UK Centre for Medical Research and Innovation (UKCMRI) : government response to the Committee's sixth report of session 2010-12 : eighth special report of session 2010-12 / House of Commons, Science and Technology Committee.

House of Commons

Science and Technology Committee

UK Centre for Medical Research and Innovation (UKCMRI): Government Response to the Committee's Sixth Report of Session 2010–12

Eighth Special Report of Session 2010–12

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The Science and Technology Committee

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Eighth Special Report

On 25 May 2011 the Science and Technology Committee published its Sixth Report of Session 2010–12, *UK Centre for Medical Research and Innovation (UKCMRI)* [HC 727]. On 24 August 2011 the Committee received a memorandum from the Government which contained a response to the Report. The memorandum is published as appendix 1 to the Report.

Appendix 1: Government response

The Government welcomes the Select Committee's report and its positive contribution to taking forward the UK Centre for Medical Research and Innovation.

Investments in science and innovation are key drivers of economic growth, and investment in health research has the potential to deliver significant improvements in human health. During the course of the Committee's inquiry, the Government gave approval to the MRC's business case for the Institute and much progress has taken place since; a contractor (Laing O'Rourke) has been appointed for the first phase of construction, an archaeological survey has been completed and construction has begun.

The name of the Institute formally changed to "The Francis Crick Institute" on 27 June 2011. The Government, like the Committee, welcomes this new name which recognises the achievements of Francis Crick and his role in the discovery of the structure of DNA, a molecule which will underpin much of the research to be carried out at UKCMRI. The name also reflects the ambition and scale of the institute and symbolises the collaborative, interdisciplinary nature of the work that will take place at The Francis Crick Institute.

1. We acknowledge the importance of the UKCMRI project to biomedical science in the UK.

The Government agrees with the Committee. The UK's science and research sector is world class, and one that we can be proud of. A strong research base is absolutely crucial to securing long term economic growth, helping to rebalance the economy and creating the jobs of the future. The Francis Crick Institute will be one of the most significant developments in UK Science for a generation, working to understand the biology underlying human health, finding ways to prevent and treat the most significant diseases affecting people today.

2. We welcome the addition of Imperial College and King's College London as new partners to the UKCMRI project.

The Government also welcomes the signing of a Memorandum of Understanding with Imperial College and King's College London, and note the good progress in negotiating the final terms for accession to the Francis Crick Institute. Involvement of two more Academic Health Science Centres in the Institute will further strengthen the links with clinical facilities.

3. We welcome the scientific vision set out for the UKCMRI. It shows, in our view, the concept of the UKCMRI is underpinned with a comprehensive, ambitious and ground-breaking scientific vision. If this can be realised, we believe that it has an excellent chance in delivering its primary objective of benefiting mankind.

The Government also welcomes the scientific vision of UKCMRI, recognising its well-considered ambitions to foster collaboration with other centres of excellence to harness the full capacity of this country's brightest and best researchers for the benefit of heath, society and the economy.

4. We welcome the addition of new partners and, to ensure the benefits of the UKCMRI flow to the whole country, we hope more partners, particularly from a wider area, will be sought.

The Government also welcomes the addition of two new partners with excellent records in research across a range of disciplines, and strong links to hospitals which should further facilitate the translation of research by the Francis Crick Institute. We are pleased to note the Institute has already taken steps to seek further opportunities to collaborate to harness the full capacity of this country's best researchers to deliver nationwide benefits in prevention and treatment of disease.

5. We welcome the Department of Health's investment in this important project and can see the positive benefits that the planned research at the UKCMRI should bring to the National Health Service. If the strategy underpinning the UKCMRI works with the dispersal of scientists and the improved translation of research throughout the UK, it will provide the NHS with a pool of talent and an extensive medical science base.

The Government agrees with the Committee. A key reason for the Department of Health's investment in the Francis Crick Institute is for the expected benefits that it will bring to the whole of the NHS and the patients it serves. The institute will work in a way that increases the number of world-class scientists across the UK. By enabling interactions between physical, biomedical and clinical scientists, UKCMRI will play a key role in ensuring that advances in biomedical sciences are translated swiftly and effectively into benefits for patients in the NHS nationwide.

6. We conclude that UKCMRI offers not only improvements to the NHS, but also is in step with the new models of operation emerging in the pharmaceutical sector. We agree with UKCMRI's view that improved cooperation between the NHS, commercial ventures, the pharmaceutical industry and institutions like the UKCMRI should increase the speed at which basic research discoveries can be translated into clinical practice and enhance the effectiveness of medical research in the UK.

