

**Science and the comprehensive spending review : minutes of evidence,
Wednesday 29 July 1998 ... / Science and Technology Committee.**

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SCIENCE AND TECHNOLOGY
COMMITTEE

SCIENCE AND THE COMPREHENSIVE
SPENDING REVIEW

MINUTES OF EVIDENCE

Wednesday 29 July 1998

OFFICE OF SCIENCE AND TECHNOLOGY
Mr Tony Quigley and Mrs Helen Williams

DEPARTMENT FOR EDUCATION AND EMPLOYMENT
The Baroness Blackstone and Mrs Imogen Wilde

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MINUTES OF EVIDENCE

TAKEN BEFORE THE SCIENCE AND TECHNOLOGY COMMITTEE

WEDNESDAY 29 JULY 1998

Members present:

Dr Michael Clark, in the Chair

Mr David Atkinson
Mr Nigel Beard
Dr Ian Gibson
Mr Nigel Jones

Dr Ashok Kumar
Mrs Jacqui Lait
Dr Desmond Turner
Dr Alan W Williams



13659

Memorandum submitted by the Office of Science and Technology

SCIENCE BUDGET: OUTCOME OF THE COMPREHENSIVE SPENDING REVIEW

The outcome of the Comprehensive Spending Review for the Science Budget was announced in a reply to Mr Alan Johnson MP on Monday 13 January. Unfortunately, there were some major typographical errors in the table attached to the reply, and furthermore, it was in terms of the Science Budget gross of receipts from the European Union by Research Council institutes. The Committee may therefore find it helpful to have before them the attached table showing the outcome in terms of the net Science Budget, ie, the sums available for allocation to the Research Councils, and other projects and initiatives.

23 July 1998

SCIENCE BUDGET (NET) SETTLEMENT

	<i>£ million</i>				
	1998-99	1999-00	2000-01	2001-02	TOTAL
Cash Baseline	1,338.3	1,338.3	1,338.3	1,338.3	
Additional Programmes:					
Current:		49.8	99.1	134.3	283.2
Capital:			40.0	60.0	100.0
Infrastructure Fund		75.0	100.0	125.0	300.0
University Challenge		10.0	10.0		20.0
Total Additions		134.8	249.1	319.3	703.2
Total New Science Provision	1,338.3	1,473.1	1,587.5	1,657.6	
% increase in cash terms over 1998-99 baseline		10.07	18.6	23.9	
% increase in real terms over 1998-99 baseline		7.3	12.8	14.9	
<i>Science Provision</i>					
EU receipts	11.1	11.4	11.7	12.0	
Total new Science Provision	1,349.5	1,484.5	1,599.1	1,669.6	

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[Continued

Examination of Witnesses

MR TONY QUIGLEY, Director of the Science and Engineering Base Group, and MRS HELEN WILLIAMS, Director of Trans-departmental Science and Technology, Office of Science and Technology, were further examined.

Chairman

1. Mr Quigley, Mrs Williams, thank you very much indeed for coming to see us once again. I think you started off our inquiry into the funding aspects of the Dearing Report and by a strange quirk of fate you are going to finish it off too. You would have been here with the Minister had the Minister been present, but due to the changes in Government that have been going on in the last two or three days we learned this morning that Mr Battle was no longer the Minister responsible for Science and Technology and although we have heard rumours as to who it might be now, we have not had it confirmed. In any case, it would not really have been practical to ask a Minister to come along in his/her first hour of office. So we have invited you to come along and answer the questions for us, but mindful of the practical limitations of the answers you can give us, bearing in mind you are not ministers but from the Department, we have curtailed the last five or six questions from our list of questions because they were politically orientated and we thought it not fair to put them to you. We will try to be objective with our questions and non-political, but I am sure if we are not you will point out to us that they go beyond your remit to answer, although we shall try to co-operate and we hope you will co-operate too. May I start by saying on behalf of the Committee that we were delighted with the funding outcome from the Comprehensive Spending Review. Although some people thought it was not a whole loaf, it was a far bigger loaf than had been in existence in the past and I think the Committee by and large thought it was a very encouraging sign for the future and it very much welcomed the funding that the Government had given to science. Perhaps the two of you sitting there as our potential witnesses might have had some hand in that. If you had, we thank you. It is perhaps best not to ask. Mr Quigley, may I point out that the DTI have stated that the additional funding for research councils is "to meet the current and capital costs of new project funding in priority areas like life sciences". Priority areas like life sciences implies there are other priority areas. I wonder if you can tell us what they are?

(Mr Quigley) Thank you, Mr Chairman. Could I thank you for your introduction. Sir John Cadogan would have been here under the circumstances, but unfortunately he is in hospital at the moment and so he could not make it.

2. I hope you will send him our best wishes for a speedy recovery.

(Mr Quigley) I will indeed, thank you. The biggest priority we would see is in what we call the post-genome challenge, which is all about how to exploit the sequencing of the human genome and the marvellous opportunities that that will present in the future for the nation of a whole new industry. As it happens, that does not just involve work in the life sciences because necessarily that involves physics, chemistry and perversely it even draws in things from

particle physics and astronomy and the expertise they have in handling large quantities of data. So life sciences is a shorthand for quite a lot of things. There are other things that we recognise, for example the Extend Quality Life (EQUAL) initiative which I think you have heard about and other areas to do with the environment and some economic and social matters as well.

3. So it will actually include a wider area than just biological sciences. Where there are things like MRI machines or intra-spectroscopy and things like that which you cannot describe as life sciences—they certainly are physical sciences—would they be included in this funding area because they are assisting life sciences to move forward?

(Mr Quigley) Yes. If you look at the Joint Infrastructure Fund with Wellcome, which is a £600 million fund, half of the funding from Wellcome. The deal there is that at least half of the money spent in that area must go into the biological sciences but with no prior specification of exactly what the distribution is to be. Naturally, half of that fund has to go in that area because Wellcome is providing half the funds and Wellcome has its own charitable objects.

4. If all the additional funding is to be directed towards priority areas, does this mean that the non-priority areas will not have any additional funding at all?

(Mr Quigley) Not necessarily.

5. How come? Arithmetically it would mean that. If all additional funding goes to priority areas it would follow that non-priority areas would not have any additional funding because it would all have gone on priority areas.

(Mr Quigley) It is too early to say what the allocation of the science budget would look like. Our intention—and I can only say it is an intention at the moment—is to complete the work for that and publish it in the middle of October. But at this stage I think it would be going too far to say exactly what the balance would look like. It is actually quite complicated when you start filleting down into it. It is difficult to give you a more specific answer at the moment.

6. Would you imagine that there might be any areas which might have a real-terms cut in cash allocation? Is it possible within the type of formula that you use or the type of process you go through?

