House of Commons

Science and Technology Committee

The Work of the Committee in 2008–09

First Report of Session 2009–10

Report, together with formal minutes and written evidence

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The Science and Technology Committee

The Science and Technology Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Government Office for Science. Under arrangements agreed by the House on 25 June 2009 the Science and Technology Committee was established on 1 October 2009 with the same membership and Chairman as the former Innovation, Universities, Science and Skills Committee and its proceedings were deemed to have been in respect of the Science and Technology Committee.

Current membership

Mr Phil Willis *(Liberal Democrat, Harrogate and Knaresborough)(Chairman)*
Dr Roberta Blackman-Woods *(Labour, City of Durham)*
Mr Tim Boswell *(Conservative, Daventry)*
Mr Ian Cawsey *(Labour, Brigg & Goole)*
Mrs Nadine Dorries *(Conservative, Mid Bedfordshire)*
Dr Evan Harris *(Liberal Democrat, Oxford West & Abingdon)*
Dr Brian Iddon *(Labour, Bolton South East)*
Mr Gordon Marsden *(Labour, Blackpool South)*
Dr Bob Spink *(Independent, Castle Point)*
Ian Stewart *(Labour, Eccles)*
Graham Stringer *(Labour, Manchester, Blackley)*
Dr Desmond Turner *(Labour, Brighton Kemptown)*
Mr Rob Wilson *(Conservative, Reading East)*

Dr Ian Gibson (*Labour, Norwich North*) was a Member of the Committee during this Session.

Powers

The Committee is one of the departmental Select Committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No.152. These are available on the Internet via www.parliament.uk

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/science.cfm
A list of reports from the Committee in this Parliament is included at the back of this volume.

Committee staff

The current staff of the Committee are: Glenn McKee (Clerk); Richard Ward (Second Clerk); Dr Christopher Tyler (Committee Specialist); Xameerah Malik (Committee Specialist); Andy Boyd (Senior Committee Assistant); Camilla Brace (Committee Assistant); Dilys Tonge (Committee Assistant); Jim Hudson (Committee Support Assistant); and Becky Jones (Media Officer).

Contacts

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1 Introduction

Re-establishment of the Science and Technology Committee

1. The Science and Technology Committee was re-established by the House of Commons on 1 October 2009 following machinery of Government changes reorganising departments within Whitehall. On 5 June 2009 the Government announced the merger of the Department for Innovation, Universities and Skills (DIUS) and the Department for Business, Enterprise and Regulatory Reform (BERR), to create the new Department for Business, Innovation and Skills (BIS) under the leadership of Lord Mandelson.

2. As select committees established under Standing Order No. 152 mirror the structure of government departments it was expected that the Government would bring forward changes to that Standing Order to establish a single Business, Innovation and Skills Committee. We, then as members of the Innovation, Universities, Science and Skills Committee, firmly believed that the opportunity should be taken to reconsider the need for a separate science scrutiny committee and we accordingly produced a special report, *The future of science scrutiny following the merger of DIUS and BERR on 12 June 2009*.[1] We pointed out that when the Innovation, Universities, Science and Skills Committee had been established, following an earlier machinery of Government change in 2007, it had supplanted the Science and Technology Committee in the face of opposition from members of that Committee and the scientific community.[2] The former Science and Technology Committee's *Last Report* noted the legacy of dedicated science scrutiny within the House:

> The House of Commons first established a Science and Technology Select Committee in 1966 in order 'to consider science and technology and report thereon'. This Committee existed for the duration of the 1966–1971 Parliament and was reappointed in 1971 and 1974. The Committee was abolished in 1979 when the departmental select committee structure was established. A similar Committee, with a remit more closely mirroring that of a departmental committee, was established in July 1992 and has remained ever since. The current Science and Technology Committee was appointed on 19 July 2005.[3]

And the Report concluded:

> Given the Government's focus on evidence-based policy-making and the wide consensus on the value of science in our society, we believe that this would be the wrong time to downgrade or reduce the scrutiny of cross-cutting science issues within Parliament. The strong view amongst the science community is that such scrutiny is best carried out by a select committee with a clear identity and a clear mission. Given the House's decision to replace the Science and Technology Committee with a departmental select committee, we hope that the new

1 Innovation, Universities, Science and Skills Committee, Fourth Special Report of Session 2008–09, *The future of science scrutiny following the merger of DIUS and BERR*, HC 662

2 HC (2008–09) 662, para 3

3 Science and Technology Committee, Thirteenth Report of Session 2006–07, *The Last Report*, HC 1108, para 1

> Innovation, Universities and Skills Committee will have the authority to work across Government rather than within the narrow confines of a single department. We believe that in the long term a separate Science and Technology Committee is the only way to guarantee a permanent focus on science across Government within the select committee system. **We recommend that the House be given an opportunity to revisit the question of science scrutiny in the Commons at the end of session 2007–08.**[4]

3. Reflecting on our experience after nearly two years as members of the Innovation, Universities, Science and Skills Committee we pointed out in the June 2009 Special Report that:

> Despite the dedication of our core membership—we were the third most frequently meeting Committee in the 2007–08 session—it has proved difficult to balance the scrutiny of the expenditure, administration and policy of the Department for Innovation, Universities and Skills with the demands of examining the use of science across government.
>
> Looking forward, attempting to do this same balancing act with an even larger department which also covers business, enterprise and regulation will prove impossible for the Business, Innovation and Skills Committee.[5]

We also made the point that:

> And there could not be a worse time to reduce scrutiny of science and engineering. We have been told repeatedly during the last 12 months that exploitation of the UK's science base could be the route for recovery for the UK economy.[6]

4. We are pleased that the Government listened to our advice and with the significant support from scientific organisations brought forward proposals which the House agreed on 25 June 2009 to re-establish a Science and Technology Committee. In moving changes to the House's Standing Orders the Parliamentary Secretary at the Office of the Leader of the House of Commons, Barbara Keeley, said that the Leader of the House had received a letter in support of the proposal from the Innovation, Universities, Science and Skills Committee to re-establish a Science and Technology Committee

> from the chief executives of the Royal Society of Chemistry, the Institute of Physics, the Institute of Biology and the Royal Academy of Engineering and from the executive secretary of the Royal Society. I am pleased to say that the Government accept the Committee's recommendation. The motion provides for the re-establishment of a Science and Technology Committee as part of the family of departmental Select Committees and it has a remit to examine the expenditure, administration and policy of the Government Office for Science.[7]

