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House of Commons

Science and Technology  
Committee

**THE OFFICE OF SCIENCE AND  
TECHNOLOGY:  
SCRUTINY REPORT 2002:  
Government Response  
to the Committee's Seventh Report of  
Session 2001–02**

Third Special Report of  
Session 2002–03

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## SCIENCE AND TECHNOLOGY COMMITTEE

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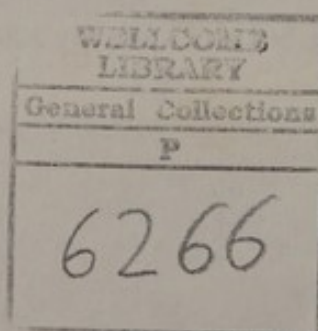
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## THIRD SPECIAL REPORT

**The Science and Technology Committee has agreed to the following Special Report:**

**THE OFFICE OF SCIENCE AND TECHNOLOGY:  
SCRUTINY REPORT 2002: GOVERNMENT RESPONSE TO THE  
COMMITTEE'S SEVENTH REPORT OF SESSION 2001-02**

1. The Science and Technology Committee reported to the House on the Office of Science and Technology: Scrutiny Report 2002 in its Seventh Report of Session 2001-02, published on 6 November 2002 as HC 860.
2. The Government's response to the Committee's Report was received on 15 January 2003 in the form of a memorandum to the Committee. It is reproduced as an Appendix to this Special Report.
3. We publish this response without comment, so that it is publicly available.

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## APPENDIX

### THE GOVERNMENT'S RESPONSE

#### ANSWERS TO RECOMMENDATIONS FROM THE SELECT COMMITTEE

The Government warmly welcomes the Committee's scrutiny report. It notes the intention that this should be part of a regular series, and is grateful for the opportunity to comment. Answers to the Committee's detailed recommendations are set out below.

**1. We recommend that in future the Department publish the technical notes with the Public Service Agreement itself. Doing so might prevent the impression that the targets are insubstantial.**

The next set of new Technical Notes will be those following the 2004 Spending Review. The Department intends that they should be published either alongside or as soon after the new Public Service Agreement as possible.

**2. We recommend that the DTI publish its Delivery Plan in full on its website, as well as the headline Service Delivery Agreement.**

**3. We recommend that the Department demonstrate its commitment to openness by publishing its Business Plan on its website.**

As regards both recommendations 2 and 3, the Department's planning for delivering its PSA targets is integrated with its business planning for 2003–06. Subject to any constraints such as commercial confidentiality, the Department's business plans—including how it intends to deliver its PSA targets—will be published on the conclusion of the business planning round for 2003–06 in Spring 2003.

The Government's strong commitment to transparency and accountability for performance is demonstrated by the publication of Public Service Agreements, Service Delivery Agreements and Technical Notes (the Service Delivery Agreement for the 2002 Spending Review period will be published shortly). The Government has also introduced autumn performance reports—which enable more up to date reporting of progress against PSA targets—and committed itself in the Public Service Agreement White Paper (Cm 5571) following the 2002 Spending Review to introducing regular web-based reporting against PSA targets (the DTI's first Autumn Performance Report (Cm 5731) was published in December 2002).

**4. We appreciate that it is not easy to encapsulate what a Department is expected to achieve in a few clear and measurable targets, and the PSA targets for science and technology are not a bad effort. However, they are far too general and high-level to allow judgement of OST's performance...We believe that OST should be more open about its detailed performance targets and intend to pursue this with the Department.**

In relation to the Committee's comments about OST's performance targets, the Department agrees that increasing openness is desirable. In the recently-published document, *The Science Budget 2003–04 to 2005–06*, on which the Minister for Science and Innovation and the Director General of Research Councils gave oral evidence to the Committee in December 2002, the Department has already taken a big step in this direction by setting out for the first time the suite of objectives which supports its PSA target in the areas of research, training, knowledge transfer and science in society. OST also has in hand a project to work up a more robust and meaningful set of metrics across the range of its policy interventions and intends to use the outcome of this to establish stretching, but realistic

targets against which the efficacy of investments made through the Science Budget may be judged. The published Technical Notes will be revised in the light of the conclusions of this work.

