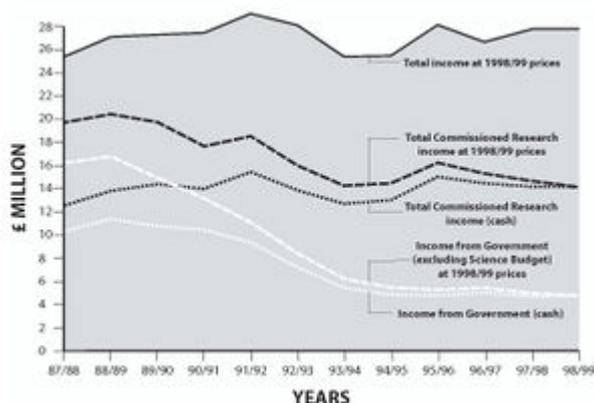


Rothschild and the impact on the funding of the BGS — a geological survey in transition

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P994289 Income for the period 1987/88 to 1998/99. Total income, total commissioned research income and income from Government commissioned research are shown normalised to 1998/99 prices. Total commissioned research and Government commissioned research are also shown at cash value, not adjusted for inflation.

Source: BGS finance files. Figure 1

Chapter 4 Rothschild and the impact on the funding of the BGS

Although the 1985 NERC Corporate Plan was the trigger for the reaction that led to the Butler Study Group and all that followed, reaction in the BGS might not have been so strong if relations with the NERC had otherwise been benign. Indeed, if relations had been friendlier some aspects of the Corporate Plan might not have been written in quite the way they were. There were, in fact, many causes of strain between the BGS and the NERC at the time. Not least among them was the report of the 1982–84 Visiting Group. But there were two other special ones. One was the attempt by the NERC, neither the first nor the last, to impose a corporate identity across all the institutes; the other was the attitude of Council over the funding problems that the Survey faced in the period 1980/81 to 1985/86.

The origin of the idea in the NERC to impose a NERC-centred corporate identity on the whole of the organisation can be traced to the report of a working group that was chaired by Sir Cyril Lucas in 1976. It was in this that the idea of abolishing institutes and reorganising the NERC on discipline lines was first floated. A commentary on it by NERC Official Side (i.e. NERC management, as opposed to Staff, or Union Side, in the Whitley system; see page 24) contains the amazing statement that where institute directors owe a primary allegiance to their institutes this makes considerable difficulties for HQ and the committees of Council. Staff Side at Branch level (that is the NERC-wide

level) supported both the proposed reorganisation of the NERC along discipline lines and the drive by Official Side to encourage 'NERCconsciousness'. Staff themselves did not and a furious dispute broke out between staff in the institutes and both their representatives in the trades union system and the NERC senior staff. It led to the mass resignation of the IPCS Branch Committee during the course of the annual delegate meeting and the suspension from the union of all except one of the committee of the Leeds Subsection Committee of the IPCS.

The NERC was not reorganised in the way Lucas proposed, but the distrust generated by this episode was not easily dispelled and it came as no surprise to anyone that in August 1985, at the height of the row over the first NERC Corporate Plan, Dr John Bowman, the NERC Secretary, wrote to Malcolm Brown with instructions to prepare the BGS Annual Report to new design standards that were to be common across the NERC.

The source of the funding difficulties during this same period was the Rothschild transfer, which began in 1973/74. It would be wrong to say that there were no benefits from Rothschild. The very fact that the BGS survived the Efficiency Scrutiny and the Prior Options Review in the mid-1990s (see Chapter 14) and has always managed to balance its accounts is in large part due to the skills acquired in accommodating to Rothschild. It is also likely that the very vibrancy that makes the BGS one of the most respected geological surveys in the world now can also be traced to the same source. Adjusting to the impact of Rothschild, however, in order to gain these benefits, was a long and painful process.