The Government agrees with the Committee. In his 2006 report, Sir David Cooksey identified that the UK was at risk of failing to maximise the impact of publicly funded research by translating discoveries in basic science into practical applications. Since then, the Medical Research Council and the National Institute for Health Research, working together, have transformed the landscape for translational, clinical and applied research. The Francis Crick Institute will build on this, and we particularly welcome David Cooksey's active involvement in the Francis Crick Institute as chairman of the board. The Institute will bring researchers from a range of scientific disciplines into a single building

within easy reach of many world-leading research and clinical centres to facilitate interactions with others. The close proximity of clinical research facilities and faculties of other disciplines including engineering and maths is vital for the stimulation and support of translational research. In addition, the Institute is well positioned to engage with biotech start-ups and SMEs, which are increasingly working with the biopharmaceutical industry to undertake early-stage drug discovery and development. These new relationships will provide a vital source of innovation, collaboration and translation of ideas.

7. UKCMRI Ltd, the four members of the consortium and the Government have put forward for a strong case for locating the UKCMRI close to leading hospitals and academic institutions. It has to be recognised, however, that there is a premium to be paid for locating the UKCMRI in central London. The financial costs of developing the site in central London are considerably higher than for a site outside of central London. In addition, we received no satisfactory evidence on the running costs of locating the UKCMRI in a central London site in comparison to sites outside central London. We are not convinced that St Pancras would be an obviously better location for the UKCMRI than Mill Hill for leading scientists. We question, given the higher living costs required to live in central London, whether many of the scientists working at the UKCMRI will reside in central London. In addition, the location of the UKCMRI will reinforce the concentration of life sciences in the "golden triangle" in the south-east of England.

The location of the Francis Crick Institute was carefully considered as part of the Government approval of the Medical Research Council business case for UKCMRI.

The Government agrees with the Committee that there is a strong case for locating the Francis Crick Institute close to leading hospitals and academic research institutions. The Founder university partner is University College London (UCL), and their research and clinical facilities are located close to the St Pancras site, hence the location will facilitate strong interactions between clinicians and researchers from a variety of disciplines with those working at the Francis Crick Institute. Similarly, Cancer Research UK will be moving researchers from their Lincoln's Inn Fields site to St Pancras.

This Government has a clear policy of supporting excellent research through public funding, irrespective of its UK location. This principle is fundamental to safeguarding the international standing of UK research; we must focus funding on research centres of proven excellence, with the critical mass to compete internationally and with the expertise to work with business, charities and public services. The location of the Institute was chosen to lie amidst a cluster of centres of scientific and clinical excellence, a deliberate choice to enable interactions with these existing centres. The excellent transport links were also a factor.

The Government agrees with the Committee that the costs of constructing an institute of this scale in central London are probably higher than they would be elsewhere. We believe that these additional costs are outweighed by the additional benefits of locating the Institute close to a large number of existing centres of excellence in London.

8. Given that planning permission has been granted, the initial construction contract has been signed and the groundbreaking ceremony is imminent, it is clear to us that

there is no realistic possibility of the UKCMRI being located anywhere other than at St Pancras. In order to offset the premium which will have to be paid for locating the UKCMRI in central London and the subsequent loss of funds for research, we consider that it is essential that a detailed strategy for dispensing the benefits of the UKCMRI throughout the UK is drawn up and promulgated before the UKCMRI opens in 2015.

The Government agrees with the Committee that the location of the Francis Crick Institute cannot now be changed. It should be noted that there was no request for judicial review of the Local Authority Planning decision within the stipulated period.

The location, amidst a cluster of centres of scientific and clinical excellence, was deliberately chosen for the close interactions and collaborations it will facilitate with other centres of excellence. The Government would like to highlight that the benefits of the Francis Crick Institute in finding ways to prevent and treat disease will benefit health across the United Kingdom. Likewise the vision for the Institute is to develop world class researchers, enabling them to become established, before they disperse around the country, taking their expertise with them. The scientific vision for UKCMRI will be further refined as the Board make more detailed operational decisions prior to the institute opening.

9. From the evidence we received it is apparent that clear management arrangements for the construction phase and the operational phases of the UKCMRI have been developed and put in place. We welcome the appointment of Sir Paul Nurse as Chief Executive Officer for the next five years and note that he brings considerable experience in setting up and running similar organisations.

The Government is satisfied that strong and effective management arrangements exist for the project, led by a team of talented and experienced individuals. The Government has also welcomed the appointment of Sir Paul Nurse as Chief Executive of the Francis Crick Institute, with the experience and vision that he brings to the role.