(Mr Quigley) I would say that it is inappropriate to rule anything in or to rule anything out at this stage.

7. Who decides what the priority areas are? How is it decided?

(Mr Quigley) There are two parts to it. There is the allocation of the science budget and then there is the operation of the Joint Infrastructure Fund jointly with Wellcome. I think we have to take these as two separate things. On the allocation of the science budget, as I think you are aware, the formal process is that the DGRC advises the Secretary of State on what the optimum distribution of funds would be

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[Continued

[Chairman Cont]

and in arriving at his views he consults extremely widely with large numbers of people, CVCP, Foresight Panel chairmen, chief executives of councils, various people in industry and so on in order to form a good picture of where the priorities sit as seen by the research councils, Foresight and from various other places and he tries to draw that into a coherent picture. As regards the Joint Infrastructure Fund, exactly how that will operate is not yet clear because we are still putting the process together for that and that has not yet been settled.

Dr Turner

8. There is increasing emphasis on the wealth-creating potential of scientific research and this Committee has contributed to that as much as anybody in its report and it is clearly one of the driving forces in the increase in spending from the spending review. Given that, what protection will you be able to offer for blue skies research in the future?

(*Mr Quigley*) The reality is that we have consistently protected blue skies research anyway and it is generally recognised as a remaining important component. To say much more probably gets a bit political. If you look at the record and what ministers have consistently said over the last years, all of those recognise that blue skies and strategic research is an essential function of the government funding. In the press release which accompanied the announcement of the science budget settlement (I cannot remember the precise words) the Chancellor of the Exchequer also actually alluded to the fact that the science base is a vital underpinning. There is a consistent thread running through it of recognition that basic and strategic science is a very important component—

Chairman

9. You are looking backwards and saying it always has been protected, the Chancellor has mentioned it in his spending review statement. That is anecdotal rather than a positive statement that blue skies research has a special place and will be protected.

(*Mr Quigley*) Because I am afraid a question about what the policy will be for the future is one you will have to ask ministers. All I am saying is that there is a consistent pattern, a consistent picture and nothing that has been said recently would cause one to worry that things are changing.

Dr Gibson

10. So do you think there might be an incremental increase in blue skies research? There will be more grants funded, would you say? You pick up the feelers, do you not, in conversations?

(*Mr Quigley*) Yes. It would be too much to draw me into saying that there would be an increase in any particular sort of activity. All I am saying is that there is a consistent pattern that this sort of research has been protected. If you look at the settlement, one would expect the volume of research grants to go up because the total money has gone up.

11. You think Alpha-funded grants will be more funded, would that be your guess? That would be magic news for the scientists who do blue skies research.

(*Mr Quigley*) That would be my expectation.

Chairman: You could not say further than that.

Dr Turner

12. Since new funds are to be allocated to priority areas how will this happen? Does it mean that research councils will have to accept more Government controls over the way in which they are disposing of the funds or will the priority of assets simply be determined by the allocation of funds between Research councils?

(*Mr Quigley*) There are two questions in there. I would expect it to be largely the latter. Certainly there has been no suggestion of any change to the well established Haldane principle whereby the research councils themselves decide which projects to fund. We still have in place the Haldane principle dating back to 1918 that the research councils actually make the scientific decisions on which projects get funded. The allocations as between the research councils of themselves necessarily put some shape into matters. The degree to which there are any specific directions to research councils I cannot comment on at the moment because that simply has not been done. There is a lot of work to be done in framing those allocations.

13. Do you think that these changes are likely to have any impact on the peer review system?

(*Mr Quigley*) Not obviously. It is not a thing that we have considered anyway.

Dr Gibson

14. Do you think there is an overlap between research council interest now? Do you think the old barriers are breaking down as science moves on and is bringing new approaches? For example, the Environmental Council: medical research, biodiversity, population dynamics of human populations as against animals, there is an interaction there, there is an academic interaction. Do you break that down or are you going to limit it really hard?

(*Mr Quigley*) The reality is there are a number of research areas which span the interests of individual research councils. That is a thing that we recognise. It is a thing that the DGRC has a specific responsibility to keep an eye on. We recognise that it necessarily takes place and where there is scope or a need for research councils to work together in a certain area then we encourage it. It is happening in all sorts of areas in addition to the list you gave. Curiously we have had the Economic and Social Research Council and the Medical Research Council coming together on various things. It is not a thing to be discouraged.

15. You do not think that research councils have had their day then?

(*Mr Quigley*) No.

Chairman: Emphatic enough.

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MR TONY QUIGLEY AND MRS HELEN WILLIAMS

[Continued

Mr Beard

16. What changes do you expect in the contributions research councils are asked to make to the infrastructure costs of the projects that they are sponsoring?

(*Mr Quigley*) You mean the 46 per cent surcharge? There are two things to say. First of all, the settlement we got from the Comprehensive Spending Review clearly leaves the Dual Support System intact. No change there. The second thing is there was no explicit provision for changing what is called the overhead rate paid on research council grants. At the moment research councils pay for certain direct costs and on top of that there is 46 per cent that they pay as a contribution to support costs in universities for that work. At the moment that remains the same as well, there is no change there.

17. In our report we recommended that the research councils should pay the full indirect costs of the research in universities. When do you expect that will be implemented?

(*Mr Quigley*) I do not know because we do not have the funds to do that. There are one or two things to say there. In the Comprehensive Spending Review we have a considerable amount of money to contribute towards infrastructure and equipment and related things in the form of grants rather than loans which means that universities do not have to find the money to repay the loans which actually takes a lot of pressure that they would have felt off of them. Secondly, there is the review which in the first instance will be led by the Director General of Research Councils to look at transparency and other matters related to the use of those costs. That will also involve the science and engineering based co-ordinating committee chaired by the Chief Scientific Adviser, to look at what actually happens to that money, what the real needs are and so on and so forth. That is going to be quite a lengthy and challenging task. My own view is that it is probably sterile to get too hung up on changes to the system until we have actually got the transparency into the system and know fairly precisely what it is we are dealing with.

Chairman

18. I am not an expert on body language but I thought you were burning to say something, Mrs Williams.

(*Mrs Williams*) No.

Mr Beard

19. The Comprehensive Spending Review, the statement the Minister of Science made and we all debated a couple of weeks ago, was that there is the dual fund from Wellcome and the Government for catching up on university infrastructure and this Committee pointed that out with Dearing. We also pointed out at the same time that you need arrangements to ensure that you do not get back into the same position because you end up with research councils and everyone else keeping on putting revenue money in, sponsoring more projects but doing nothing to keep the infrastructure up to date

and it starts depreciating. Here we have a position where more money is being awarded to research councils; does it not follow therefore in commonsense terms that something should be done to ensure that we do not get back into the same black hole that we have climbed out of?