In the period 1966 until 1979, the Institute of Geological Sciences went through unprecedented growth. All three of the Directors from this period had striven to increase the impact of geoscientific information on Government policy by broadening the strategic research base. Sir Kingsley Dunham's period as Director began in January 1967 and came to an end on 31 December 1975. Though he actually experienced the growth during his years as Director, in his retirement report on his directorship (published as an annex in Dennis Hackett's report, *Our corporate history. Key events affecting the British Geological Survey, 1967-1998*), he gave the credit for initiating it to Sir James Stubblefield, his predecessor and the last Director of the Geological Survey of Great Britain. It was Sir James who identified the geological survey of the UK continental shelf, an assessment of the sand and gravel resources of south-east England and a major revision of the displays on the ground floor of the museum, as major projects to be developed by the new Institute of Geological Sciences. The new Director, Sir Kingsley Dunham, was able to acquire the funding for all three.

In 1967 the survey of the UK continental shelf was started and the Mineral Assessment Unit was formed to begin the sand and gravel survey in south-east England. A year later the preparatory work was started on the design of 'The Story of the Earth', the striking and innovative exhibition that dominated the ground floor of the museum for many years after. Also in 1968, the Regional Geochemical Survey was started with a pilot study in the northern Highlands. This, the Offshore Survey and 'The story of the Earth' were all funded from the Science Budget. The Offshore Survey was particularly capital intensive, requiring ship hire and expensive data acquisition using the most modern geophysical and drilling techniques. The Mineral Assessment Programme was not funded from the Science Budget, but was paid for entirely by the Department of the Environment.

Prior to this, only the Overseas Programme, which had been funded by the Ministry of Overseas Development, and the work on radioactive minerals, funded by the UK Atomic Energy Authority, had existed as contracts with outside customers. The Mineral Assessment Programme came next, but in the years up to the Rothschild transfer others were to follow. By 1973, contracts had been agreed with the Department of Industry for a major programme of exploration for metalliferous mineral deposits, and for a mineral incentive scheme for industry. Another contract was negotiated with what became the Department of Energy to carry out an assessment of the geophysical and

geological results of company research and prospecting in the North Sea hydrocarbon basins. There was, therefore, a very healthy mix of commissioned and Science-Budget-funded research already being carried out in 1973 and there was a clear distinction within the Survey between Science-Budget-funded strategic science and applied commissioned research.

Lord Rothschild wrote his report when he was head of the Central Policy Review Staff. Entitled, *The Organisation and Management of Government Research and Development*, and published in the Green Paper *A Framework for Government Research and Development* (Cmnd 4818), it brought to an end arrangements for funding Government science that had been in place since 1918. Those arrangements were due to the work of Viscount Haldane. In his report, written in the aftermath of the First World War *Report on the Machinery of Government Committee* (CD 9230), he recognised three categories of research legitimately carried out by Government: (1) research done within Government departments for their own purposes; (2) research supervised by departments, but which also met objectives shared by other departments; (3) research for general use, which had relevance to the workings of several departments. Haldane insisted that the last category, which came to be called strategic research, must be developed to its fullest potential, saying, 'Science ignores departmental as well as geographical boundaries', and he warned about the dangers of departmental parochialism in research. It was Haldane's view that the Geological Survey carried out research of general, that is strategic, use. His recommendation was important in influencing the decision to transfer the Geological Survey and Museum of Practical Geology from the Board of Education into the recently created Department of Scientific and Industrial Research.

The DSIR was dissolved on the recommendation of the Trend Committee, and five research councils were established. Their purpose was, 'to develop the science as such, to maintain a fundamental capacity for research, and to support higher education'. In essence they were to support basic and fundamental research. Strategic research was not specifically mentioned as part of the remit of the research councils, but the inclusion of the IGS into the NERC, by implication, did not rule it out.

Lord Rothschild was wholly committed to organising scientific research on departmental lines, funded directly by departments through the customer-contractor relationship. Inevitably, the departments would be primarily interested in applied research. His concession to the need for some underpinning basic research, that was independent of the separately funded Science-Budget-funded research was to recommend a levy of 10% on all government contracts with research councils. This recommendation was never taken up, as all departments refused to pay the levy. Strategic research, which Haldane thought so important, was given no consideration by Rothschild.

