



Science and Technology Committee

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From Nicola Blackwood MP, Chair

Rt Hon Sajid Javid
Secretary of State
Department for Business, Innovation and Skills
1 Victoria Street SW1H 0ET

13 May 2016

Dear Sajid

I am writing on behalf of the Science & Technology Committee about the Government's plans for the science and innovation landscape in the aftermath of a raft of critically important reviews — Sir Paul Nurse's review on research councils, the Higher Education Green Paper's proposals for bringing the HEFCE research funding system within Research UK, and Ann Dowling's review of business-university research collaboration — which follow in turn the Spending Review proposal for bringing Innovate UK under Research UK.

As we told the Chancellor in March, while we 'punch well above our weight' in science and innovation, that reflects a position of great responsibility in the global scientific community. Our scientists and innovators across academia and industry will be at the forefront of the discoveries that will not only underpin the productivity of our economy but will ensure the sustainability of our way of life. As we contemplate new structures and regulations it is our responsibility to ensure we not only protect our science base as a strategic national asset but go further, creating a vibrant climate for science and innovation in the UK to thrive.

The time it has taken to set out the Government's responses on the major outstanding reviews — on areas which will have fundamental implications for our research base — has meant the signals of turbulence and uncertainty have persisted. For this reason we recently held a further seminar hosted by the Royal Society to discuss the concerns of the research and innovation community, attended by Sir Venki Ramakrishnan and Dr Julie Maxton of the Royal Society, Sir Paul Nurse, Dame Ann Dowling, Dr Sarah Main (Campaign for Science and Engineering), Simon Bennett (Innovate UK), Nicola Perrin (Wellcome Trust), Chris Hale and Jamie Arrowsmith (Universities UK), Dr Wendy Piatt (Russell Group), David Sweeney (HEFCE), Jeremy Clayton (former Director of Research at BIS), David Cairncross (CBI), Alex Saxon (RCUK) and Gareth Davies (Director General for Business and Science in your department, as an observer).

It is clear from our previous inquiry and from our seminar discussions that in our increasingly knowledge-based economy, the pursuit of excellence in research and innovation, alongside effective public engagement, will need to be at the heart of effective strategies for increasing productivity. Our science and innovation ecosystem needs to be the most agile and responsive in the world if we are to compete. Investors and scientists need confidence in the UK research base and its stability, and accordingly we urged the Chancellor in the Budget to publish the Government's plans for taking forward the Nurse and other reviews as soon as possible. Once again we on the S&T Committee strongly urge you to bring forward the Government's plans for Nurse,

Dowling and the Green Paper as soon as possible with the beginning of the new Parliamentary Session and Queen's Speech next week.

The seminar discussion highlighted three broad concerns which will need to be at the heart of any changes the Government introduces. First, the need to protect the existing vital strengths of the current science and innovation system — the 'dual support' funding system and the focus on 'excellence', and the synergies of teaching and research in our university system. Second, the need to get leadership structures right, both in the way research/innovation is taken forward and in the way that Government sets priorities. Third, a need for a whole-system vision that will overarch the changes, and which recognises that the inherent vulnerabilities of a current system that is already working running hard. These broad concerns are derived from a number of more specific issues under the reviews.

The first of these is about the proposed new 'Research UK' body, recommended by the Nurse review to strengthen the science voice. This should bring an invaluable greater focus on interdisciplinary and strategic research themes to meet society's major challenges. It will need to be set up, however, in a way that coordinates the work of the individual research councils without undermining their autonomy. Both Research UK and the research councils will need to be able freely to challenge Government, but also have clear accountability themselves.

Bringing the two 'dual support' streams of research funding under Research UK (or another single body), as the Green Paper discusses, will require their effective continuing separation, to help maintain the current system's focus on allocating research funding on 'excellence' principles. As we said in our *Science budget* report, any significant changes to this system, including in the balance of funding between research councils and higher education funding councils (or their replacement), would require a clear justification which has yet to emerge. The Government's reforms to higher education will need to retain the vital links between teaching, knowledge-exchange and research which are a strength of the UK system.