In addition, as mentioned above, the Department will be publishing its business plans—including performance targets—in the Spring, and these will cover the work of OST as a whole.

**5. The proliferation of documents and acronyms—PSAs, SDAs, Technical Notes, Strategic Frameworks, Delivery Plans and Business Plans—is highly confusing to the outsider. We recommend that the Government rationalise these publications, for the sake of greater clarity and transparency.**

The variety of documents and terms reflects the existence of a number of documents which are produced to fulfil different purposes:

- PSA targets are a public statement of the high-level targets for the Department in terms of the real world outcomes which the Department is working to bring about
- Technical Notes set out how PSA targets are measured
- Service Delivery Agreements or SDAs provide a brief summary of how Departments are going to deliver their PSA targets
- Business or delivery plans, and the Strategic Framework which was produced by the Department principally as an internal communications tool, are more detailed internal documents which are principally intended to help manage the Department's work.

**6. The present lay-out of the DTI Annual Report makes it difficult to distinguish clearly between the activities and expenditure of OST and those of other parts of DTI.**

The Department notes the Committee's comments. Its aim is that the Report should reflect OST's status, not only as a distinct unit in its own right, but also as something that works closely with other parts of the DTI, especially the Innovation Group, in pursuit of joint objectives. This joint approach is reflected in the Department's new PSA target for 2003–06—to 'Improve the relative international performance of the UK's science and engineering base, the exploitation of the science base and the overall innovation performance of the UK economy'—which explicitly links scientific research, its exploitation and business innovation.

**7. We recommend that OST consider publishing an annual activity report of its own. If it does not, we recommend that there should be a self-contained OST section within the DTI Annual Report.**

The Department appreciates the Committee's interest in this matter. It aims to ensure that the DTI's Annual Report clearly reflects both OST's cross-departmental role as well as the joint working between OST and other parts of DTI on innovation, as described above.

The work of the OST is already covered not only in the DTI's Annual Report, but also in reports by the Chief Scientific Advisor and the Director General of the Research Councils in The Forward Look document. Forward Look is published every two years following each Spending Review.

The Department believes that these publications adequately set out OST's activities, and does not see the need for new reports or sub-reports of the type suggested.

**8. We regret the loss of financial detail in the Departmental Report, and the further proliferation of documents, though we accept that the readership for the technical**

**financial tables will be small. Departmental Annual reports are a valuable source of factual information and a crucial element in Department's accountability to Parliament: they must not become merely a glossy presentation of the Department's activities and aspirations.**

Following the Treasury's review of departmental reports in 2001, a simplified set of financial tables is published in Departments' Annual Reports. This is intended to make the information in the Annual Report more accessible to the general reader. The more technical tables are now published alongside the Main Supply Estimates. This approach is intended to reconcile the differing needs of the Report's readership in a way which ensures the Report remains a clear and factual review of the Department, its activities and its management of public money. There is certainly no intention that the Report should become merely "a glossy presentation".

**9. OST's figures show an increase in the Science Budget of £660 million from 2003-04 to 2005-06...The increase in the Science Budget brought about by the Spending Review 2002 is more accurately represented as £660 million, not as £890 million. The way in which the Spending Review White Paper presents the increases to science spending is misleading and leaves the Government open to accusations of double-counting.**

Consistent with the approach adopted for all Departmental Expenditure Limit spending, the Spending Review White Paper presented the increase in the Science Budget (measured on a full resource budgeting basis, net of depreciation) from the current financial year 2002-03 to 2005-06, the last year of the Spending Review period. This presentation gives a transparent picture of how resources are increasing for the Government's priorities over the period covered by the Spending Review. The increase in the Science Budget from 2002-03 to 2005-06 will be £890m (measured as total additional resource and capital spending, net of depreciation). The increase from the new plans for 2003-04 to 2005-06 on the same basis will be £614m.

**10. The additional funds for Research Council programmes are very welcome, though the emphasis on funding of new science gives us some concern: valuable existing programmes must be maintained too.**

The Government agrees that it is important to strike the right balance between existing programmes and new programmes. The Science Budget allocations, published on 5 December 2002, show that the Research Councils have been given above inflation increases to their baselines, which will allow them to maintain their investments in speculative and responsive mode funding, as well as directed programmes of their own choice. The three major cross-Council programmes begun under SR2000 (genomics, e-science and basic technology) are also being continued.