A BGS Office Notice, number 9/74, was issued on 10 May 1974 to explain to staff the effects of the Rothschild proposals. In it are some interesting quotes from the Green Paper. Amongst them are:

(para 2) '... ensure that the organization and management of R and D is logical, flexible, humane and decentralized, the prerequisites of an efficient system.'

(para 6) 'This report is based on the principle that applied R and D, that is R and D with a practical application as its objective, must be done on a customer-contractor basis. The customer says what he wants; the contractor does it (if he can); and the customer pays.'

(para 8) '... a major part of the work of ... NERC is "applied". But this work had and has no customer to commission and approve it. This is wrong ... scientists cannot be so well qualified to decide what the needs of the nation are, and their priorities, as those responsible for ensuring that those needs are met.'

This last quote seems to show that Rothschild did not recognise that there was a strategic element in

the NERC portfolio. As a result, difficulties were encountered with departments as soon as consultations on the transfer of funds began between them and the NERC.

During this consultation phase, departments were expected to define the objectives of the research they would commission, while the BGS was left to decide on the way it was to be managed. Rothschild placed no conditions on the use of the money transferred to the customer departments, though it was expected that it would be spent to commission research from the research councils. Significantly, it was money that was transferred, not programmes of work.

When negotiations began, the departments made it clear that, while they recognised that they could not do other than accept existing programmes to begin with, they did not think some of them relevant to their requirements. They proposed to change the programmes in question in directions to be chosen by them in the future. There were no problems with the transfers to the Department of the Environment. Neither was there any difficulty with the Department of Industry accepting the minerals programmes. However, so much money was transferred to the Department of Industry that they had to consider taking on the Continental Shelf Mapping Programme. The Research Requirements Board of the Department of Industry, which had been set up to oversee their R&D Programme, could not see the relevance of the continental shelf mapping to their departmental needs. Eventually, they agreed to accept the responsibility for 85% of the costs, but there was a real fear at the time for the long-term stability of this programme. There was a similar problem in finding a department to fund the Onshore Geological Mapping Programme. This was solved by the formation of a consortium, initially of the NERC contributing 50% of the funds, Department of the Environment 40% and the renamed Department of Trade and Industry 10%. Both of these examples brought into sharp focus a fundamental weakness of Rothschild: to find ways of funding multipurpose and multi-user programmes that all agreed were in the national interest but are not wholly in the interests of any one department.

It is interesting to read what Sir Kingsley Dunham wrote about the Rothschild transfer in 1975:

The Rothschild tragedy followed the negotiation of these contracts (the Mineral Reconnaissance Programme with DOI, later to become the DTI, and the Hydrocarbons Programme, with what became the Department of Energy). I say tragedy deliberately because in spite of their offensive tone, Victor Rothschild's proposals seemed to me to offer just what we had been seeking — a way to establish earth science in its rightful place in government; but much of the good that could have been done has been vitiated by the fatally-wrong un-negotiated figures for the transfers imposed upon NERC. The DOI (and its fission product the DOEn) have been given far more transferred money than NERC can or ought to meet, while the DOE (after all, NERC's main concern is the Environment of Man) far too little. The dire effects of this gross error have largely descended upon IGS, which carries at least 40 per cent more than its equitable share of the total NERC transfers.

The transfer of funds took place over a three-year period, 1973/74 to 1975/76 when the IGS lost £4.049 million transferred to departments. This was 54.1% of the NERC total. In addition to this, the IGS commissioned income for 1975/76 was forecast as £2.65 million. Taken together, Sir Kingsley calculated that this meant that 95% of the forecast cash expenditure for that year was from outside sources. Sir Kingsley added, "The institute attracts therefore a negligible amount of the Science Vote money available to NERC. It could easily be argued however, that our success in attracting customers is laying the seeds of major difficulties, in which, if Council is to continue to govern and "manage" IGS, my successor will feel entitled to more consideration by ABRC [the Advisory Board for the Research Councils, which governed the research councils]". He then wrote, "No-one (from NERC or the Royal Society) was able to moderate this unhappy affair. The figures in the White Paper, though more reasonable than the Green in total, were quite wrong in balance. I still hope that a way can be found to approach Ministers to correct the imbalance; it is a small thing for them, but a

potential disaster for us.' He must have had some success because he reported in the Annual Report for 1975, which was the first full year of impact of the Rothschild transfer, that 25% of the IGS budget was from the Science Vote.