4 HC (2006–07) 1108, para 38

5 HC (2008–09) 662, paras 6–7

6 HC (2008–09) 662, para 8

7 HC Deb, 25 June 2009, col 987

5. On the Science and Technology Committee's remit, Ms Keeley explained:

> The motion [...] reflect[s] the position between 1992 and 2007, when the Science and Technology Committee was appointed to examine the work of the Office of Science and Technology, part of the old Department for Trade and Industry. The role of the Government Office for Science is somewhat narrower than that of the old Office of Science and Technology. Although the interpretation of the Committee's terms of reference is a matter for the Committee itself, the Government hope that it will take a wide-ranging approach to its remit, examining the full scope of science policy and related matters across the Government. That approach certainly worked well for the old Committee, which conducted inquiries into subjects as diverse as evidence-based policy making, classification of illegal drugs, regulation of hybrid embryos and the work of the research councils.
>
> There is an argument for establishing an explicitly cross-cutting Committee with its own Standing Order to examine such issues, and we are sympathetic to that idea, but at this stage in the Parliament, the new Committees can be expected to run for only seven months from October, so we think it right for us to revert to the old status quo, retaining the existing membership and chairmanship of the two Committees, but changing their titles and terms of reference.[8]

I welcome the transformation of the Innovation, Universities, Science and Skills Select Committee back into the Science and Technology (S&T) Select Committee. Our previous role was just too big and Members found it hard to meet two days every week. In particular I welcome the fact that the S&T Committee will be able once again to scrutinise the use of science (let's not forget engineering) across government departments and agencies.

In the past year the work that our Committee has done on engineering seems to have been welcomed all round. We have focussed on plastic electronics, nuclear engineering and geoengineering. Our most controversial report in the past year appears to have been 'Students and Universities', which appears to have touched some raw nerves.

I would question the value of the so-called pre-appointment hearings that it has become fashionable for Select Committees to hold. It seems to me that the horse has already bolted by the time the committees hold these sessions.

A number of Members of the present Committee will retire from Parliament at the next General Election, and I hope that the huge new intake will keep the flame of the Committee alive in the next Parliament.

Dr Brian Iddon MP

8 HC Deb, 25 June 2009, cols 987–88

Scope of this report

6. Under the arrangements agreed by the House, the Science and Technology Committee was established on 1 October 2009 with the same membership and Chairman as the former Innovation, Universities, Science and Skills Committee and that Committee's proceedings were deemed to have been in respect of the Science and Technology Committee—so that, in effect, there has been one continuous committee. This report therefore covers the work of both the Innovation, Universities, Science and Skills Committee (to 1 October) and the Science and Technology Committee (from 1 October) in the 2008–09 session.

7. The Innovation, Universities and Skills Committee was nominated on 8 November 2007 having been established as a consequence of earlier machinery of Government changes announced in June 2007 which created DIUS. The House of Commons agreed on 11 March 2008 to include the word 'Science' in the Committee's name. The Innovation, Universities, Science and Skills Committee examined the expenditure, administration and policy of DIUS, which as a result of the machinery of Government change in June 2009 became part of BIS, which is now scrutinised by our sister committee, the Business, Innovation and Skills Committee. As noted, the Science and Technology Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Government Office for Science, and our interpretation of this remit, as the minister indicated, is to examine the full scope of science policy and related matters across the Government.

The annual Return

8. During the 2008–09 session we held 41 Committee meetings and five Sub-Committee meetings and took oral evidence on 25 occasions. We published eleven reports and over and above the evidence for these inquiries also held six separate oral evidence hearings.

- Table 1 shows the relationship of our inquiries and evidence sessions to the objectives and core tasks set for select committees by the Liaison Committee (set out in Box 1).
- Table 2 records the status of our inquiries at November 2009.
- Table 3 shows the visits we have made both in the UK and abroad.

The Sessional Return, giving more details and setting out the details of the Committees' activities in the 2008–09 session, is annexed to this Report as Annex 1.

Membership of the Committee

9. We must add a word of caution about the figures on attendance in Annex 1. We put on record when we reported on our work in 2008–09 the fact that we had had problems during the year with Members leaving the Committee and not being replaced.[9] This problem has worsened during 2008–09. We now have six Members who want to leave the

9 Innovation, Universities, Science and Skills Committee, Second Report of Session 2008–09, *The work of the Committee in 2007–08*, HC 49, para 44

Committee as well as one vacancy caused when Dr Ian Gibson left the House. In our view, it is understandable that with the change in our remit some Members may wish to move to other committees. We now stand at seven active members, that is just half of our membership of 14 provided in the Standing Orders. These seven are carrying the burden of the work of the Committee.

10. The arrangements for discharging Members are primarily in the hands of the party whips and, in practice, do not allow a Member to be discharged without nomination of a replacement. Despite making representations to the Government and Official Opposition whips, we regret that it has not been possible to date to find Members willing to join the Committee at this stage in the Parliament. The consequence is that several Members have to all intents and purposes have left the Committee: Dr Roberta Blackman-Woods is a Parliamentary Private Secretary to a minister at BIS; Mrs Nadine Dorries is a member of the Energy and Climate Change Committee; Bob Spink, who joined the Committee as a Conservative and now sits as an independent, has indicated that he does not wish to continue as a member of the Committee; Dr Desmond Turner is a member of the Energy and Climate Change Committee; and Mr Rob Wilson is now an Opposition Whip. Some of these Members have been criticised in the press—unfairly, we believe—for poor attendance. This state of affairs has also skewed the overall attendance figure in Annex 1, which, if those who had "resigned" were removed, would be around 70% rather than 45%. We consider that the House needs to examine arrangements which would allow Members to resign from select committees.