**11. We intend to take evidence from the Science Minister in November 2002, when the Science Budget allocations have been published.**

The Science Minister and the Director General of Research Councils gave evidence to the Committee on 11 December 2002.

**12. We welcome the additional funds for research infrastructure announced in the Spending Review and the fact that it will be provided through an ongoing capital funding stream, which should facilitate long-term planning.**

JIF and SRIF were an excellent start to addressing the long-term under investment in university research infrastructure. SRIF 2 aims to continue to address the remaining

backlog of refurbishments and replacement of old equipment, building on the strengths of existing departments and, therefore, further enhance the sustainability of the UK SEB.

**13. We also welcome the increase in resources funding for higher education research, which will go some way towards remedying the longstanding imbalance in the dual funding system...Much depends on the outcome of the DfES's current review of higher education strategy which the sector awaits with trepidation.**

The Government is pleased that the Committee recognises and welcomes the substantial increase in resources for higher education research both through the Higher Education Funding Council for England and through the Research Councils. The Government's higher education strategy document will be published in January 2003. Once the document is published there will be an opportunity for all interested parties to respond.

**14. While the Science Budget, and to some extent the Higher Education budget, has done well out of the Spending Review, its impact on the science and research budgets of other departments remains to be seen...We welcome the steps being taken by Government to improve the quality and fitness for purpose in scientific research by departments. It must also ensure that this research is adequately funded.**

The Government recognises the need to use high quality science and technology in order to deliver the best policies and services, and welcomes the Committee's endorsement of its plans to introduce a programme of external scrutiny of science funded by government departments. As stated in the Cross-Cutting Review, the review programme will need to cover all aspects of how departments obtain and use research, including how they identify requirements, formulate research programmes, commission and manage research, and evaluate and use new and existing research and scientific knowledge. The overall aim of the review programme will be to maintain and improve the quality and use of science in government, leading to better advice and more effective decision-making.

The Government also recognises that there must be adequate investment in science and research by departments. The general decline in expenditure on research and development by civil Government departments during the 1980s and 1990s has now been reversed. The decision in the 2000 Spending Review that the major civil departments should maintain their spend in real terms has contributed.

The Cross-Cutting Review in the 2002 Spending Review made additional recommendations aimed at identifying and protecting departmental resources for research. In future, departments will be required to cost their science and innovation strategies. This will ensure that science priorities are carefully considered and given proper weight alongside other priorities in spending decisions. The Treasury and the Government's Chief Scientific Adviser will monitor changes in agreed spending plans.

**15. We are pleased that the Government has now published the Cross-Cutting Review of Science and Research in full. It is a very useful document and we find it hard to understand why it was not published at the time of the Spending Review. We recommend that the Government publish such important policy documents in future, without waiting for prompting by our Select Committee.**

The Cross-cutting Review was written as a policy paper for Ministers to inform their thinking in the run up to the Spending review 2002. The Government's strategy for Science, Engineering and Technology, Investing in Innovation, was published at the time of the Spending Review outcome. It was always the intention that the text of the Cross-cutting review should be published following the conclusion of the spending review as background to the strategy document. The Government notes the Committee's view that



publication might have occurred sooner, and will bear it in mind when planning for the handling of future such Reviews.

**16. It is ironic that it has taken so long to bring transparency to the Transparency Review.**

We are pleased that the Committee found the presentation in the Cross-Cutting Review of the outputs of the Transparency Review useful. It was never intended that the Transparency Review should lead to a final report. Instead, the review has delivered across the whole of the HE sector a costing methodology which enables HE Institutions—in many cases for the first time—to calculate the full costs of their principal activities. This information is published at aggregate level for the sector by the Funding Councils. This cost data proved to be an important piece of the evidence base for the Cross-cutting review and influenced the recommendations made therein and subsequently followed through in Investing in Innovation.