As part of the transfer, three major strategic surveys lost most of their Science Budget funding. The Regional Geochemical Survey went to the Department of Industry. The Offshore Mapping Programme went to the Department of Energy, but with the NERC co-funding it with a 15% contribution. The Geological Mapping Programme came under the oversight of a consortium, the composition of which changed from the original proposal to NERC (60%), Department of the Environment (30%), Department of Trade and Industry (5%) and Department of Energy (5%). All three were regarded as core commissions and, later, were categorised as part of the Core Programme in the 1985 Strategic Plan and accepted as such by Butler.

When it came to an end in 1993, the Offshore Mapping Programme lost its funding almost completely. Available Science Budget allowed it to be carried on at little better than care and maintenance thereafter. In 1979 the Geological Mapping Programme, which only fifteen years before had been the *raison d'être* of the Geological Survey, constituted only 12% of the scientific staff effort. The decline continued when the collapse of the consortium in 1981 led to the loss of 40% of the funding, although the Department of Trade and Industry continued to fund some targeted geological mapping for two or three years afterwards. The Regional Geochemical Survey, however, was the subject of a transfer of funds from the Department of Trade and Industry to the BGS in 1991/92 and is the only example of a reverse Rothschild transfer within the BGS.

In 1976, Sir Kingsley expressed another fear; that is that the domination of the work programme by ad hoc, short-term investigations would damage the scientific health of the Survey. Twice, pleas were made to Council to recognise that good, short-term applied research cannot be maintained without a living body of basic (or strategic) research behind it and that to sustain it more Science Budget should be made available to the Survey. Council did not appear to hear him. In 1976/77, 87% of the budget was under external control and it was to remain near this level into 1979/80. One of the many effects of this high proportion of commissioned research funding was that it was nearly impossible to maintain a Science-Budget-funded strategic programme. The Science Budget that was available became increasingly used as bridging funds to cover staff time between contracts, and in 1982 the BGS Secretary calculated that not more than two thirds of the Science Budget could be ring fenced for a planned programme of meaningful, long-term strategic project work.

The majority of staff did not notice the budgetary problems facing the Survey. Throughout the 1970s staff numbers continued to climb as the level of commissioned work increased. In 1979 there was a complement of 1200 staff, including 66 staff attached to the Museum, though not all complemented posts were filled. About 700 were geoscientists. The total budget that year was close to £22 million, which is worth £63.4 million at 2000 prices. In terms of staffing and budget, 1979 was the zenith for the Institute of Geological Sciences despite the NERC Council's stance on Science Budget allocations to it. It was only when the impact of the policies of the new Government began to be felt after 1979, and Council refused to compensate the Survey for lost funding as commissions fell away, that difficulties began to be experienced right through the organisation.

In 1983, the Advisory Board for the Research Councils (ABRC) published a report, *A study of commissioned research*, expressing misgivings about the impact of Rothschild on the funding for strategic research. Already, in 1981, there had been a back transfer of the former commissioning funds from the Health Department to the Medical Research Council, and a number of Government reviews had expressed concern about the arrangements for long-term, but directed research. The ABRC report quantified the problem and even identified the geological survey, chemistry of pollutant reactions and land use as three major programmes of national interest that were under threat. Their

recommendations, to strengthen R&D policy and programme formulation within departments and to strengthen the ABRC by giving it enhanced authority and responsibilities, were sufficiently weak to be ignored and had no impact.