(*Mr Quigley*) No doubt that will be a subject next time round on the Comprehensive Spending Review because we have got funding for three years and by the time that funding period comes to an end there will need to be a further review of requirements generally.

20. Why next time round?

(*Mr Quigley*) At this stage all I can say is the money to fund full overhead recovery is not provided in this Review. We have actually got considerable sums of money to redress the problems of infrastructure and equipment in the universities. We will have failed miserably if by the end of three years we have not made a very significant improvement there. In parallel with that we have the review of transparency, etc., and as I have described moving to full overhead recovery actually would be exceedingly difficult without a handle on what the true costs were and what the true cost drivers were.

21. The Committee of Vice Chancellors and Principals have said that they will supervise or organise a scheme which will establish that kind of system or we will have one hundred different systems.

(*Mr Quigley*) That will take a while to put in place.

22. Who is making sure that all this fits together? First of all, that we do not spend like drunken sailors and have nothing to make up for what has been eroded in three years? Who is ensuring that the system does have cost transparency which will enable the infrastructure costs to be gathered subsequently?

(*Mr Quigley*) That is a combination of the study being led by Sir John Cadogan, as I have said, and the science and engineering based co-ordinating committee which looks at the balance of things across the science base.

23. That is in place? That is being done? Is that generally their remit?

(*Mr Quigley*) The science and engineering based co-ordinating committee already exists. The study which I referred to is being launched as one of the actions resulting from the Comprehensive Spending Review.

24. Are you saying the study that has been referred to covers the points I am making?

(*Mr Quigley*) It must do, yes.

Chairman: We will now move on to the infrastructure funds and Dr Kumar.

Dr Kumar

25. You touched on this new £600 million that has been allocated by the Wellcome Trust and the Government. Can we explore a little bit how this money is going to be distributed now that it will be managed by some sort of executive board and there will be panels. Can you tell us who will be on these panels and how it will be distributed, whether the

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[Continued

[Dr Kumar Cont]

Wellcome Trust will have a veto over the research or any say in this? I want to explore basically the distribution of the £600 million.

(*Mr Quigley*) Okay. It is too early to say what the distribution of the £600 million will look like because we are still putting the arrangements together. The whole activity will be overseen by a joint executive committee chaired by the Director General of Research Councils with the Director of Wellcome as Vice Chairman. We are still sorting out the details of members but what I can say at this stage is it is carefully designed to maintain a proper balance as between the various contributing parties. When it comes to distribution of funds everybody has to remember that there are two major sources of money in there; there is the Government fund through our organisation and Wellcome are contributing £300 million. Both parties clearly must have a say in where that money goes. We aim to make this a collective decision rather than making it a terribly parochial exercise. At the end of the day, if you think about it, we have to ensure that funds that are voted to us by Parliament are treated properly and equally Wellcome have their own charitable objects and have to make sure that those are preserved.

26. Do I take it that there is going to be some sort of panel set up to advise this executive board or is the executive board going to make decisions? Who is going to be sitting on this?

(*Mr Quigley*) It is the executive board. Clearly one has to have peer review arrangements put in place and ways of putting advice together for the executive board. The details have not been finalised yet so it would be wrong for me to say too much because we are still discussing that with Wellcome.

27. How many people from industry and people from charities will be sitting on this board? Would you like to stretch your mind a little bit and say who you think would be there?

(*Mr Quigley*) It depends at what level you are looking because clearly on peer review we would expect to see an international gathering of people who would be expected to provide informed opinions as to the quality of various proposals put before them, covering a good range of disciplines. We would expect research councils to be equally represented in these arrangements and people from the funding councils who have an important view as well because they still retain a significant responsibility for the infrastructure in universities. I cannot give you specifics at the moment because we are still tidying those up and it would be wrong of me to preempt some discussions like the ones I am going to have tomorrow.

Dr Gibson

28. How do you think Wellcome will behave in such committees in relation to somebody studying yeast genetics or something like that which may have implications for cancer? Do you think they are going to be really tight on that and keep within their remit and say: "Thou must not work on cancer"? How do you think they will behave in terms of this money? How flexible is their policy going to be?

(*Mr Quigley*) It is impossible for me to give a definitive answer to that, but the thing that we recognise is that half the money comes from Wellcome. So long as half of the spend of the money is consonant with Wellcome's charitable objects then one would not expect them to be a problem beyond that.

Mr Beard

29. What proportion of the current spend is consistent with Wellcome's charitable objects, in other words bioscience?

(*Mr Quigley*) I was thinking about Wellcome's expenditure. Bearing in mind that half of this fund is from Wellcome, therefore half of the spend of the fund must be compatible with Wellcome's—

30. What proportion of last year's funds would be compatible with Wellcome's charitable objects?

(*Mr Quigley*) Of our funds? If you add Wellcome's money to our money that gives you about £1.6 billion and roughly half of that goes into bimolecular things.

31. So it will not make any difference then if that is going to be the future rule?

(*Mr Quigley*) There is a slight problem here because in the operation of that fund all that matters as far as that fund is concerned is that at least half the expenditure of the fund is compatible with Wellcome's charitable objects, otherwise they would be breaking the law.

Chairman: I think Mr Beard is saying that if in years gone by half was spent in that area, then there clearly is going to be no problem staying within those same guidelines in the future, but if in the past only a quarter was spent in that area and now suddenly the rules are it has to be a half, then that is going to be a massive change this year compared with last. I suspect that is what you are saying.

Mr Beard

32. That is true.

(*Mr Quigley*) The figures I gave you were if you added Wellcome's expenditure to ours then roughly half of that is in that sort of area, if you take past figures.

33. So there is no likely distortion or shift in proportion due to the new arrangement?

(*Mr Quigley*) There could well be, but of itself it does not necessarily drive in that direction.

Chairman

34. Your answer implies that no-one else is going to be robbed to meet the new arrangements.

(*Mr Quigley*) I would not wish to go that far. That depends on decisions yet to be made.

Dr Kumar

35. Let us come back to membership of the board and the panels and various things. Who is going to make the decision on who is going to be appointed to these boards?

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[Continued

[Dr Kumar Cont]

(*Mr Quigley*) Ultimately we would see that as being determined by the top level committee which has clearly had representations from Wellcome, from research councils, from DGRC as the chairman.

36. So the Committee will make a decision not the Minister?

(*Mr Quigley*) Yes, bearing in mind, of course, it is a joint fund because if the Minister was going to make the decision then on the face of it the Wellcome board of trustees ought to do it as well.

37. So if somebody wants to be on this Committee they ought to write to the Committee and not to the Minister?

(*Mr Quigley*) I would think so, yes.