Core tasks and objectives (Box 1)

OBJECTIVE A: To examine and comment on the policy of the department

Task 1: To examine policy proposals from the UK Government and the European Commission in Green Papers, White Papers, draft Guidance etc, and to inquire further where the Committee considers it appropriate

Task 2: To identify and examine areas of emerging policy, or where existing policy is deficient, and make proposals

Task 3: To conduct scrutiny of any published draft bill within the Committee's responsibilities

Task 4: To examine specific output from the department expressed in documents or other decisions

OBJECTIVE B : To examine the expenditure of the department

Task 5: To examine the expenditure plans and out-turn of the department, its agencies and principal NDPBs

OBJECTIVE C : To examine the administration of the department

Task 6: To examine the department's Public Service Agreements, the associated targets and the statistical measurements employed, and report if appropriate

Task 7: To monitor the work of the department's Executive Agencies, NDPBs, regulators and other associated public bodies

Task 8: To scrutinise major appointments made by the department

Task 9: To examine the implementation of legislation and major policy initiatives

OBJECTIVE D: To assist the House in debate and decision

Task 10: To produce Reports which are suitable for debate in the House, including Westminster Hall, or debating committees

Table 1: Relationship of inquiries and evidence sessions to objectives and core tasks

Inquiries/ Evidence Sessions	A				B	C				D
	1	2	3	4	5	6	7	8	9	10
DIUS's Departmental Report 2008				x	x	x	x		x	
Engineering: turning ideas into reality		x			x	x	x		x	x
Evidence Check: Literacy Interventions		x		x						x
Evidence Check: Homeopathy		x		x						x
Further Education Colleges capital expenditure		x		x	x		x			x
Office for Strategic Co-ordination of Health Research		x			x	x				
Pre-appointment hearing with Chair-elect of the Biotechnology and Biological Sciences Research Council								x		
Pre-appointment hearing with Chair-elect of the Economic and Social Research Council								x		
Pre-appointment hearing with Chair-elect of the Science and Technology Facilities Council								x		
Putting Science and Engineering at the Heart of Government Policy		x		x	x	x	x		x	x
Re-skilling for recovery: After Leitch, implementing skills and training policies	x	x		x	x	x	x		x	x
Science and Technology Facilities Council		x			x	x	x			
Science Question Time	x	x		x	x	x		x	x	
Setting the scene on science, engineering and technology issues across government		x			x					
Sites of Special Scientific Interest	x	x								
Students and Universities		x		x	x	x	x		x	x
Technology Strategy Board		x			x	x	x			

Table 2: Status of inquiries at November 2009

Inquiries/ Evidence Sessions	Number of Evidence Sessions in 2008–09	Status	Government Response
DIUS's Departmental Report 2008	0	Reported January 2009 (HC 51–i)	March 2009 (HC 383)
Engineering: turning ideas into reality	2	Reported March 2009 (HC 50–i)	June 2009 (HC 759)
Evidence Check: Literacy Interventions	2[10]	In progress	N/A
Further Education Colleges capital expenditure	2	Reported July 2009 (HC 530)	October 2009 (HC 989)
Office for Strategic Co-ordination of Health Research	1	Minutes of Evidence Printed July 2009 (HC 655–i)	N/A
Pre-appointment hearing with Chair-elect of the Biotechnology and Biological Sciences Research Council	1	Reported May 2009 (HC 505)	N/A
Pre-appointment hearing with Chair-elect of the Economic and Social Research Council	1	Reported May 2009 (HC 506)	N/A
Pre-appointment hearing with Chair-elect of the Science and Technology Facilities Council	1	Reported July 2009 (HC 887)	N/A
Putting Science and Engineering at the Heart of Government Policy	5	Reported July 2009 (HC 168–i)	October 2009 (HC 1036)
Re-skilling for recovery: After Leitch, implementing skills and training policies	0	Reported January 2009 (HC 48–i)	March 2009 (HC 365)
Science and Technology Facilities Council	1	Minutes of Evidence Printed July 2009 (HC 171–i)	N/A
Science Question Time	2	Minutes of Evidence Printed July 2009 (HC 169–i and –ii)	N/A
Setting the scene on science, engineering and technology issues across government	1	Minutes of Evidence Printed December 2009 (HC 1001–i)	N/A
Sites of Special Scientific Interest	1	Reported July 2009 (HC 717)	October 2009 (HC 990)
Students and Universities	8[11]	Reported July 2009 (HC 170–i)	October 2009 (HC 991)
Technology Strategy Board	1	Minutes of Evidence Printed Oct 2009 (HC 384–i)	N/A

10 Oral evidence taken by Science and Technology Sub–Committee

11 Three oral evidence sessions taken by the Sub–Committee on Students and Universities

Table 3: Committee Visits

Location of Visit	Date of visit	Participants	Purpose of visit
Imperial College London[12]	19 March 2009	1 member and 2 members of staff	Students and Universities
Liverpool[13]	23 March 2009	3 members and 4 staff	Students and Universities
Oxford[14]	30 March 2009	5 members and 8 staff	Students and Universities
Washington DC, USA	19 – 23 April 2009	6 members and 2 staff	Students and Universities and Putting science and engineering at the heart of Government policy
Swindon	22 September 2009	1 member and 2 staff	Engagement with the broader Science and Technology community to inform Committee programme
Teddington	23 September 2009	1 member and 2 staff	Engagement with the broader Science and Technology community to inform Committee programme

12 Visit undertaken by the Chairman as a rapporteur for the Students and Universities inquiry

13 Visit undertaken by the Students and Universities Sub–committee.

14 Visit undertaken by the Students and Universities Sub–committee; staff numbers include two Specialist Advisers.

2 Committee inquiries and evidence sessions

11. Having concentrated, though not exclusively, in the 2007–08 session on the skills and intellectual property work of DIUS as well as the scrutiny of science and engineering across government we decided to carry out a major piece of work examining the "education" side of DIUS in 2008–09. In the event we completed two major inquiries: one on the mismanagement of the capital programme for further education colleges; and the other on students and universities. We were also, as the Innovation, Universities, Science and Skills Committee, able to continue our scrutiny of science policy and related matters across the Government and with the re-establishment of the Science and Technology Committee in October this became our primary focus.

> There has never been a more propitious time for a Science and Technology Committee scrutinising the executive given the concern about the way the Government handles independent scientific advice and the pressure on resources for science.
>
> *Dr Evan Harris MP*

One-off sessions

12. The one-off sessions held in 2008–09 focussed on two bodies—one new in 2007 and the other given a wider remit in 2007—whose operations may affect the development and use of science in the UK. First, we held a one-off session on 1 April 2009 with the Technology Strategy Board, the remit of which was widened in July 2007 to include coordinating the innovation work of Regional Development Agencies, Research Councils and Government departments. We took evidence on its current and future programme of work, taking oral evidence from Iain Gray, Chief Executive, David Bott, Director, Innovation Programmes, and David Golding, Head of Strategy.