The BGS Forward Look for 1985 (a statement that used to be prepared annually by the Director on the work programme for the year ahead), written by the Director, Malcolm Brown, starts with the words, 'The continuous and traumatic decline in BGS funding since 1980/81 has no parallel in other Geological Surveys of the Developed Nations of the world, and few obvious parallels in the less-Developed Nations.' He goes on to say that this cannot be a conventional Forward Look. It must include a request for Council to reappraise the customer-contractor principle, introduced by Rothschild, and its effects on forward planning and the execution of strategic research, scientific initiative within research institutes and career development of staff. He asked that Council should assess the effects on the BGS, over the past four to five years, of a continuous series of large staff reductions, staff relocations, cuts in commissioned research funding, cuts in Science Budget funding and shifts of new expenditure categories to the latter. He went on to say that the Visiting Group (1982-84) had seen much of the effects, but often in relation to what they were expecting from the Visiting Group recommendations of 1978 and what ought to be expected from a rational operative framework, which he claimed the BGS did not have. There can be few other Forward Looks written with such passion.

Calculated at 1984/85 prices, the BGS received £23.9 million from customer departments in 1980/81, which was 80% of the total budget. This reduced to £15.2 million in 1984/85, which was 70% of the total budget. Over the same period, staff levels reduced from 1093 to a target of 919. This was not a managed reduction, but was random and bore no relation to the structure of the expertise base required to staff the programme. There was no managed recruitment plan and it had been necessary to carry out compulsory redeployments of staff from Keyworth to Edinburgh to make up the short-fall in staff there with specialist knowledge in petroleum exploration. The Science Budget over this period had risen to a peak in 1981/82 and had remained stable for three years, but in 1984/85 it was reduced to £6.5 million from £7.8 million in 1983/84. Giving a breakdown of the £6.5 million Science Budget, the Director showed that only £1.53 million had been available for 'other recurrent' expenditure (i.e. indirect, non-staff costs). Out of this had to come all the costs associated with the relocation of staff to Keyworth and for maintaining the Geological Museum, which was about to be transferred to the British Museum of Natural History. The net effect was a reduction of 70% in the other-recurrent funds available for scientific research from the level of the previous year. The programme to eliminate the backlog of maps and memoirs, identified by the 1982-84 Visiting Group as its highest priority recommendation, could not be fully funded even in its first year. The other recurrent cost, as opposed to salary costs, given to the newly formed flagship Information and Central Service Directorate was a mere £40 000. Because of the protection given to the five Regional Geological Survey projects for a three-year period 1982/83 to 1984/85 the other recurrent for the remainder of the Geological Mapping Programme was barely enough to enable them to proceed. The Director's conclusion was that the Science Budget allocation from the NERC for the year 1985/86 had to be restored to what he called the 'low level' of £7.8 million in 1983/84 if there were to be any chance of conducting a sensible programme. Accordingly, he presented a work programme for that level of funding. He wrote this in September 1984. In December he was shown the draft copy of the 1985 NERC Corporate Plan.

The Science Budget was not, by then, a differential between desirable funding levels for BGS and receipts from commissioned research. It had become a fixed sum, which provided no element for overcoming sudden cuts in commissioned research funding, which may occur at or after the beginning of the financial year. Only in 1982/83, in the face of a suddenly announced reduction of £1.6 million commissioned research income, had the NERC compensated the BGS: a sum of £800

000 additional Science Budget had been returned to the Survey, but they laid conditions on its use. In the years to follow, the NERC had higher priority research to fund than the earth sciences, and the BGS was forced to compensate for its loss in commissioned research earnings essentially by cutting costs.

An analysis of the BGS funding for the period 1980/81 to 1985/86 prepared during the strategic planning exercise of 1985 showed that the provisional Science Budget allocation for 1985/86 was in fact £4.5 million, excluding the Keyworth building costs, not the £7.8 million that the Director had requested. Though part of the difference was accounted for by the transfer of the museum, with its 66 staff, out of the BGS that year, there was a real reduction, not an increase. A breakdown of the budget prepared for the Butler Study Group showed that there was only £647 000 available as other recurrent expenditure for 1985/86 to support 268 staff years of effort on the Science Budget programme. This allowed an average allocation of £2000 for each member of staff, which contrasted with the sum of £6 000 per staff member that was said to be required to run an effective programme.