Dr Gibson: Will there be an advert in Nature?

Mr Atkinson

38. Up until now the responsibility for the provision of research infrastructure has rested on the funding councils. Why has the Research Council arm of the Dual Support System been given responsibility for administering the funding councils?

(*Mr Quigley*) There are a couple of components to this. First of all, I would say that no money has been taken away from the funding councils. Indeed, the funding councils get more money as a result of the CSR settlement. Secondly, the funding arrangements proposed are prospective rather than retrospective; in other words, people bid specifically to make proposals. It is that scheme that is being run UK-wide depending on peer review arrangements, whereas if you look at the education departments and funding councils, their mechanisms tend to be retrospective and also they are distinct as between England, Scotland, Wales and Northern Ireland. So for a combination of reasons you can see how this package makes sense. As I say, no money has been taken away from the funding councils.

39. Was there any approach to other charities or industry for contributions to the fund?

(*Mr Quigley*) I cannot give you a complete answer to that question because it is always conceivable that there are approaches that I may not have known about. I know that there have been a number of discussions, but I cannot answer more on that and some of those are ones conducted by the Treasury.

Mrs Lait

40. Just to satisfy my curiosity, how did Wellcome come to you in the first place?

(*Mr Quigley*) I cannot give a simple answer to that.

41. Try a difficult one!

(*Mr Quigley*) I think it is a combination of circumstances. Several months ago Sir John Cadogan had a meeting with the new Director of Wellcome before he came into post and certainly they were both keen on the idea of us working in partnership in some form or another. We know that various other discussions and approaches had gone on as well between various people on the Wellcome board of trustees, people in the Treasury and so on and so forth. I find it impossible to pin it down and

say what is the precise trail of events which led here because it is one of those scenes where lots of things were happening.

42. Can you tell me whether subsequent to this announcement—and I realise it is not very long ago—any other research councils have shown an interest in a similar sort of set-up? Are you pursuing as a matter of course, if this is not treading on the political field of policy, extracting funds from any other research organisation as a way of boosting funds for research?

(*Mr Quigley*) The short answer is I have not seen anything yet. We are always in discussions with various people who could be partners, but, frankly, in the immediate run up to the CSR announcement and in its aftermath with the wide range of things going on—because we have to close off deals with various people, sort out the administrative arrangements with Wellcome, that is still going on, the changes of ministers, briefing and all of that—we actually have not had time to look outside very much at the moment because we are preoccupied with putting the arrangements together following the CSR.

Chairman

43. Mr Quigley, what would you say if someone put it to you that the Wellcome Foundation has always spent this type of money in the past on research in this country within the terms of its trust and would have done so this year with or without a formal link up with Government? Therefore, the money that we are talking of, £300 million, or £400 million if you count the x-ray machine, let us just say £300 million, is money that would have been spent anyway on research but instead of being spent in a diffuse manner and a non-defined manner or low-profile manner it has been brought together with high profile. It looks like, matching Government money but in actual fact the sum total of money for research in this country is no different than it would have been without this formal arrangement.

(*Mr Quigley*) My firm understanding is that this money is additional to the £250 million to £300 million that they spend annually anyway. If you wish to probe that further you will have to ask Wellcome.

44. You understand it to be new money?

(*Mr Quigley*) I understand it to be new money but I think that is a question to which the definitive answer can only come from Wellcome.

Dr Kumar

45. I will read out to you what the Trust said last year when we took evidence from them: "The Trust believes that the overall state of the university infrastructure is the responsibility of the UK Government". So they were adamant as late as last year that it is the responsibility of Government. Obviously somewhere along the line there has been a change of heart or something has happened following the point Mrs Lait has made.

(*Mr Quigley*) I would suggest that a strong part of that is the perception that the Government has become serious about putting the infrastructure

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[Continued

[Dr Kumar Cont]

right. Again, it is difficult for me to give you a definitive answer as to exactly what Wellcome's motives are, you will have to ask them. My understanding is they see the Government is doing something different and therefore they have changed their position.

Dr Gibson

46. How much does that give them an inside track over other groups in decision making about the orientation of research since you say you do not know whether other groups have been approached or not?

(*Mr Quigley*) To call it an inside track, they are providing £300 million towards that joint infrastructure fund as a jointly administered fund. As a partner in such a fund they inescapably have an influence. They do not have any direct influence on the other—I cannot do the mental arithmetic—best part of a billion pounds that is being spent anyway, or will be.

47. Do you not think it would be a good initiative now to look at other organisations and say: "Look, Wellcome have done this; why do you not do this now?"

(*Mr Quigley*) Indeed.

48. And double the budget and make it even better.

(*Mr Quigley*) The number of organisations in a position to do that is fairly limited. Wellcome is a very special case. We are always looking, and indeed the research councils and other parts of the DTI are always looking, for decent partnership deals involving companies.

49. What about cancer charities?

(*Mr Quigley*) We have not looked at any special deals involving those at the moment.

Dr Williams

50. Could I add to that in relation to the balance between life sciences and physical sciences. Life sciences are going to do very well, I just hope there will be something broadly proportionate for the physical sciences. What about approaches to British Telecom or GEC, heavy engineering? Is the OST in the business of actually taking an initiative in looking for public-private partnership?

(*Mr Quigley*) We are always on the look-out for public-private partnership. I suppose a way of saying it is that we have not been terribly energetic in looking for something central with those organisations at the moment.

51. Right.

(*Mr Quigley*) But these organisations, of course, play a part in a number of co-operative arrangements involving research council programmes such as LINK, the Teaching Company Scheme, and so on and so forth. They get involved in the Joint Research Equipment Initiative. They are engaged in a variety of ways. When you are dealing with companies looking for significant extra money then you may well be looking at money displacing some other source. Wellcome is a very special case because of their particular circumstances.

52. Could I ask about the mechanisms for the disbursement or distribution of these funds. It is important that Wellcome, even though it has got a primary position here, whatever the arrangements are, would allow in future years other companies to come in in similar ways.

(*Mr Quigley*) Of itself we would not wish to exclude that. Any participation by others has to be negotiated.

53. Could I ask you about the Joint Research Equipment Initiative. Will the fact that the £600 million is in a sense locked up in this way impinge in any way on the JREI?

(*Mr Quigley*) In the formal sense not at all because we see them as being entirely complementary schemes, although different in character. Certainly our intention is that the Joint Research Equipment Initiative continues. On the current round the bids over-match the amount of money available by a factor of getting on for three. That is still looking extremely healthy. As I say, we see them as being complementary.

54. The £45 million that the Government put into the scheme last year, that comes from a different pot to the £600 million Infrastructure Fund?