13. We also held a one-off session on 8 June 2009 with Professor Sir John Bell, Chairman of the Office for Strategic Coordination of Health Research (OSCHR), and Professor Sir Alex Markham, Chair of OSCHR's Translational Medicines Board. OSCHR was set up following a recommendation in Sir David Cooksey's review of UK health research funding published in December 2006 that "the Government should seek to achieve better coordination of health research and more coherent funding arrangements to support translation".[15] The former Science and Technology Committee examined the Cooksey Report in 2006–07 and, while it broadly endorsed the approach taken by Sir David Cooksey,[16] it had a number of concerns about the operation of OSCHR.[17] We therefore decided to hold the session to discuss OSCHR's progress since it was set up in 2007 as well as its current and future priorities.

15 HM Treasury, *A Review of UK Health Research Funding*, December 2006, para 9

16 Science and Technology Committee, Third Report of Session 2006–07, *The Cooksey Review*, HC 204, para 6

17 HC (2006–07) 204, paras 13–15, 20

Science Question Time

14. We held two Science Question Time sessions with the Science Minister, Lord Drayson. The sessions took place on 28 January and 18 May 2009. The format followed that agreed with his predecessor, Lord Sainsbury, that is three or four questions in forty minutes. DIUS was notified in advance of the potential areas of questioning, which were also issued in press notices.[18] After being asked each "headline" question, the Minister made a statement on the matter and Members then asked supplementary questions. We regarded these sessions as a key part of the scrutiny of Government policy on science, allowing us to cover several issues across government. We intend to continue the practice in the 2009–10 session.

Setting the scene on science, engineering and technology issues across government

15. When its remit changed in October 2009 the new Science and Technology Committee was keen to get down to work in order to begin scrutinising science and science policy across Whitehall and to examine government departments' use of science, engineering, technology and research. We started with a one-off evidence session on 14 October which allowed us to set the scene by taking evidence from two key players, Lord Drayson, and Professor John Beddington, Government Chief Scientific Adviser to help structure our work programme. This sat well with an informal seminar we held a week later on 21 October when eminent members of the scientific, technology and engineering community plus members of the House of Lords Science and Technology Committee came together with members of the Commons Committee to discuss the work and direction of the re-established Commons Science and Technology Committee. A note summarising the main points to come from the seminar is at Annex 2.

Core Scrutiny of DIUS

DIUS's Departmental Reports 2008 and 2009

16. We published our report on DIUS's first (2008) Departmental Report in January 2009.[19] We found the Departmental Report less than satisfactory. It relied too much on jargon and we were surprised that it was not more informative or helpful to the reader. We pressed DIUS to produce a more concise report in 2009 written in plain English with clearly presented and independently verified statistics to aid the scrutiny of DIUS. We were pleased that DIUS responded constructively to our criticisms. Because of the machinery of Government changes in June 2009 we were not able to carry out detailed scrutiny of DIUS's final, 2009 Departmental Report.[20] On the basis of a cursory examination we noted some improvements and wrote to BIS acknowledging the improvement.

18 "Science Question Time", Innovation, Universities, Science and Skills Committee Press Notice No 10, 21 January 2009, "Science Question Time", Innovation, Universities, Science and Skills Committee Press Notice No 37, 13 May 2009

19 Innovation, Universities, Science and Skills Committee, Third Report of Session 2008–09, *DIUS's Departmental Report 2008*, HC 51–I

20 Department for Innovation, Universities and Skills, *Departmental Report 2009*, Cm 7596, July 2009

17. Memoranda on DIUS's winter and spring supplementary estimates for 2008–09, main estimates for 2009–10 and 2008 Autumn Performance Report, which we would have published with a report on DIUS's 2009 Departmental Report, are published with this report.[21]

Inquiries into long-term issues

Students and Universities

18. The Committee began its inquiry into *Students and Universities*[22] in October 2008 suggesting submissions address a wide range of issues but focussing around the experience and the perspective of the student. We estimate that the inquiry took up more than a quarter of our time during the session and was therefore a substantial piece of work.

19. In response to the call for evidence, we received 121 written submissions. As, however, only two were from students themselves, we decided to take a number of steps to draw out the views of undergraduate students.

- We set up an e-consultation that ran for six weeks from February to April.
- We had a student panel: students who gave oral evidence in February, read the evidence and came back to give further evidence in April.
- The Committee visited universities in Liverpool and Oxford taking formal oral evidence from students and meeting groups of students for informal discussions, a record of which was taken, sent to participants in draft and published as written evidence.
- In addition, the Chairman, acting as a rapporteur, visited Imperial College London meeting students and staff and one of our members, Mr Gordon Marsden, visited Howard University to meet students and staff during our visit to Washington DC.

The Committee visited Washington DC in April, to take evidence on the university system in the USA. We met students, academics, representative organisations and officials with responsibilities for higher education. (The visit also covered work on our inquiry, *Putting Science and Engineering at the Heart of Government Policy*.)

20. Approaching higher education with our previous experience of inquiries into science we were surprised by the absence of, and in some cases reluctance of the sector to assemble, evidence to underpin its operational arrangements—for example, to examine whether there was a link between research in universities and the quality of teaching. Our Report called for urgent changes in the higher education sector, concluding, for example, that the current arrangements for safeguarding standards were out of date, inconsistent and in need of replacement. The Committee found defensive complacency in the leadership of the sector and no appetite to explore key issues such as the reasons for the proportional increase in first and upper second class honours degrees in the past 15 years.

21 Evs 1, 10, 18, 28, 31, 35, 36, 40 and 49

22 Innovation, Universities, Science and Skills Committee, Eleventh Report of Session 2008–09, *Students and Universities*, HC 170–I

21. We are pleased that this Report has been the subject of sustained press coverage since its publication and we are hopeful that it has started a debate which will gather momentum as the independent review of tuition fees proceeds with its work in 2009–10.

22. Because of the machinery of Government changes in June 2009, we, as a committee, shall not be able to follow-up many of the issues in the higher education sector which, during the course of the *Students and Universities* inquiry, we identified as warranting further scrutiny. In the time available we were able to widen our inquiry (and Report) to review a potential problem emerging during the summer of 2009—demand for places in higher education significantly exceeding supply.[23] We also listed in our Report those areas which our successor committee in this area—the Business, Innovation and Skills Committee—may wish to examine.[24]

23. During the *Students and Universities* inquiry we received two allegations of interference with witnesses to the inquiry—both were academics at Manchester Metropolitan University. After careful consideration, although we had criticisms of the University, we decided in the circumstances not to refer the cases to the Standards and Privileges Committee. We set out our reasoning in the *Students and Universities* report.[25]

Inquiries into engineering and science

24. Engineering and Science took up a similar amount of time to higher education during the course of the session—over a quarter of our time—though it was spread across two reports: i) in 2008–09 we completed, *Engineering: turning ideas into reality*,[26] which had started in 2007–08; and ii) *Putting Science and Engineering at the Heart of Government Policy*,[27] work for the whole of which fell in 2008–09.