There is no doubt that the first five years of the 1980s were exceedingly difficult for the BGS. Writing about the funding problems facing the BGS in the Preface for the Annual Report for 1982 and 1983 early in 1984, Malcolm Brown stated that he believed that the BGS was close then to a crossroads of crucial importance for its future. Government departments, which either had had few ideas of their own about how to spend the Rothschild transferred funds in the early years after 1973 or had delayed imposing them, had now begun to develop their own research programmes. The collapse of the consortium in 1981 was initiated by the Department of the Environment, which had moved away from single tender action with the BGS to competitive tendering at the same time as deciding that it wished to concentrate its research resources on short-term applied projects. This new assertiveness from the Department of the Environment was a shock. The attitude that 'BGS knows best' in earth science was strongly embedded in the culture and the Department of the Environment, among other departments, had benefited from this confidence in the early days after Rothschild. Suddenly, the departments had developed their own ideas and though it had taken several years to develop, Rothschild's aim, to concentrate the minds of departments on their specific research needs, was now being achieved. There had not, however, been a concomitant culture change in the BGS. In his submission to the Butler Study Group, Dr John Bowman, the NERC Secretary, commented that there were strong indications from Government departments that, though the changes in the level of funding and in contracting arrangements were largely the result of Ministerial decisions, there was also well-founded dissatisfaction with the performance of the BGS.

The progressive decline in commissioned research income from Government departments, which started from a high point in 1979/80 and has continued to the present, was not regarded sympathetically by the NERC Council. The Director pointed out in the Annual Report for 1982 and 1983 that Council had made it clear to him, when this trend was beginning to be evident, that Council was not going to make up the lost funding with Science Budget and had urged the BGS to seek replacement funding from non-governmental sources. Indeed, in the NERC Corporate Plan for 1985 Council had agreed to set an objective for the NERC as a whole to increase its commissioned research income from 25% to 30% of its total budget. Seen from the BGS, where the proportion had never been less than 70%, this was painfully ironic.

It is clear, however, that there were major inefficiencies in the way the BGS worked at this time. Maybe it is symptomatic of the period that 'annual' reports were produced covering two years each for 1980 and 1981 and 1982 and 1983. The Visiting Group of 1982-84 had clearly identified some of the inefficiencies, and Dr Bowman pointed this out in his submission to the Butler Study Group, commenting that they were much the same as those that had been identified five years previously.

The Visiting Group indicated the need for much stronger management by objective and to time, and the need to rethink the methodology and format of providing the output of a national geological survey. Dr Bowman did admit that it was not easy to make changes and to start new initiatives in a time of financial stringency, but the need to do so does become greater the more stringent the funding becomes.

The Corporate Plan, by giving planning figures, provided a degree of stability in Science Budget funding over the five-year period to 1990, though there was no planned increase to offset inflation. The BGS received around £5 million a year each year for four of them. In the fifth, 1989/90 there was a boost from the first of the awards of new money that arose out of the Butler study (see Chapter 6), adding £3 million to a reduced baseline of £3.2 million. With the start of a second award in 1990/91, £5 million was added; then £7 million in the next year and £8 million a year thereafter. The Chancellor of the Exchequer, on receipt of suitable progress reports, had agreed that the value of each award should be added to the baseline for future years. In addition to these, a transfer of £0.82 million from the Department of Trade and Industry took place in 1991/92 to cover the Geochemical Survey Programme. In the following years other adjustments to the SB allocation took place.

In a NERC Establishment Bulletin (No. 36/88) in 1988, Professor John Knill, the NERC Chairman, in his response to the success of Butler, commented that the new money would do little more than offset projected further declines in commissioned and Science Budget funding to BGS. However, it was protected funding and was not available to the NERC to redistribute to other parts of the NERC research programme.