(*Mr Quigley*) Yes, because the funding for the Joint Research Equipment Initiative is a combination of the normal research funds disbursed from us through the research councils, plus funding provided by the Higher Education Funding Councils for England, Scotland and Wales and the Department for Education (Northern Ireland). It is a joint scheme that brings all of those funding bodies together.

Mr Beard

55. Could you confirm that Sir John Cadogan will be leading the review of funding arrangements?

(*Mr Quigley*) He will be leading that but, as I said, there is also a connection with the science and engineering based co-ordinating committee because there are a range of issues which come to bear on this.

56. What terms of reference has he been given?

(*Mr Quigley*) We have not drawn any up specifically at the moment other than the headline statement which you will have already seen.

57. Does the review amount to a review of the Dual Support System itself?

(*Mr Quigley*) No.

58. So that is accepted as a given?

(*Mr Quigley*) Yes.

59. When do you expect the review to be completed?

(*Mr Quigley*) The answer to that is really the same as the one about no terms of reference yet; we have not worked it out. We do not expect it to be an incredibly quick operation because it is actually complex, there is a lot of fact finding to do.

60. What do you consider as not "incredibly quick"?

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MR TONY QUIGLEY AND MRS HELEN WILLIAMS

[Continued

[Mr Beard Cont]

(*Mr Quigley*) Certainly not by Christmas, but beyond that I would not like to speculate. It is not going to be a five year job, if that is what you mean, but we have not really got it pinned down yet.

61. Do you think it is appropriate that a person representing one side of the Dual Support System should be in charge of the overall review?

(*Mr Quigley*) It is not really a review of the Dual Support System, it is actually a review of transparency and such like of what is happening to the funds, particularly the funds which we pay as the 46 per cent, let us call it overhead, contribution to support costs within universities.

62. He is on one side of the two limits of the Dual Support System, is he not?

(*Mr Quigley*) Yes, but he is actually the provider of the funds where there is a question about transparency.

63. Would it not have been more appropriate to have had an independent expert?

(*Mr Quigley*) Well, somebody has to lead it. Remember it is about transparency.

64. I was not asking that there be no leader, I just said the leader should be independent.

(*Mr Quigley*) I do not have a problem with the arrangement that we have got.

65. You do not think it is more appropriate that an independent should lead it?

(*Mr Quigley*) Not particularly, no.

(*Mrs Williams*) Chairman, perhaps I could just chip in at this point. Mr Quigley did say earlier that the science and engineering base co-ordinating committee would also be involved in the review. This is a committee chaired by the Chief Scientific Advisor in his cross-departmental role and the membership includes all the Research Council Chief Executives and all the Funding Council Chief Executives and the education departments. There will be discussion in that forum of the detailed work which Sir John has done with the English Funding Council on the possibilities.

66. How will these two bodies work together? We have got one under Sir John Cadogan and then another one. Which takes precedence? Which is supervising the other?

(*Mr Quigley*) It is not a question of supervising, it is a question of what is best done where. Where things can be resolved in terms of a simple bilateral relationship or through the accountability of the two participants then they should do it. Where issues which transcend a simple bilateral relationship emerge then that tends to be a thing for the Coordinating Committee to deal with.

67. What sort of issue would that be?

(*Mr Quigley*) I cannot think of one at the moment. One operates on the basis that such issues will emerge because they always do.

68. Presumably there is one in mind if you have set up a dual system. They must be fairly obvious or you would not have the two bodies being involved.

(*Mr Quigley*) The Science and Engineering Based Co-ordination Committee exists anyway.

69. Mr Williams was quoting the existence of this body with a role in this review. I am just trying to elucidate what the roles of the two bodies are because if you do not elucidate and there are no terms of reference as at the moment then it will not be a very quick exercise.

(*Mr Quigley*) The review was announced last week and we have actually been preoccupied with a large range of things consequent to the Comprehensive Spending Review and we just have not put everything together yet.

70. I understand that. You have got a review of the Dual Support System.

(*Mr Quigley*) No.

71. You have got a review of the funding arrangements?

(*Mr Quigley*) It is a review of transparency and what happens to that money, it is not a review of the Dual Support System.

72. Fine. You have got a committee under Sir John Cadogan and you have brought in the other committee that is embracing all the other research councils and funding councils as well. All I am asking you is if you could outline to us and illustrate to us so we understand better what the roles of these two bodies are?

(*Mr Quigley*) There is not a committee under Sir John Cadogan at the moment to do this review because that is a review where in OST we will work with HEFCE under Brian Fender, who is the Chief Executive, to start to put together what are the facts, identifying what are the recognisable allowable costs which should be covered by these arrangements, what are the numbers involved, what is happening. As we get into that we can then start to see what might be possible by way of improving transparency in the system at what cost because one can have incredibly transparent arrangements that bury everybody in administration and make us knee deep in accountants, which at one end of the scale is a situation that I do not think any of us would want. We have got to devise something sensible out of it. The Science and Engineering Based Co-ordination Committee (it is known as SEBCC) as a body will want to know what is going on because at some point we also have to engage the Scots, Welsh and Northern Irish and also what is happening within the Department and what is happening with the other source of money and make sure that what we are actually doing as a bilateral does not actually produce other distortions to the system because we do not want to do that.

Mr Beard: The only conclusion I can draw from this exchange is that transparency would be best started with a committee that are intending to bring it about because I am still at a loss as to what exactly they are doing.

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MR TONY QUIGLEY AND MRS HELEN WILLIAMS

[Continued

Chairman

73. Would you care to write to us on this, Mr Quigley, because we have the Minister waiting and I do not wish to keep her waiting too long and I think this exchange perhaps is not going to get very far? Could you write and answer Mr Beard's questions in that way?

(Mr Quigley) Certainly.

Mr Jones

74. I think you may have answered this already, but we have already established that the life sciences are going to get a fair chunk of money from this settlement, but I am just concerned about the funding of the funding councils. Is that going to be distorted? As the Government has not accepted the recommendation of this Committee that all the indirect costs should be picked up by the research councils, are the funding councils going to have to direct a greater proportion of their research funds to underpinning research council funding?

(Mr Quigley) I find it hard to answer that question because the role of the funding councils has not changed. They get more money out of this settlement anyway. Of course, part of their job is in a sense to complement what the research councils are doing. Exactly how that will pan out and if there are any changes, I could not answer that at this stage.

75. So it is too early to ask you the question?

(Mr Quigley) Yes.

Dr Williams

76. I would like to ask Mrs Williams a question. I note that you are the Director of the Trans-departmental part of Science and Technology. We have had very little information so far as to what is happening in the other departments in terms of their research budget. Could you give us some idea of how defence and the others are doing? We have got a very good story from OST and we are delighted with that. How are things looking in other departments?