The Committee (as the IUSS Select Committee) has been active and vigorous in support of excellence in British higher education and skills and separately in promoting the interests of service and technology (on which it will now be concentrated). I enjoyed our report on "Students and Universities" as it exposed a number of issues of contemporary concern; and at the same time I have been happy to participate in our continuing work to probe and refine the relationship between Government and science. Above all, 'Engineering' was a major topic well worth tackling, with a fair but on balance positive outcome!

Tim Boswell MP

23 HC (2008–09) 170–I, paras 12–20

24 HC (2008–09) 170–I, Annex 2

25 HC (2008–09) 170–I, Ch 6

26 Innovation, Universities, Science and Skills Committee, Fourth Report of Session 2008–09, *Engineering: turning ideas into reality*, HC 50–I

27 Innovation, Universities, Science and Skills Committee, Eighth Report of Session 2008–09, *Putting Science and Engineering at the Heart of Government Policy*, HC 168–I

Engineering: turning ideas into reality

25. The Committee completed its wide-ranging inquiry into engineering, which included case studies as well as main conclusions, with the publication of its Report, *Engineering: turning ideas into reality*, on 27 March 2009. The Government responded in June 2009. The Committee held 13 oral evidence sessions and made a number of visits during the previous session. We found these visits to be extremely useful and were struck by the high esteem in which UK engineering is held overseas. The final oral evidence sessions and the deliberative sessions fell in 2008–09. The Committee found engineering to be one of the UK's great strengths and were pleased to discover that UK engineering and engineers are highly regarded internationally.

Putting Science and Engineering at the Heart of Government Policy

26. Our second engineering inquiry, *Putting Science and Engineering at the Heart of Government Policy*,[28] brought together several timely policy strands that have been of longstanding interest to the Innovation, Universities, Science and Skills Committee and the former Science and Technology Committee, in particular, a number of issues that were raised in the following reports:

- *Engineering: turning ideas into reality*[29] on the Government's capacity for sourcing and using engineering advice;
- *Science Budget Allocations*[30] on regional science policy and the Haldane Principle; and
- *Scientific Advice, Risk and Evidence Based Policy Making*[31] on the Government's capacity for sourcing and using science advice.

27. The Committee received over 80 written submissions and held five oral evidence sessions. In the report the Committee concluded that science had been reduced to a political bargaining chip within government. Among the matters we addressed in the Report were the Haldane Principle,[32] regional science policy and the debate Lord Drayson initiated on the strategic priorities of research funding—that is whether the Government could "pick winners". We concluded that a new framework was needed that added transparency and vigour to the relationship between government and the research community. We also expressed concern that Government Office for Science has been housed in three separate departments in two years—reducing scientific and engineering advice to a peripheral policy concern.[33] With a degree of foresight as it turned out, we examined the role and operation of Science Advisory Councils and Committees and, in some detail, the actions of the former Home Secretary, Rt Hon Jacqui Smith MP, when she

28 HC (2008–09) 168–I

29 HC (2008–09) 50–I

30 HC (2007–08) 215–I

31 Science and Technology Committee, Seventh Report of Session 2005–06, Scientific Advice, *Risk and Evidence Based Policy Making*, HC 900–I

32 The Haldane Principle is popularly used to describe the notion that decisions about what to spend research funds on should be made by researchers rather than politicians.

33 HC (2008–09) 168–I, para 88

publicly criticised the then Chairman of the Advisory Council on the Misuse of Drugs, Professor Nutt. We made a number of recommendations to Government to safeguard the independence of all Science Advisory Committees.[34]

28. Subsequently, we were able to draw on our Report when Ms Smith's successor, Rt Hon Alan Johnson MP, dismissed Professor Nutt from the Advisory Council on the Misuse of Drugs. We wrote to Mr Johnson, Professor Beddington, Government Chief Scientific Adviser, and Professor Wiles, Chief Scientific Adviser at the Home Office, drawing on our Report and the Government's response[35] when we sought their accounts of the sequence of events leading up to Professor Nutt's dismissal.[36]

29. We published their replies and a memorandum from Professor Nutt on 19 November. We have now decided to contribute to the Government's review of the principles that should apply to the treatment of independent scientific advice provided to government.

Sites of Special Scientific Interest

30. In May 2009 the Innovation, Universities, Science and Skills Committee decided to hold a one-off evidence session on Sites of Specials Scientific Interest (SSSIs), specifically assessing the scientific evidence base for designation and monitoring of SSSIs.[37] Several issues were raised at the evidence session in June and we wished to put on record that the review of the existing SSSI series through a new Notification Strategy must be must be soundly based on up-to-date evidence and scientific knowledge.[38] The Committee found that the current Guidelines for selection of biological SSSIs were out of date, and during evidence the Chief Executive of Natural England agreed that there was a need to act to ensure that the Guidelines reflected, for example, the pressures of climate change.[39]

Executive Agencies and Non-Departmental Public Bodies

31. One of the Committee's key scrutiny roles as outlined in Task 7 (Objective C) of the core tasks is "to monitor the work of the department's Executive Agencies, NDPBs, regulators and associated public bodies". We keep a watching brief on these organisations and directly and indirectly, through other inquiries which have touched on their work, have examined their activities as listed below, apart from the Technology Strategy Board and OSCHR, which were described in an earlier section in this report.