**17. We welcome the close interest being taken by the Treasury in science and engineering, particularly since this has led to additional funding, but responsibility for policy-making in this area must lie clearly with the OST.**

OST has a key role to play at the heart of the UK science system by funding the science and engineering base and by providing a degree of oversight of the science undertaken by Government itself. But it is not the only agent engaged in science policy within Government. OST's job is to influence others in Government. The Department is pleased that the Committee recognizes the importance of this aspect of its work and its recent success in it.

**18. We recommend that the OST carry out a detailed analysis of the costs and benefits of the Framework 5 programme to UK science, and that this analysis be published.**

The UK will continue to strongly encourage the Commission to develop improved ways of assessing the impact of the Framework programmes. Previous evaluation studies conducted in the UK show that our research organisations derive significant benefits from European collaborative research (access to research skills, sharing of risk, alliances etc), which would be extremely difficult to quantify.

It is also clear from monitoring and evaluation reports produced by the Commission that the UK benefits in terms of a net positive financial return from the Framework Programme. However, the Commission does not make available the comprehensive data which would be required for Member States to make a detailed analysis of costs and benefits.

**19. The European Framework 6 programme is responsible for the outlay of considerable sums of public money: the UK Government must monitor it closely to ensure that the commitment to more efficient management is achieved in practice.**

The Government accepts this recommendation. The Government is pleased that the Commission has undertaken to reduce bureaucracy through, for example, streamlined administrative systems, more flexibility in the design of project consortia (including change of membership) and greater use of electronic communication. Along with other Member States, the Government will be active in monitoring Commission performance in this respect, notably via the programme management committees established to oversee the implementation of FP6.

**20. We intend to take evidence from the new Director of Innovation at DTI at an early opportunity. It will be essential for the new Innovation Group to work very closely with the OST, if it is to achieve what was intended.**

David Hughes has been invited and has accepted the invitation to talk to the Committee on 22 January 2003.

**21. We welcome the proposal for an Arts and Humanities Research Council under the OST and will be following developments closely, as this change has considerable implications for the future of OST and its place within Government.**

The Government is consulting the Devolved Administrations on the future of the AHRB and hopes to be able to announce a decision early in 2003.

**22. We share the view of our predecessor Committee that the work of the Council for Science and Technology should be better publicised.**

The Council for Science and Technology (CST) has been subject to a quinquennial review, (announced on 19 August 2002).

The first stage report was submitted on 11 October, recommending "that CST should remain in being—but only if the Government and CST's members are prepared to take steps to make it more effective". PQ 2001/6619 on 6 November 2002 announced that this recommendation has been accepted by the members of the Ministerial Committee on Science Policy.

As part of the consultation process of the review, a list of questions were put to those wishing to respond. Question (13) asked, 'would it be helpful for CST to have a higher public profile? If so, how could this best be achieved?'

The independent reviewer of CST has conducted interviews with a wide range of stakeholders, and has received about 20 written responses to the consultation. The final report was submitted in December 2002.

The final report and responses to the consultation will be published shortly.

**23. We welcome OST's decision to commission an independent evaluation of the Cambridge/MIT Institute and recommend that it be published when complete...The decision to fund the CMI, made outside the usual Science Budget allocation process, is somewhat curious, and we intend to ensure that its effectiveness is monitored.**

Recognising the ground-breaking nature of this project, the Department agrees on the importance of ensuring that CMI operates within a robust monitoring framework. The Department also agrees on the importance of a proper evaluation and, is currently developing detailed arrangement for taking this forward.

**24. We hope that the Department will recognise the value of effective scrutiny, and ensure that OST is resourced appropriately to meet the reasonable demands and expectations of Parliament.**

The OST falls under the jurisdiction of two select committees with a remit to look specifically at OST. Given that OST is part of the DTI and not a separate department, it also falls notionally under the scrutiny of the House of Commons Trade & Industry Select Committee. It is in a position therefore to benefit from the scrutiny of three Parliamentary S&T committees. The Government appreciates that the Committee recognises that for a relatively small organisation of some 150 people, responding to committee enquiries on this

broad front can involve significant resource costs, and disruption of effort from other activities. The Government will however do what it can to meet the reasonable demands and expectations of the select committees concerned.



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