	12.5
TOTALS	320.1	89.5	131.6	541.2
	(60%)	(15%)	(25%)	

Note: * = Welsh Office Staff
** = Estimated

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CONFIDENTIAL

W0179

MR PAUL GRAY - No. 10 19 July 1989

S&T ISSUES

The Minister of Agriculture will shortly be submitting a report to E(ST) on progress in attracting industry funding into near-market research. He is unlikely to offer more than the £30m savings identified last year. Industry has only been persuaded to take over about £10m of this. There will be some consequential rationalisation costs in ADAS and AFRC laboratories.

2. I would suggest the expenditure issues can be left to be resolved in the Survey without need for a meeting of E(ST). If the Prime Minister agrees that you should minute out to this effect, you might also take the opportunity of asking for a report from the Chief Secretary to E(ST) on the outcome of the S&T issues generally in the Survey. As you may recall, he prepared such a report last year. I am having separate discussions with him at present on the whole range of S&T bids for the coming Survey.

3. As well as reporting on the £30m near-market savings, Mr MacGregor's paper will set out proposals for the Agricultural Departments' role in funding R&D in future and the commissioning arrangements he is establishing in MAFF. The latest draft of the paper does not disclose however that, lying behind these proposals, there is a disagreement between Mr MacGregor and Mr Baker over the respective roles of MAFF and DES in funding the AFRC. Briefly the background is that the House of Lords Select Committee on Science and Technology published a report on Agricultural R&D at the end of last year. This criticised MAFF's commissioning arrangements and the poor match between the R&D it supported and its policy requirements. It was particularly critical of the £50m or so which MAFF commissioned from AFRC on a

customer contractor basis and recommended £27m of this be transferred to AFRC for them to manage as part of the Science Base. Mr Baker and Mr MacGregor have not been able to agree on a Government response to this.

4. At the heart of this disagreement is uncertainty about the respective roles of the Science Base and policy Departments such as MAFF. I have much sympathy for Mr MacGregor's point of view, rooted as it is in the customer-contractor principle. Far from giving them additional money, I believe the Research Councils may already be straying too far into the area of applied research. This is not confined to AFRC. There is a danger of NERC trying to do DOE's job, SERC's DTI's and so on. I would therefore like to propose a review of the respective roles of the Research Councils and policy Departments in relation to research. As well as helping to resolve the outstanding issue between Mr Baker and Mr MacGregor, such a review could investigate other problems at the higher education interface - in particular the LINK scheme which the Prime Minister announced in 1987. This was meant to operate across different Departments but has only had limited take up.

5. I would be very grateful to know if the Prime Minister would be content for me to propose a review along these lines when Mr MacGregor's paper comes round.

6. I am sending a copy of this minute to Richard Wilson and Trevor Woolley.

JW

JOHN W FAIRCLOUGH
Chief Scientific Adviser

Food

6. The importance attached to food safety by the press and the public has led consumers and the food industry to seek authoritative, independent research supported by Government. There is a need to sustain and underpin consumers' confidence in the safety of food and MAFF support for food safety and applied nutrition research is thus planned to increase. Food policy must be based on sound science if rational standards and enforcement are to be implemented, and non tariff trade barriers to UK exports avoided.

7. Research in support of technical innovation in the food industry is planned to decrease by 1991/92. Priority will be given to supporting precompetitive research initiatives in Schemes such as LINK. Other Schemes such as Technology Transfer Initiatives and the Teaching Company Scheme, designed to improve the technological base and skills of UK industry, will be supported.

AGRICULTURE: R+D June 83.