(Mrs Williams) Chairman, the answer is that we do not know yet. Departments will be reviewing how much they can afford to spend on R&D in the light of the overall settlement that they have got out of the Comprehensive Spending Review. We expect it will be a matter of months before the full picture emerges of R&D spending plans across government.

Chairman

77. Is the full picture published information?

(Mrs Williams) Indeed.

78. Do you collate it altogether and publish it and could we have a copy of it?

(Mrs Williams) Indeed, Chairman. You may recall that up to 1996 the OST used to publish every year a Forward Look which set out the latest spending plans across all government departments. We did not publish it last year nor this year because we had a new government and we had a Comprehensive Spending Review, but once we know what the outcome of the CSR is for the collectivity of departments' R&D then we will bring all that information together in a successor document to the Forward Look.

79. So there is no reason why this Committee should not have that information in due course?

(Mrs Williams) There is every reason why this Committee should have that information in due course.

Chairman: I am afraid we do have to finish there. It has not been the easiest of sessions either for the Committee or for you as witnesses because we had intended to probe a little further along political lines and we have tried to be fair to you and you have been very fair to us in answering very frankly and succinctly our questions. The only time you have been slightly long in your answers is when you have not had a precise answer that you can give and that is understandable. We thank you both very much indeed for coming this afternoon and helping us with our inquiry.

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[Continued

Examination of Witnesses

THE BARONESS BLACKSTONE, a Member of the House of Lords, attending by leave of that House, Minister of State, Department for Education and Employment, was further examined, and MRS IMOGEN WILDE, Divisional Manager, Higher Education Funding and Organisation Division, Department for Education and Employment, was examined.

Chairman

80. Minister, Mrs Wilde, thank you very much indeed for coming to see us this afternoon. We had hoped, as I think you know, to see the Minister of Science in the Commons and yourself on education and employment in the same afternoon, but as a result of the changes in Government we were not sure who the Minister for Science was—we are still not entirely sure, though we have heard rumours—so we did not have the Minister before you. We are sorry that we are starting a little late with you. We would like to question you about the Funding Council support for research and I will say at the outset, on behalf of the Committee, that this Committee is delighted with the funding that has come from the Government for science in the Comprehensive Spending Review. I do not think any of us would say that we consider it to be the end of our pressure for greater funding for science, but it has been a significant response to what this Committee and others have been doing for science and I think it would be churlish to say anything other than we are grateful to see that science is recognised in the way that it has been. Could I ask you specifically what additional sums for research funding via the Higher Education Funding Council for England your Department was hoping to achieve from the Comprehensive Spending Review?

(*Baroness Blackstone*) Can I just begin by thanking you for inviting me and to let you know that the new Minister for Science is in fact Lord Sainsbury who is one of my colleagues in the House of Lords. I think until yesterday he was sunning himself in Spain and I think he has come back on a plane today and only just arrived in the country, but I did speak to him very briefly before coming here and I know he is hugely looking forward to his new job.

81. Thank you very much indeed. That is the rumour we had heard, but even if we had had it confirmed, we still think it would have been less than fair to have invited him at five minutes notice, still with his open neck shirt, to come and talk to this Committee.

(*Baroness Blackstone*) When I suggested he might like to come with me I think he felt that what you have just said was true. The Government is putting in an additional £300 million over the next three years, which comes out of the Comprehensive Spending Review, for research on universities to be paid through the Higher Education Funding Council. We certainly think that this is a good outcome of the review, a good deal for universities on top of the £1.1 billion that comes through OST and the Wellcome Trust contribution making a total of £1.4 billion.

82. Had you hoped for much more than that in your submissions?

(*Baroness Blackstone*) No. I think that seemed to us to be a reasonable contribution through HEFCE—

83. Close to what you were hoping for?

(*Baroness Blackstone*)—taking into account the very substantial sums coming via OST.

84. We understand that you have considered it appropriate to ringfence £50 million of this extra money for research, is that correct? What type of research is that ringfence for?

(*Baroness Blackstone*) The other preliminary remark that I ought to make to you is in some senses the timing of this particular session is a difficult one for us because I am not able to give you a great deal more information than we have made public already, and I am very sorry about that. We have not yet had the kind of detailed discussions we need to have with the Higher Education Funding Council before we decide exactly how this money ought to be allocated. We normally send a letter of guidance to the Funding Council in November which gives us a little time to discuss it. As yet, we do not have firm views as to how this should be spent.

85. So if I were to ask you if you would be using the existing mechanism for distribution and allocation that would still be premature, would it?

(*Baroness Blackstone*) If you mean by the existing mechanism for distribution and allocation that it will go via the Funding Council and will probably be bid for by the universities, as is most capital and infrastructure funding, you would be correct.

86. What about selectivity, do you intend to change any of the ground rules or methods of applying selectivity?

(*Baroness Blackstone*) We do not intend to change any of the ground rules as far as the RAE is concerned, although as you will know the Higher Education Funding Council has had extensive discussion and consultation on this with the universities and is going to have a longer term review which will look at that. We discussed this the last time I came and talked to the Committee.

Dr Gibson

87. Traditionally vice chancellors have not had to spend "T" money on "T" and "R" money on "R", is that going to change?

(*Baroness Blackstone*) We are, of course, anxious to make sure that "R" money is spent on "R", as I am sure this Committee would want us to. At the same time I think it is important that we should not be too intrusive in terms of universities' freedom to spend their money sensibly. We certainly would not want from Central Government, from my Department, to lay down, for example, on what subjects this money ought to be spent or on what kinds of projects, that would be wholly inappropriate. It is a matter for the Funding Council to negotiate with the universities a sensible set of rules and requirements about how money they allocate is spent, whether on the teaching

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THE BARONESS BLACKSTONE AND MRS IMOGEN WILDE

[Continued

[Dr Gibson Cont]

side or on the research side. I believe it is important that spending on research should be as transparent as possible.

Mr Beard

88. In that context, would the Council be free to earmark or to suggest to universities a proportion of the extra £300 million that should be spent on research? Would that be possible?

(*Baroness Blackstone*) The DfEE extra funding is £300 million over the three year period including £50 million in the first year and that is all for research. Next year the total additional funding going to universities will be £280 million of which £50 million is for research. In guidance that we issue to HEFCE we would of course expect that £50 million to be allocated to research.

Chairman

89. Just on that point. That £50 million is a minimum. Supposing you found out that of the £280, £60 or £70 million went to research because that is the way the universities have allocated the funds they received, would that trouble you?

(*Baroness Blackstone*) I think it is up to universities to decide in the final analysis how they want to allocate their money but I would expect universities which are given, after all, tranches of money designated as either "R" or "T" for them to want to use the money that is designated for teaching for teaching. I think it would be right and proper for them to do that.