Nurse-proposed that Research UK would form closer links to Government than its predecessor, possibly through a new 'Ministerial Committee' chaired by "a senior Minister with cross-cutting cabinet responsibilities". Such a Committee, fully respecting Haldane, could provide an invaluable engagement from ministers with the country's science priorities. As we and many others have said, the Haldane principle must continue to guide the allocation of public research funding, and to help allay concerns about Haldane the Ministerial Committee's work should be transparent and the results of its deliberations published. The Ministerial Committee should take a Government-wide perspective of research priorities, including the agendas of individual Government departments. In view of falling R&D budgets in some Government departments over the last decade, the Government could produce a list of 'key challenge questions' that need to be addressed in policy terms, to drive departmental research efforts and to provide a research agenda on which university and industry researchers could engage.

Innovate UK's fundamental role will need to be protected in any moves to brigade it under the new Research UK organisation. A closer collaboration between research councils and industry could provide a useful spur for effectively-targeted research funds, but Innovate UK should retain a clear separate focus on business-facing, not researcher-facing, priorities. It should guard against being too reliant on the push from research, rather than the pull from business. It should not become the commercial arm of the research councils. Funding for the research councils and Innovate UK should be kept

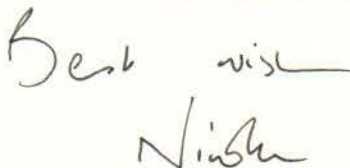
separate — the ring-fenced science budget currently encompassing the research councils must not be diluted by being required in the future to also fund Innovate UK. An awareness raising campaign among businesses could encourage businesses which have so far not engaged with Innovate UK to do so.

Addressing key concerns of the science and innovation community, the Government response should include a refreshed industrial strategy approach for all key research-intensive sectors, mirroring the enhanced strategy approach that has been followed for the aerospace and automotive sectors. A varied and sometimes fragmented raft of measures supporting businesses, with access to finance and information on research amenable to innovation, presents significant challenges for research-intensive businesses in navigating their way. Ann Dowling's review identified the problems in linking universities and businesses. Developing refreshed strategies for such sectors could help provide the necessary favourable investment environment for businesses and researchers over the long term. The Government could put a condition on the sectors that might seek such an enhanced strategy approach that they commit to providing similarly significant investment in research, including in their sectors' supply chains.

Universities are faced with pressures to maximise intellectual property arising from their work, not least to fund their technology transfer organisations, in ways which may not always be optimal for the wider economy. The Government, with the Intellectual Property Office, could produce principles and guidance for university research departments on how to manage any intellectual property arising from their work, including in collaboration with private sector partners, to reduce any barriers on exploiting innovation potential from publicly-funded research. The Government should also give a clear commitment to the future of Higher Education Innovation Fund. In the face of some confusion about the treatment of VAT on the sharing of university/private sector research premises, which can make university work on innovation more uncertain, the Government could clarify the rules in order to avoid any unnecessary reluctance to form research partnerships.

A fundamentally important aspect of the Nurse review was its coherence — a set of changes that should not be cherry-picked. The review set out principles and guidelines, leaving it to Government and the key players in the science and innovation community to refine and implement the changes that flow from these. There will be much work needed to take this detailed design and implementation stage forward. It is important that when the Government announces its response to the reviews it provides a plan for how this will be done as well as a recognition that the science and innovation community has a pivotal role in this. The Government should also consider which person or body should be responsible for implementing the series of changes now in prospect as a whole, and for monitoring the effectiveness of the system subsequently — for research and for innovation, for example, and for research across all Government departments.

I am copying this letter to Jo Johnson MP. We welcome his agreement to take part in a follow-on seminar once the Government's plans become clearer.



Nicola Blackwood MP
Chair

Cc: Rt Hon Matt Hancock MP, Minister for the Cabinet Office