32. The bulk of our work in this area focused on pre-appointment hearings. We held three. Government proposals for pre-appointment hearings were set out in the 2007 Green Paper *The Governance of Britain*. The Government sought to "involve Parliament in the

34 HC (2008–09) 168–I, chapter 2

35 Science and Technology Committee, Ninth Special Report of Session 2008–09, *Putting Science and Engineering at the Heart of Government Policy: Government Response to the Innovation, Science and Skills Committee's Eighth Report of Session 2008–09*, HC 1036

36 "The dismissal of Professor David Nutt as Chairman of the Advisory Council on the Misuse of Drugs", Science and Technology Committee Press Notice issued 5 November 2009

37 HC (2008–09) 717

38 HC (2008–09) 717, paras 23 and 25

39 HC (2008–09) 717, para 11

appointment of key public officials" to "positions in which Parliament has a particularly strong interest because the officeholder exercises statutory or other powers in relation to protecting the public's rights and interests".[40] The paper continued:

> The hearing would be non-binding, but in light of the report from the committee Ministers would decide whether to proceed. The hearings would cover issues such as the candidate's suitability for the role, his or her key priorities, and the process used in selection.[41]

The Liaison Committee subsequently produced a set of guidelines to ensure pre-appointment hearings are conducted appropriately, and in order to "maintain an appointments process which is proportionate and continues to attract high-quality candidates".[42]

33. For us the new arrangements were an extension of current practice. Between 2003 and 2007, prior to the introduction of pre-appointment hearings, the former Science and Technology Committee held introductory hearings with newly appointed Chairmen and Chief Executives of Research Councils soon after they had taken up their posts.[43] These hearings aimed to "satisfy parliament that the post has been filled with someone of sufficient calibre", and to facilitate understanding of the role and interests of both parties.[44] Following the Governance of Britain proposals, the Committee stated:

> We are pleased that the Government is taking steps to involve select committees more fully in the scrutiny of public appointments. We believe that pre-appointment hearings with the relevant Select Committee will improve accountability and help ensure that the right people are appointed to key positions. We recommend that Chairpersons and Chief Executives of the Research Councils be included in the proposed list of appointments that should be subject to these hearings.[45]

34. Such appointments were not originally included in the Government's list of posts to be subject to pre-appointment hearings. They were proposed by the Chairman on behalf of the Committee during the Liaison Committee consultation,[46] and the Government's response included Research Council Chairs in a revised list of suitable posts.[47]

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40 Ministry of Justice, *The Governance of Britain* (Cm 7170), July 2007, p 28

41 *As above*, p 29

42 House of Commons Liaison Committee, First Report of Session 2007–2008, *Pre-appointment hearings by select committees*, HC 384

43 Sir John Chisholm, Chairman of MRC, July 2007 (HC (2006–07) 746); Mr Ed Wallis, Chief Executive of NERC, April 2007 (HC (2006–07) 747–I); Professor Philip Esler, Chief Executive of AHRC, February 2007 (HC (2006–07) 310–I); Professor Keith Mason, Chief Executive of PPARC, January 2006 (HC (2005–06) 808–I); Professor Alan Thorpe, Chief Executive of NERC, October 2005 (HC (2004–05) 491–I); Professor Colin Blakemore, Chief Executive of MRC, December 2003 (HC (2003–04) 55); Professor Ian Diamond, Chief Executive of ESRC, January 2003 (HC (2002–03) 277–I).

44 House of Commons Science and Technology Committee, Eighth Report of Session 2006–07, *Chairman of the Medical Research Council: Introductory Hearing*, HC 746, p 3

45 HC (2006–07) 746, p 6

46 HC (2007–08) 384, p 20

47 House of Commons Liaison Committee, *Pre-appointment hearings by select committees: Government response to the Committee's First Report of Session 2007–2008*, HC 594, p 6

35. We carried out three pre-appointment hearings during the 2008–09 Session.

Economic and Social Research Council

36. The first was on 5 May 2009 when we held a pre-appointment hearing with the Chair-elect of the Economic and Social Research Council, Dr Alan Gillespie CBE. On the basis of the evidence provided at this hearing we concluded that he was a suitable candidate for the post.[48]

Biotechnology and Biological Sciences Research Council

37. The second took place on 13 May 2009 when we held a pre–appointment hearing with the Chair–elect of the Biotechnology and Biological Sciences Research Council, Professor Sir Tom Blundell. On the basis of the evidence provided at this hearing we concluded that he was a suitable candidate for the post.[49]

Science and Technology Facilities Council

38. The final hearing took place on 13 July 2009 when we held a pre-appointment hearing with the Chair-elect of the Science and Technology Facilities Council, Professor Michael Sterling, FREng. Again on the basis of the evidence provided at this hearing we also concluded that he was a suitable candidate for the post.

Research Councils' Annual Reports and Accounts

39. We examined the annual reports and accounts of all the Research Councils and posed questions in writing to each Council. The Councils' responses will be published with the printed version of the evidence session with Professor Alan Thorpe, Chairman of RCUK, which took place on 2 December.

Medical Research Council and the UKCMRI

40. The Committee's First Report of Session 2007–08 addressed the creation of the UK Centre for Medical Research and Innovation (UKCMRI), to be located in central London next to the British Library and St Pancras station.[50] As we noted in our Report on the work of the Committee in 2007–08,[51] the Medical Research Council (MRC) was a non-departmental public body of DIUS and the founding of the UKCMRI constituted a major relocation of its research capacity and a significant capital spend.[52] Our earlier Report highlighted concerns about the timetable, the financial arrangements (in particular the

48 Innovation, Universities, Science and Skills Committee, Fifth Report of Session 2008–09, *Pre-appointment hearing with the Chair-elect of the Economic and Social Research Council, Dr Alan Gillespie CBE*, HC 505

49 Universities, Science and Skills Committee, Sixth Report of Session 2008–09, *Pre-appointment hearing with the Chair–elect of the Biotechnology and Biological Sciences Research Council, Professor Sir Tom Blundell*, HC 506

50 Innovation Universities and Skills Committee, First Report of Session 2007–08, *UK Centre for Medical Research and Innovation*, HC (2007–08) 185

51 HC (2007–08) 49, para 13

52 Other partners involved with the UKCMRI are Cancer Research UK, the Wellcome Trust and UCL (University College London).

treatment of the MRC's Commercial fund by the Treasury) for the project and the lack of clarity about which branches of science and projects would survive in the move from the MRC's National Institute for Medical Research to the new site. The Committee is currently receiving six-monthly updates from the MRC on progress with the project; the July 2009 update is published with this Report.[53] This is an issue we intend to keep under review, not least because of the potential effects of the economic recession and the project's requirement for public expenditure.

