



cc Trade Aug 1979
Public Purchasing Policy
Buy British Policy.

10 DOWNING STREET

From the Private Secretary

MR. WRIGHT
CABINET OFFICE

BF 4-2-80

The Prime Minister has considered Sir Robert Armstrong's minute of 24 January, about the Advisory Council for Applied Research and Development.

She is content that the Report on "R and D for public purchasing" should be published, and she agrees that the Report should be considered in E Committee at the same time as the Treasury/Department of Industry paper on public purchasing policy.

I would be grateful if you could let me have a draft letter to the Department of Industry, commissioning work on the Government response to the ACARD Report.

The Prime Minister has noted Sir Robert Armstrong's nominations for appointments and re-appointments to the Council. She is content with the proposed arrangements to improve rotation. She has no objection to the nominees for these appointments, but has noted that they do not include anyone from the Information Technology area. In the light of the points made by the CPRS (Sir Kenneth Berrill's minute Qa 04410 of 25 January) she would like Sir Robert to consider further whether his list should include at least one nominee from this field.

The Prime Minister is therefore content that Dr. Spinks should become Chairman, and that Sir Henry Chilver should be invited to become Vice Chairman. She will await further advice on the remaining posts, and we will defer writing to those who will be stepping down until new appointments are ready to be confirmed.

MAP

Letters in envelope

28 January 1980

cc Trade Govt. Purchasing Policy & Army's Army's Policy

PRIME MINISTER

Ref: A01132

APPOINTMENTS - IN CONFIDENCE

PRIME MINISTER

Advisory Council for Applied Research and Development

In my minute of 13th November, I suggested that ACARD needed a regular rotation of members and that its new Chairman should be Dr. A. Spinks if Sir James Menter were willing to retire from the Council. Mr. Pattison's minute of 19th November reported your assent to these proposals, provided that the Chairmanship issue could be arranged without trouble, and suggested that Sir Kenneth Berrill should sound out Sir James Menter and Dr. Spinks in order that I might report further to you before an appointment were confirmed.

2. Sir James Menter is willing to retire from the Council. He agrees that ACARD should have a regular influx of new members and sees his own retirement as encouraging this. Dr. Spinks has agreed to become Chairman. The Council will now need a new Deputy Chairman, and I propose that Sir Henry Chilver (Vice-Chancellor of the Cranfield Institute of Technology) should be invited to take this on.

3. I attach a list of the present members of the Council. Three (Sir Peter Matthews, Mr. Pennell and Dr. Kennedy) have already expressed their wish to retire, having come to the end of their terms of appointment. We think that in addition Sir Norman Rowntree should retire, and Sir James Menter will be approaching him on this.

4. Departments have been consulted over possible replacements and the following names have found general favour -

- | | |
|---------------------------|---|
| Dr. D. L. Georgala, | Research Director, Unilever |
| Dr. B. C. Lindley, | Research Director, <u>Dunlop</u> |
| Professor W. Heginbotham, | Director, <u>Production Engineering</u>
Research Association |
| Mr. A. M. Muir Wood, | Senior Partner, Sir William Halcrow
and Partners |
| Mr. J. L. van der Post, | Director, <u>Water Research Centre</u> |

As first reserve, we have Dr. R. B. Sims (Group Technical Director, Delta Metal Company).

See note
to send in to
Sir Kenneth
Pattison's note
on 1-form for
Technology.

1. Agree appointments in paras 2-6?

2. If so, please sign 4
Thank you letters below.

3. Agree publication of report
Yes at flag A, summarized in
para 10?

4. Agree to consider report in E
Yes as in para 11.

There is no
one for the
informatics-
technology area.

APPOINTMENTS IN CONFIDENCE

Agreed no. In addition, Sir Alec Merrison, Chairman of the Advisory Board for the Research Councils, should be invited to join ACARD. His predecessor, Sir Frederick Stewart, was a member until his retirement from the ABRC in April. We have been unable since then formally to invite Sir Alec to join, but we should like the link between ACARD and ABRC to be maintained.