The Department for Business, Innovation and Skills continues to have an observer present at meetings of the Construction Project Board to ensure that we remain in close touch with the project and get the information that we need on its progress.

10. We have set out in this chapter a number of challenges in constructing the building at St Pancras. The consortium and UKCMRI Ltd are confident that they can address these issues to complete the building on time and point to similar problems in other construction sites in central London which have been successfully addressed. Time will tell if their confidence is well placed.

The Government agrees with the Committee that there are a number of challenges to be overcome during the construction phase of the Francis Crick Institute, some of which are unique to the location and others which are not. We are satisfied that the Institute has an effective management structure in place to address issues that arise.

11. We have some concerns about the lack of opportunities to expand on the Brill Place site. This means that the UKCMRI will not have potential for future expansion once the building is fully occupied. While we accept Sir Paul Nurse's view that this site is at the maximum size for a single unit, we are uneasy that the option of expansion is closed off.

The Government notes the Committee's concerns that the Brill Place site does not have room for expansion. However, the plans for UKCMRI are for a large institute with critical mass of researchers, located close to many other centres of excellence. The Government was assured that the scale of the Institute will be satisfactory for the range of activities intended and is content with Sir Paul Nurse's comments to the Committee that expansion would not be desirable.

12. The evidence we heard indicates that the running costs of the UKCMRI could be significantly above the originally proposed £100 million per year, with roughly 50% of the baseline coming from the taxpayer via the MRC. Any additional funding above the baseline was likely to come from a variety of research grants. The MRC's likely contribution to the baseline was going to be approximately £42 million per annum. The MRC assured us that it expected to be able to finance its contribution. This level of financing seems reasonable and we recommend that the Government gives a long-term commitment to the MRC for UKCMRI funding.

The Government agrees with the Committee that £42m per annum is a reasonable level of MRC financing for the Francis Crick Institute; this is the level detailed in the MRC's business case and outlined in the Joint Venture Agreement, and is in line with the current support from the Medical Research Council for the National Institute for Medical Research (NIMR).

The MRC, as a Non-Departmental Public Body, receives its grant-in-aid from the Department for Business, Innovation and Skills. In line with the Haldane Principle[1], which means that decisions on individual research proposals are best taken by researchers themselves through peer review, it is not for Ministers to decide which individual projects should be funded nor which researchers should receive the money.

13. We have pressed all the parties to the UKCMRI on costs. They have given what we take to be firm assurances, for which we are grateful. We received no evidence that these have been given lightly or that they are not backed with firm costings. Those who have sought to challenge them have pointed to a history of major projects in the UK running over budget and over time. It would be neither reasonable nor sensible to conclude that because other projects have gone awry this one will as well. The Committee was relieved to hear that the taxpayer would not be liable to pay should the project overrun. The credibility of the consortium partners and the Government is on the line.

Robust costings were included in the MRC business case for the Institute, which were borne out by the tenders received for the first phase of construction. The Government believe that the strong management of the Institute will keep costs within the agreed financial envelope (which includes some contingency as explained to the Committee by Sir Mark Walport).

The process for scrutinising the MRC business case for UKCMRI, within the Department for Business, Innovation and Skills, was as for projects funded by the Large Facilities Capital Fund (LFCF). A 2010 Internal Review of this process stated that the

[1] Statement by the Minister for Universities and Science in the House of Commons (20 December 2010: Columns 138-139WS)

recommendations from the 2007 National Audit Office report *Big Science: Public investment in large scientific facilities* had been successfully implemented, making this a transparent and consistent method for evaluating and progressing project proposals including use of the OGC's Gateway approval system. The business case was further scrutinised by a Cabinet Office Project Assessment Review in January 2010 which gave the project a delivery confidence of amber-green. The project is also subject to ongoing quarterly monitoring by the Cabinet Office Efficiency and Reform Group Major Projects Authority as part of the Government Major Projects Portfolio; this will enable Government to maintain an overview of project progress and identify any potential problems at an early stage.

The terms on which the Government granted approval to the MRC business case for the Francis Crick Institute made clear the limit of Government funding available for the project and included a statement that any increase in costs to the MRC is at the MRC's risk, providing protection for the taxpayer. However, the Government agrees with the committee that it would be unreasonable to anticipate that the project will fail to be realised to time and budget based on other unrelated projects.