Reactive inquiries

Capital Investment for Further Education Colleges

41. In February 2009 the Innovation, Universities, Science and Skills Committee issued an open call for topics suitable for oral evidence hearings later in the year under the heading "Subjects for scrutiny: have your say". (We examine this process in more detail in the next chapter.) In response to a subject suggested by the 157 Group, which represents 26 of the largest colleges in England, we undertook an inquiry into the Learning and Skills Council's decision, in December 2008, to stop considering capital investment applications. We held two evidence sessions, taking evidence from the Learning and Skills Council and the former Chief Executive of the Council, the 157 Group, the Association of Colleges and DIUS in May. Along with the written and oral evidence received the Report also drew extensively on Sir Andrew Foster's review, published in April, *A Review of the Capital Programme in Further Education*. The Committee also met Sir Andrew privately. In July the Committee published its highly critical Report, *Spend, spend, spend? – the mismanagement of the Learning and Skills Council's capital programme in further education colleges* outlining what we described as the "catastrophic mismanagement by the Learning and Skills Council".[54]

Evidence Check: Homeopathy and Literacy Interventions

42. In preparation for the establishment of the Science and Technology Committee on 1 October, the former Innovation, Universities, Science and Skills Committee commissioned work to assess the Government's use of evidence in policy-making. The Committee wrote to the Government on ten topics and asked two questions: (1) what is the policy? (2) and on what evidence is the policy based? Having considered the Government responses the Committee selected literacy interventions and homeopathy for its first and second "Evidence Check" inquiries. The Committee took evidence on literacy interventions at the end of the 2008–09 session and on homeopathy at the start of the 2009–10 session and we intend to report in December, January and February. Subject to the pressures of our programme of work, a third "Evidence Check" inquiry is also planned for spring 2010.

53 Ev 49

54 Innovation, Universities, Science and Skills Committee, Seventh Report of Session 2008–09, *Spend, spend, spend?—the mismanagement of the Learning and Skills Council's capital programme in further education colleges*, HC 530, para 40

Other work

43. On 24 June 2009 we organised with the Royal Institution a panel—consisting of James Caan, entrepreneur, Baroness Susan Greenfield, Director of the Royal Institution, and the Chairman of the Committee—to cross-examine world renowned inventors and scientists. The event took place at the Royal Institution. This was a new departure for us as neither the format nor the subject matter had been tried before. The feedback was positive: describing it as having an inclusive atmosphere and intimate space with dynamic speakers, and the number of questions from the audience demonstrated how engaged they were in the subjects under discussion.

Follow-up to previous inquiries

44. Following up inquiries, evidence sessions and reports is something we take seriously. As noted in paragraph 26, we followed up a number of issues in our report, *Putting Science and Engineering at the Heart of Government Policy*. We have also used the pre-appointment hearings to pose questions which draw on our scrutiny work—for example, we asked the Chair-elect of the Science and Technology Facilities Council, Professor Michael Sterling about his views on the future strategic direction of Council, including the current and future priorities for STFC and the management of STFC's budget.[55] These were matters we had considered in our Report, *Science Budget Allocations*,[56] published in April 2008. As noted in paragraph 40, we receive updates from the MRC about the progress of the UKCMRI project.

55 Innovation, Universities, Science and Skills Committee, Ninth Report of Session 2008–09, *Pre-appointment hearing with the Chair-elect of the Science and Technology Facilities Council, Professor Michael Sterling FREng*, HC (2008–09) 887, para 17 and Qq 24–32, 54

56 HC (2007–08), HC 215–I

3 Other activities and innovative practices

45. As we explained in last year's report, the former Innovation, Universities, Science and Skills Committee's remit covered "Innovation"[57] and we aim to be innovative in our own practices. We continued to look for ways to innovate during the 2008–09 session and we intend to continue this practice as the Science and Technology Committee. As we did last year, in this Report we have allotted space to individual Members to contribute their thoughts on the year passed and looking to the session ahead.

"Subjects for scrutiny: have your say"

46. A significant innovation—as we noted in the previous chapter—was our "Subjects for scrutiny: have your say". On 11 February we invited topics suitable for an oral evidence hearing in Westminster. We laid down some ground rules for suggested topics, in particular, they had to:

i. be within our remit (at that time, a matter within the responsibility of DIUS);

ii. not already be under examination by the Committee as part of another inquiry;

iii. be capable of being covered in two hours of oral evidence, with two panels of witnesses (the second panel normally being Ministers or officials, with no more than four witnesses on any panel);

iv. be timely; and

v. not be related to individual cases or any matters before the Courts or Tribunals.[58]

47. The Committee received nearly 50 suggestions from organisations and individuals. The choice was not easy but after careful consideration we selected the topic from the 157 Group, which represents 26 of the largest colleges in England. It asked us to investigate what had happened to the Learning and Skills Council's (LSC) capital programme, arguing that "the hearing would add value in giving clarity and transparency to an important issue which needs perspectives, debate and insight from a range of angles to facilitate sector and public confidence in how this issue is being dealt with".[59] We are confident that our Report, *Spend, spend, spend? – The mismanagement of the Learning and Skills Council's capital programme in further education colleges*,[60] did just that.

48. It was our intention to select a topic for a second "Subjects for scrutiny: have your say" inquiry. In the event the machinery of Government changes which abolished DIUS overtook our plans. We would, however, commend the exercise to other select committees and hope that our successor committee, the Science and Technology Committee in the next Parliament, will return to it. We have, however, in formulating our programme for the

57 HC (2008–09) 49, para 37

58 "Subjects for scrutiny: have your say", Innovation, Universities, Science and Skills Committee Press Notice No 15, 11 February 2009

59 HC (2008–09) 530, para 3

60 HC (2008–09) 530

2009–10 Session had regard to the list of suggestions and we were able to include one suggestion—on synthetic biology—within the terms of reference of our forthcoming inquiry into bioengineering.

Making contact with students

49. As we noted in the previous chapter, we became conscious early in the *Students and Universities* inquiry that individual students were not responding to the traditional methods that select committees use to gather evidence. As we explained, we used an e-consultation and had a student panel that gave evidence twice. In addition, as we outlined in our Report on the 2007–08 session,[61] we continue to encourage Members to act as rapporteurs to collect evidence. During the *Students and Universities* inquiry the Chairman made a visit as a rapporteur to Imperial College London to meet students and staff. Before taking oral evidence in formal session, a group of Members also met students from Liverpool Hope University and the University of Liverpool informally. Having shown the notes of the meetings in draft to participants we published them with the evidence to the inquiry.[62] During our visit to the University of Oxford, we had to make an adaptation to this process. The university authorities arranged for us to meet 23 students for an informal discussion on the main issues of the inquiry. In the time available and to ensure each student had direct discussion with Members, we arranged the students into groups of four to six with the Members attending moving from group to group every 12 minutes. Each Member asked questions on a theme and was accompanied by a note taker. This approach to taking evidence, which has been compared to "speed dating", worked well. Participants were able to express their views directly to Members. We assembled good evidence[63] from this and the other informal meetings, which we used in our Report.