Mr Beard

90. In the past they have been quite free to change it.

(*Baroness Blackstone*) Well, within limits. I do not think that vice chancellors would want to operate in a fast and loose way with money that is allocated by the Higher Education Funding Council designated for research and teaching.

Dr Gibson

91. There are some unscrupulous ones.

(*Baroness Blackstone*) Their total grant, of course, comes as a total.

Mr Beard

92. When we were taking evidence earlier on the Dearing Report we heard various stories of the adequacy of university costing systems to be able to fully control these research spendings. Have you in mind any Government initiative to improve these methods?

(*Baroness Blackstone*) There is a review being carried out at the moment on costing and pricing in the universities, I am not sure when that is due to report. Do you know?

(*Mrs Wilde*) It is running over three years starting in 1998-99 and the Funding Council are putting £2.8 million into this. It is designed to improve costing and pricing at higher education institutions.

93. Is this the same one as is being co-ordinated by the Committee of Vice Chancellors and Principals?

(*Mrs Wilde*) It involves the funding councils, the Committee of Vice Chancellors and Principals and other partners. It is a joint study, yes.

94. Is the intention to have a unified system more or less through the universities rather than one hundred different systems?

(*Mrs Wilde*) It is designed to identify good practice and to offer guidance to institutions on how to cost and price work most effectively.

95. Will the DfEE be doing anything to try to ensure that the practices do not vary so much as to cause confusion between external sponsors of that research?

(*Mrs Wilde*) I think there is general agreement now on the desirability of establishing transparent, clearly recognised practices for costing and pricing. I would expect the review to lead to recommendations which universities would want to follow.

96. It will also be seen as between capital and revenue so that we do not build up this deficit in infrastructure that the present allocation is compensating for at present?

(*Mrs Wilde*) Yes, I would expect it to.

Dr Turner

97. The Research Council money, extra money, is expected to be concentrated on priority areas. Is there any such expectation on yourselves as a Funding Council to do likewise with your extra funds or will you simply be working on the basis of the existing Research Assessment Exercise without directing the money *per se* to given subject areas?

(*Baroness Blackstone*) We certainly will not direct money *per se* to particular subject areas. Where there is a bidding process to the Funding Council there will be a process of assessing on the basis of merit where the money should go and that would be particularly true of capital projects. As far as more general "R" funding is concerned, of course that is done via the RAE.

98. Does it follow from that that vice chancellors will have the same freedom as they have now to allocate the research funds from their block grants within their institutions?

(*Baroness Blackstone*) We have no plans to change the arrangements at present.

99. So you can see no reason why the changes as far as you are concerned should have any implications for the diversity of the British science base?

(*Baroness Blackstone*) No, I do not see why they should have any implications whatsoever.

100. I would like to ask whether you will be taking any steps to make sure that at least some of the extra £300 million is earmarked specifically for blue skies research?

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[Continued

[Dr Turner Cont]

(*Baroness Blackstone*) I would be amazed if the universities did not want to use some of this extra money for blue skies research because this is the main source of additional funding for such research. Sometimes research councils also fund blue skies projects and I would hope that the extra money that is going through OST would be used for that purpose as well as for more applied kinds of programmes or projects. But, no, I cannot believe that either vice chancellors or the heads of big science departments would want to do other than allocate a substantial part of that funding, not all of it.

101. But you will be leaving that to the vice chancellors?

(*Baroness Blackstone*) We will leave it to them.

Mrs Lait

102. Can you tell us whether some of the new money will be available to encourage interdisciplinary research and even inter-institutional collaboration?

(*Baroness Blackstone*) I would personally hope very much that institutional collaboration will be encouraged and that the additional funding might be allocated in that way, but as I said right at the outset, we have not yet started on our discussions with the Higher Education Funding Council on this. I also believe that inter-disciplinary research is important, but I think it is up to the Funding Council, along with the universities, to signal encouragement for that kind of work. I think collaboration is particularly important because there are not only benefits in terms of economies of scale and value for money, but also larger groups can sometimes produce the kind of critical mass that will have as its outcome very high quality research.

103. Other than your comments today, which you would probably hope various bodies would read, will you be encouraging them to go along in this particular direction?

(*Baroness Blackstone*) Of collaboration?

104. Yes.

(*Baroness Blackstone*) Yes, I think we are likely to want to encourage that.

Mr Atkinson

105. Minister, as you will know, in the Committee's report we concluded that infrastructure funding should primarily be the responsibility for the funding councils and therefore for the departments. Why has the Research Council arm of the Dual Support System been given the responsibility for administering the fund rather than the funding councils?

(*Baroness Blackstone*) I do not really think it matters very much which government department or which body administers a fund of this sort as long as it is well spent and sensibly spent. I really think that there is rather too much turf war infighting going on. I personally believe that OST will do a very good job in allocating the extra infrastructure funding that is needed. I know that they will consult the Higher Education Funding Council about it.

106. Will this mean that the funding councils will reduce their current funding for capital projects and infrastructure support? Is this the best arrangement?

(*Baroness Blackstone*) No, because we have already announced an additional £300 million for research in universities, a substantial part of which is likely to be spent on capital funding.

Chairman

107. Does your Department support the Dual Support System? Is it in favour of the Dual Support System?

(*Baroness Blackstone*) It is.

Dr Williams

108. Is there not a danger that with £600 million of the infrastructure fund coming from the OST some leakage could take place in this research and teaching freedom that vice chancellors are given? The very fact that infrastructure is being catered for better than from another source means that infrastructure needs the money less. So rather than the rest of the money going to research, as it were, it could be diverted to teaching?

(*Baroness Blackstone*) I think that is highly unlikely. I do not see why that should be an outcome. I think that leading researchers in our universities (and I have some experience of this as a former head of a higher education institution) are pretty determined to ensure that money that has been allocated for research is spent on research. So vice chancellors are subjected to quite a lot of pressure to allocate money in the way for which it was intended.

Chairman

109. Minister, does the creation of the new infrastructure fund in any way affect current schemes such as the Joint Research Equipment Initiative or any other such schemes?

(*Baroness Blackstone*) The intention is that that initiative should continue so I do not believe that it will in any way be affected, at least not for the foreseeable future.

Mr Beard

110. What role will your Department be playing in the review of the Dual Support System being conducted by the Director General of the Research Councils?

(*Baroness Blackstone*) The Higher Education Funding Councils are not just for England but also for Scotland and Wales, who will be represented on that review. We will have indirect involvement by HEFCE.