The total annual income for the BGS for the twelve years 1987/88 to 1998/99, normalised to 1998/99 prices by taking account of inflation, shows a range of £31.9 million to £36.6 million ([Figure 1](#)). Taking out the two years, 1991/92 and 1995/96, which were unusually successful commercially, the range of income varies less than 10% throughout this period. This remarkable stability on the bottom line belies frenetic activity above it during this period.

Again at 1998/99 prices, commissioned income from Government departments plunged from just over £20 million in 1987/88 to £7.8 million in 1993/94, with a gradual decline from then to £5.85 million in 1998/99. Using the figures from Sir Kingsley Dunham's retirement report (pages 36–37), 60% of the income from Government departments in 1975/76 was transferred Science Budget, the result of Rothschild. In 1979 the value of work commissioned by Government departments was put at £15 million in the Preface to the 1979 Annual Report. At 2000/01 prices this is worth £43.2 million. Assuming that, as in 1975/76, the equivalent of 60% of this was transferred funds the present-day value of lost funding is nearly £26 million. Equally significant, the value of genuine departmental contract work in 1979, that is 40% of the commissioned earnings, was £17.3 million at 2000/01 prices. It is this that has fallen to £5.85 million in 1998/99. Whether or not a case against Rothschild is valid made this way, there is external evidence of a severe deterioration in departmental spending on science. The House of Commons Science and Technology Committee, in a report in May 2000, was severely critical of Government departmental spending on R&D, which they gave evidence to show had been steadily reducing since the mid-1980s. There appears to be abundant evidence in the BGS experience to support this.

The rate of reduction in the total commissioned research earnings since 1987/88 is much less than the rate of reduction in earnings from Government departments. Council's exhortation to find non-Governmental sources to replace lost Government earnings had been heeded. In 1987/88 approximately 18% of commissioned earnings came from non-departmental sources; in 1998/99 it was 67%. Despite this enormous effort, however, the decline in total commissioned earnings has been around 30%. This loss was not made up by Science Budget. The apparent increase in published

Science Budget income figures over this period reflects a number of other factors. In 1995/96, the NERC took the decision to transfer funds to its component bodies for them to pay superannuation contributions directly. From 2000/01 the buildings maintenance budget has also been transferred from a budget managed at HQ to the component bodies. Together, these amount to nearly £2 million added to the Science Budget, but not for science. Equally significantly, the NERC began to allow its component bodies to bank excess earnings or underspend at the end of the year, instead of losing them. These are also seen in the published total Science Budget figure. The only genuine increase in the allocation of Science Budget up to and including 1998/99 was when the Treasury's decision to allow adjustments for inflation within the Science Budget was implemented. This was the first time this had been permitted in over a decade. It did little to compensate for the relentless increase in the proportion of the total budget that was taken up with salaries. Staff levels varied quite considerably over this period. They grew from 794 in 1987/88 to an unaffordable peak of 863 in 1992/93. They then fell away to below 800 in 1994/95, and then continued downwards. Another strain on the budget was the gradual increase in the proportion of indirect expenditure in the commissioned research income. Over several years this meant that the amount of commissioned income that was available to pay staff costs declined. Thus, while the total commissioned income dropped by 30% over the period, the usable component (i.e. the proportion devoted to staff costs) fell at a greater rate.

It is difficult to calculate the drop in real value of the total BGS income over the period from 1987/88. It was sufficiently severe for the BGS to develop an action plan for the financial year 1999/00, which involved cutting staff costs by compulsory redundancy, imposing a recruitment freeze and savagely reducing spend on capital and other recurrent expenditure in all areas. At the end of it the Survey is in a healthier position financially than it has been in for many years. However, the staff level at the start of the year 2000, at 754, was the lowest since 1970 and the Survey could still not afford to do any drilling or offshore surveys or geophysical surveys, all of which were in the programme twenty years ago.

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