14. We note that the funding of the UKCMRI is not dependent upon a constant stream of income generated directly from Intellectual Property rights and that any income generated from this source will be ploughed back into research funding. We consider that this strategy is a sensible basis on which to plan and will ensure that the UKCMRI has financial stability.

Whilst it is anticipated, and desirable, that the Institute should generate Intellectual Property (IP) as a result of research and innovation, it is right that funding of the institute should not depend on a constant stream of income from IP Rights. In accordance with the status of the Francis Crick Institute as a charity, any income generated from IP will be used to fund further research, accelerating the pace of work towards understanding the biology underlying human health, to reap the full economic, health and social benefits of public investment in UK health research. We welcome the statement by the Committee that they regard this as a sensible strategy.

15. Whilst we understand the requirement placed upon the MRC to seek to generate as much money as it can from the sale of its land assets in central London to offset the additional costs of construction at Brill Place, we conclude that in the exceptional circumstances of this case there is a strong case for replacing the housing intended for the St Pancras site with housing at the National Temperance Hospital site. We recommend that the National Temperance Hospital site should be sold for housing, including social housing.

In considering the business case for the Institute, the Government agreed that the return from sale of the National Temperance Hospital site will be used to support the MRC's funding for the Institute. Whilst we understand the Committee's view, and the wishes of the local community, on the future use of this site, we also appreciate the intense scrutiny the Committee has given to costs to make the most effective use of public funding. The Government requires the MRC is required to maximise the financial return on its land and property in line with HM Treasury guidance, and the MRC is required to get the best value for money for the taxpayer.

The Government recognises that the MRC is unable to commit to the National Temperance Hospital site being developed for housing, as this is subject to planning conditions imposed by the London Borough of Camden and the plans of any buyer. However, the Government has no objections in principle to the property being used for housing.

16. We appreciate the concerns of local residents and others about the safety and security of the UKCMRI and we do not doubt that there is a risk of disruption by, for example, animal rights extremists or the subversion of staff at the UKCMRI. These are not, however, unique threats faced by the UKCMRI. The four partners in the consortium, UKCMRI Ltd and the Government have indicated that they have carried out the necessary risk assessments and have risk management arrangements in place for the constructing, fitting out and operation the UKCMRI. On the basis of the evidence we have taken we conclude that these risks can be managed and the concerns about safety and security are not grounds for moving the UKCMRI to another site.

The Government appreciates the concerns of local residents, and the efforts of the Institute to engage with the community to provide accurate information about the new laboratory.

It is, however, essential that whatever the location of bioscience laboratories, the facilities must have robust security measures in place that are appropriate to the location. The Government is satisfied that the Institute has robust risk assessment arrangements in place, and notes that the risks involved are not unique to UKCMRI.

17. We welcome the measures which have been included to meet local needs and we consider that it is imperative that the UKCMRI contributes directly to relieving some of the problems of its residential neighbours.

The Government welcomes the efforts that the Francis Crick Institute have made to engage with the local community and the agreements that have been made under Section 106 of the Town and Country Planning Act 1990 for community facilities. These facilities will contribute directly to relieving some of the problems of the residents of the local area.

Additionally, the research at the Institute aims to deliver, in the longer term, better health outcomes for the NHS. These benefits will also be realised by the close neighbours of UKCMRI.

18. It is clear to us that the four partners in the consortium and UKCMRI Ltd have a policy of engagement with local community and, moreover, have put considerable effort into trying to engage with the local community. We welcome the offer of future consultations.

The Government agrees with the Committee. It is important that the Institute continues to engage with the local community throughout the construction process and beyond.

19. We accept that once backing was given by the Government, and planning permission was granted, for the UKCMRI to be built in central London it became inevitable that the National Institute for Medical Research in Mill Hill would close. This must not mean, however, that the NIMR is left in limbo while all attention focuses on the UKCMRI. The NIMR is a world-class facility and it will have four to five years

on the Mill Hill site, which need to be supported and managed. Funding for research at Mill Hill must remain in place throughout the transitional phase before the UKCMRI is fully operational.

The MRC participation in the Francis Crick Institute was on the basis that it would provide an excellent replacement for the ageing facilities at in Mill Hill. The Government agrees that world-class research at NIMR must be supported and well managed until the transition to the new Institute is complete.

The NIMR is currently going through its Quinquennial (five-yearly) Review, a process that is expected to be completed in a report to MRC Council in March 2012. The review will provide an international assessment of the research which will assist the Director in his prioritisation; in addition, the MRC's Council will set the NIMR's overall budget going forward, taking account of the need for transition to the Francis Crick Institute. The MRC is working with NIMR on a condition survey to ascertain the future requirements to maintain the site in good order. This applies to buildings, infrastructure and building services.