111. Are they happy with the fact that it will be chaired by someone who represents one limb of the Dual Support System?

(*Baroness Blackstone*) I have not heard that anybody is unhappy. I have not heard a criticism on that count.

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THE BARONESS BLACKSTONE AND MRS IMOGEN WILDE

[Continued

[Mr Beard Cont]

112. Do you have views as to the key features of the present Dual Support System that ought to be retained at all costs?

(*Baroness Blackstone*) I think that it is valuable to universities to have a dual system for funding research partly because of the importance of blue skies research and also because I think it is difficult for universities to sustain the kind of continuity of staffing that they need. Let us take technicians as an example. If everything is done on the basis of programme and project funding, when your programme or your project comes to an end and if you have not yet managed to secure additional programme or project funding via the research councils you are often left with a very difficult situation where you have good staff who you do not want to lose, who are employed on a contract and it is also very hard on those staff. Dual support funding helps with that.

113. How can either the Funding Council or your Department ensure that when the universities get an increment in funds they do not just spend it on revenue projects and we end up with the infrastructure in the universities going downhill and downhill again having pulled it up with this exceptional funding?

(*Baroness Blackstone*) It is perfectly easy to earmark funding for infrastructure spending and I believe that is what we will want to do with a substantial part of the additional £300 million.

114. So the Department will monitor where the money is going and not just let it be sent out into more and more projects?

(*Baroness Blackstone*) The Higher Education Funding Council will do that monitoring rather than the Department directly.

Dr Gibson

115. How do you feel about the tables in the papers rating universities? Do you think that is destructive or instructive? In the papers today there is first league, second league, third league, fourth league. Do you think the media is helpful in that in what we are trying to achieve here?

(*Baroness Blackstone*) I am really sorry, I have not seen today's papers and therefore I have not seen the tables. Have you seen them?

Chairman

116. What about the principle?

(*Mrs Wilde*) I have not seen these particular ones but the principle of league tables is not one that is very popular with universities although they entirely accept the idea that there should be performance indicators and that universities should benchmark themselves against each other. What is less acceptable to universities is they should be compared as if they are all the same. Clearly there are differences in tradition and it is not helpful for a traditional research oriented university to be compared with one of the new universities that is predominantly teaching. That is why there is concern about league tables. We are working with the universities, with the funding councils and the CVCP

to develop performance indicators and to take forward the idea of benchmarking amongst families of like institutions.

117. If you wish to continue that is fine but I think Dr Gibson has taken us slightly off course.

(*Baroness Blackstone*) I will drop it.

Chairman: I am sure Dr Turner is going to bring us back on course.

Dr Turner

118. Coming back to the Comprehensive Spending Review, it refers to "new arrangements to ensure that the HEFCE and the research councils work together to deliver better value, transparency and targeting in the use of science research funding" etc. Will the new arrangements you envisage ensure that the HEFCE and the research councils do work together more effectively and do you think that similar arrangements will apply to the Welsh and Scottish Funding Councils?

(*Baroness Blackstone*) I really cannot speak for the Welsh and Scottish Councils, I think you would have to ask the appropriate Welsh and Scottish Ministers who relate to those Councils. As far as England is concerned, we are going to set up consideration of that particular recommendation that comes out of the Comprehensive Spending Review, and again I do apologise but it is a little early for me to give you a properly thought through answer as to what the best particular mechanisms are for encouraging (a) greater transparency and (b) greater collaboration and co-operation between the various different parties that you have mentioned. I would be very happy to come back at a later date when we have actually completed the work that needs to be done. I think it would be a bit premature for me to stick my neck out now and say how we ought to be doing this.

119. Looking for indications of your thinking, presumably it relates back to your earlier answer and the concern about what would happen at the end of the contract funding and if there is a little more collaboration some of those situations could be eased somewhat.

(*Baroness Blackstone*) Yes. I think that is exactly the sort of area where we might see sensible arrangements made between HEFCE on the one hand and the research councils on the other to ensure that we do not get those sorts of discontinuities leading to sometimes very unfortunate situations for contracted researchers.

Dr Turner: I know, I have been there. It is obviously not fair to push you further on that point, Minister.

Chairman

120. I think, Minister, that means we have come to the end of our questions which you have answered very succinctly and very clearly, as always. We are most grateful to you and we are very grateful to you as well for finding the time from what must be a busy

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THE BARONESS BLACKSTONE AND MRS IMOGEN WILDE

[Continued

[Chairman Cont]

period following a Government reshuffle to come and see us. We appreciate your help. We hope you have time to read the papers in due course and when you do perhaps you will notice that one of the new universities, at which you presented my daughter with a degree 15 years ago, is currently second.

(*Baroness Blackstone*) Very good. I am delighted to hear that and I shall go straight to the newspapers and try to find out which one it is.

Chairman: Thank you very much indeed.

Letter to the Chairman of the Committee from Mr Tony Quigley, Head of Science and Engineering Base Group, Office of Science and Technology following the Evidence Session of 29 July

At the meeting of the Committee on 29 July, I promised to write to you about the arrangements for the review of funding and accounting within the dual support system as far as they have been established. I explained, in the short period since the Comprehensive Spending Review announcement on 13 July, that we have been concentrating mainly on discussions with the Wellcome Trust over the Joint Infrastructure Fund.

At the meeting, I reiterated the point made by Mr Battle during the Debate on 14 July, that the dual support system remains in place. The Review is set in that context: in particular, the aim is to introduce more transparent and accountable arrangements for ensuring that funds allocated to the Higher Education Funding Councils for research are used to full effect, properly complementing funding from the Research Councils. The intention would be to set in place any changes well before the next spending review. I stressed that this is not a review of the dual support system, but if anything the clarification produced by this review ought to strengthen the system.

Sir John Cadogan has been charged with taking forward this Review with the Higher Education Funding Council for England (HEFCE), but all those affected—the Research Councils, the other Funding Councils and the Education Departments—will need to have a say in how any new arrangements are devised. The review, and in particular its application on a UK-wide basis, will therefore be discussed in the cross-departmental Science and Engineering Base Co-ordinating Committee (SEBCC), which is chaired by the Chief Scientific Adviser, and with membership including the Chief Executives of the Research Councils, the Funding Councils, the DGRC, and senior officials from the Education Departments. Mr Battle made clear in the 14 July Debate that the universities would also be consulted.

In terms of process, Sir John has already had a meeting with Professor Brian Fender, the Chief Executive of the HEFCE, to consider the scope of the Review which will include the internal accounting arrangements for research activities within universities on which the Funding Councils are already making progress. Over the summer, officials from OST and HEFCE will be developing this further and will consult other Funding Councils. The overall scope of the Review will be brought to a special meeting of the SEBCC that is being arranged in the first half of October, and will include the Chairman of CVCP.

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