6. As for the remaining members of the Council, four (Sir Henry Chilver, Sir Ieuan Maddock, Mr. Lyons and Mr. Wright) have joined since its formation and therefore their terms of appointment have not yet expired. I propose that the other four (Sir John Atwell, Sir Robert Clayton, Mr. Downs and Dr. Rotherham) be offered one or two year extensions to their appointments in order that a smooth turnover of members may be achieved.

7. If you are content with these various changes, I shall write to the people concerned accordingly.

Agreed ✓
8. I think it would be appropriate if Sir James Menter and the other retiring members were to receive personal notes from you to mark their contributions over the past three years. Sir James has not been the ideal Deputy Chairman, but has put considerable work into the Council and notably into his Working Group, whose report was published on 7th January and seems to have been well received in the Press. I attach drafts. *filed on Trade Aug 79 Gov's Purchasing Policy*

Agreed
9. ACARD have now produced a further report, which I enclose. As usual, the Council have requested approval for publication and I see no difficulty with this - indeed it will give substantial support to some of the Government's present policies for R and D.

10. The report discusses the R and D carried out by the public sector (primarily by Departments and nationalised industries) in support of purchasing decisions. In particular, it examines the effect that the large in-house R and D programmes of public sector organisations can have on the competitiveness of their suppliers, especially in export markets. The report concludes from a study of five industries that too much R and D is performed by the public sector in its own establishments. It suggests that, if more reliance were placed on suppliers' R and D, this would enhance their

Tell defense and 01/11/79!



APPOINTMENTS - IN CONFIDENCE

technical competence and would encourage the development of products for use both in the United Kingdom and overseas. At the same time it warns against any sudden transfer of R and D activity to the private sector since firms have become accustomed to relying on the R and D carried out by purchasers. The report proposes interim arrangements to give suppliers greater influence over the R and D programmes of public sector purchasers, which at the moment are too inward-looking. A summary of the principal conclusions and recommendations may be found on pages 1 - 4.

11. This ACARD Report was referred to in the paper on strategy proposals by the Chancellor of the Exchequer (E(79) 84) which was discussed by E last week. The Ministerial Group on Strategy (MISC 14) had selected public purchasing policy as one of the seven issues which in their view deserved to be given high priority in the immediate future. They drew attention to two relevant pieces of work - a forthcoming paper for E on public purchasing policy prepared by the Treasury and the Department of Industry, and this ACARD Report, and suggested that both items should be brought forward for consideration as soon as possible. The Treasury/Department of Industry paper is due to be brought to E shortly, and I suggest, subject to your views, that this ACARD Report might be tabled for E at the same time. It would be relevant to a general discussion of public purchasing policy, and a general steer from Ministers at this early stage might be helpful. Further work would be required subsequently to prepare a specific Government response, and it would probably be appropriate to ask the Secretary of State for Industry to take the lead in arranging for this.

Robert Armstrong

25th January 1980



ADVISORY COUNCIL FOR APPLIED RESEARCH AND DEVELOPMENT

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MEMBERSHIP

Sir James Menter FRS (Deputy Chairman)	Principal, Queen Mary College, London
Dr A Spinks FRS (Second Deputy Chairman)	formerly Director of Research, ICI
Sir John Atwell CBE	Scottish Offshore Partnership
Sir Henry Chilver	Vice-Chancellor, Cranfield Institute of Technology
Sir Robert Clayton CBE	Technical Director, GEC Ltd
Mr D Downs	Chairman and Managing Director Ricardo Consulting Engineers Ltd
Dr A J Kennedy CBE	Delta Materials Research Ltd
Mr J Lyons	General Secretary, Engineers' and Managers' Association
Sir Peter Matthews	Managing Director, Vickers
Sir Ieuan Maddock FRS	formerly Chief Scientist, Department of Industry
Mr M M Pennell CBE	Deputy Chairman, British Petroleum Co Ltd
Dr L Rotherham CBE FRS	formerly Vice-Chancellor, University of Bath
Sir Norman Rowntree	Professor of Civil Engineering, University of Manchester Institute of Science and Technology
Mr G H Wright	Regional Secretary for Wales, Transport and General Workers' Union