20. We recommend that the Government and the MRC move quickly to begin discussions with current staff and their representatives about future work at the NIMR in Mill Hill and about the move to central London.

The Government understands that current staff at the MRC NIMR have already been involved in planning for the new institute. The Chief Executive of the MRC, Sir John Savill, indicated in his evidence to the Committee that the MRC has moved into a consultation phase with staff at NIMR.

21. We consider that the UK requires a Centre for Medical Research and Innovation. We agree with and commend the scientific vision for the UKCMRI. This is a project of national importance with the potential to deliver significant improvements in human health. After the vision is realised the UKCMRI could provide improvements in the translation of medical research directly to the patient.

The Government agrees with the Committee. The Francis Crick Institute forms an important cornerstone in UK research infrastructure to maintain our world-class research base into the future. It will be one of the most significant developments in UK biomedical science for a generation, harnessing the full capacity of this country's best researchers in a range of disciplines for the benefit of patients and the economy.

22. Our predecessor Committee's estimation of the UKCMRI was correct: it is an exciting project which could bring significant benefits to life sciences in the UK and, indeed, to the world but it does carry a number of risks. We have examined two areas which our predecessors considered needed careful monitoring: the management structure and the funding of UKCMRI. While it would be complacent to take the view that a project of this size, cost and complexity will not face problems, we took some comfort from the evidence we received during this inquiry. In particular, our concerns about costs were eased when we were told that the taxpayer will not be liable to any further costs should the project overrun.

The management structure and funding arrangements for the Institute have developed to be strong and robust since the predecessor Committee recommended that they needed careful monitoring. We are confident that the arrangements now in place will enable such a large and complex project to overcome any problems it faces, and expect that the project will be completed within the agreed financial envelope. We have made clear the limit of Government funding available for the project when we approved the MRC business case for the project, and have stipulated that any increase in costs to the MRC is at the MRC's risk, providing protection for the taxpayer.

23. However, we remain unconvinced that the location at Brill Place is the only suitable location and that the physical links described, i.e. face to face collaboration are as important or as likely as they have been described to us.

We believe that as the project is realised, the value to the Francis Crick Institute of the Brill Place site, with its location within a cluster of research and clinical excellence and good transport links, will become increasingly evident. The 2006 Cooksey Report identified that the UK is at risk of failing to maximise the impact of publicly funded health research by translating discoveries in basic science to practical applications; the Government believes that the Institute will go some way to filling this gap in translation, and the features of the Brill Place site will facilitate this. Sir David Cooksey is chairman of the board of UKCMRI, demonstrating that he recognises the potential of the Institute in addressing the gaps that his 2006 report identified. He has told this Committee of his belief that the Francis Crick Institute can be a beacon in getting this right.

24. While we accept that the plans are now highly unlikely to change, we consider it is fair to say that the cost of construction is higher at St Pancras than any viable alternative site. The combination of high land value and the construction challenges means that the cost of building the centre, before equipping and staffing it, will be the best part of £650 million. This high cost is being justified on the basis that by placing the Centre in central London it will create better physical links with other London based institutions. Whilst we see some logic in this, we remain unconvinced that, in these financially stringent times, the high cost of building the UKCMRI in central London outweighs the benefits of these links.

It is impossible to quantify now the future benefits that will derive from research and innovation at the Francis Crick Institute, but the location gives the new institute the best possible chance to carry out successful basic and translational research. Often characterised as from 'bench to bedside' or 'campus to clinic', translational research is the process by which scientific advances from research done in laboratories can be swiftly translated into health benefits.

The way that this can be done most successfully is through the co-working of scientists and clinicians. They can then work together and form a virtuous loop whereby clinicians observe problems and work with scientists on solutions which they can then implement in the clinic. The Institute will clearly be very well placed in this regard, with a proportion of its researchers being clinically trained and because of the planned links with local clinical centres.

25. There is clear public interest in this impressive project. We shall continue to scrutinise closely all aspects of the UKCMRI and expect to continue to receive six-monthly updates on the progress of the project from the Medical Research Council. We shall continue to monitor the promise to disperse the benefits of the UKCMRI across the UK to ensure that this undertaking is met.

There is rightly clear public interest in this project, with its great potential to deliver significant improvements in healthcare, and we welcome the Committee's ongoing interest in this ambitious and exciting project. The MRC, with its partners, will continue to provide the Committee with six-monthly updates, starting in September 2011.

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