Collaborative working with the House of Representatives Science and Technology Committee

50. One of the case studies that we examined in the Report, *Engineering: turning ideas into reality*, was geoengineering. The case study included an oral evidence session in which one of the participants, Professor Klaus Lackner from Columbia University, on a panel of four on 10 November 2008 gave his evidence via a video link from the USA.[64] The arrangement worked well and there was no time lag in the signal to impede the flow of oral evidence, as sometimes happened on similar sessions previously. As far as we were aware, the section of our report which dealt with geoengineering may have been the first time that a legislature examined the use of activities specifically and deliberately designed to effect a change in the global climate with the aim of minimising or reversing man-made climate change. Geoengineering has important implications for the whole planet.

51. During our visit to the USA in April 2009 we met Representative Bart Gordon, Chairman of the House of Representatives Science and Technology Committee. Mr

61 HC (2008–09) 49, para 41

62 HC (2008–09) 170–II, Ev 156, 158 and 160

63 HC (2008–09) 170–II, Ev 161

64 Professor Klaus Lackner, Columbia University on 10 November 2008

Gordon suggested that we examine a topic for collaborative work between our Committee and the House Committee. Contact continued during the summer and we are pleased to report that both Committees have agreed to collaborate on inquiries into geoengineering. The House of Representatives has launched a major inquiry into geoengineering[65] and on 5 November we announced an inquiry, building on our earlier work, on the international and national regulation of geoengineering. A subject such as geoengineering which potentially affects the whole planet is, in our view, an ideal subject on which to work collaboratively with the US House of Representatives. We have agreed to coordinate our work as far as the constraints of the UK and US legislative timetables allow. We intend that the submissions we receive will be published on the internet and passed to the US Committee and that our published conclusions and recommendations will inform the wider US inquiry into geoengineering. Similarly the House of Representatives' evidence[66] will be considered by us during our inquiry. Speaking in London on 2 November 2009 to a science conference, Mr Gordon said:

> Geoengineering is [a] topic that will need international collaboration. Any actions could have repercussions that reach well beyond any individual country's borders, and there are many areas for potential collaboration in trying to understand the necessary research. To that end, the US Congressional Science and Technology Committee has agreed with the UK's S&T committee to have parallel hearings into the national and international implications of geoengineering projects. And we intend to develop a roadmap for our executive branches to move forward, both in research, and in treaties. We hope to publish a report next March, and would welcome any other assembly committees to join us in this effort.[67]

52. We hope that both Committees will find the process productive through not only sharing their knowledge and findings on geoengineering but also learn lessons for future collaborative work. It is our intention to report on the collaborative aspects of the work in the report we expect to produce on geoengineering.

At a time when Parliament itself comes under greater scrutiny so the role of Select Committees must too. Whilst the overwhelming level of support from the science community for the return of the Science and Technology Select Committee was hugely rewarding, the challenge is to make the committee relevant. The fact that the new committee would only have six months to prove its worth was a spur to action and despite the relatively small but hugely dedicated membership we have certainly laid out our stall. Two key themes run through our work—the use of evidence in policy making and innovation. Our drive to constantly seek from government clear evidence to support policy saw us take on DCFS over its literacy programme and Health over its support for Homeopathy. Other evidence checks will be regular features of our work. As for innovation we have encouraged public engagement with our ground breaking "Subjects for

65 "Geoengineering Research Needed, Members Hear", House of Representatives Science and Technology Committee, News Release, 5 November 2009

66 http://science.house.gov/press/PRArticle.aspx?NewsID=2676

67 Transcript of a speech given by Congressman Bart Gordon, Chairman of the US House of Representatives Science and Technology, at Queen Mary College, London 2 November 2009

Scrutiny—Have your say" scheme and set up a joint think tank with the leaders of the science community. However our initiative to set up the first UK-US Science and Technology scrutiny initiative with the US House of Representatives Science and Technology Committee looks like being a real winner and something for our successor committee to build on.

Phil Willis MP, Chairman

"Reversing the inquiry process"

53. A theme running through our work for many inquiries over the years has been the need to encourage young people to study science, technology, engineering and mathematics[68] and at the start of our inquiry, *Engineering: turning ideas into reality*, we took oral evidence from a panel of young engineers. We took this one stage further this session when in March 2009 four members of the Innovation, Universities, Science and Skills Committee answered questions on science issues in a select committee-style meeting from pupils aged between 11 and 13 from Park View Academy's science club (in London). Questions covered the future of science funding, the use of human embryonic stem cells and obesity. The event was part of the "Big Bang Fair", which aimed to promote science and engineering, and to inspire students. We were delighted to take part in this imitation committee session and to engage directly with school children about these issues. The pupils were enthusiastic and assertive and did not shy away from tackling controversial and complex subjects.

September visits

54. As in previous years, during the summer recess the Chairman with other Members, conducted a series of September visits, continuing a practice first started by the former Science and Technology Committee. These are instrumental in building relationships between the Committee and stakeholder communities. They are also a useful way of following-up previous inquiries, though this year with the Science and Technology due to be re-established on 1 October they focused on areas that the new Committee might wish to examine.

Use of new electronic media

55. In the past year we have noted an exponential growth in the use of electronic media such as Twitter. Some of the members of our Committee "tweet" and in a recent case, Lord Drayson publicised the fact that he had provided the Committee with supplementary evidence on Twitter. During the seminar on 21 October with leading members of the scientific community, the Chairman posted the questions under discussion on Twitter and invited responses.

Other work

56. The Committee continues to publish a quarterly update on its work in the magazine *Science in Parliament*.

68 Reiterated in HC (2008–09) 50–I, para 317

4 Relations with the Government

57. As we reported last year we continue to have a broadly productive and positive relationship with Government. Up until the machinery of Government changes in June 2009 our relations with DIUS had settled down and the problems that we reported last year[69] with the notification of publications did not recur. We are also pleased that Lord Drayson has been a willing participant in Science Question Time (see paragraph 14). The Department consistently provided memoranda and responses to our Reports within the requested deadlines, with one exception. The Government's response to our Report, *Engineering: turning ideas into reality*, due on 27 May was not received until 19 June. That was three weeks late and, as we wished to follow-up matters raised in the earlier report, put considerable pressure on the timetable for completing our Report, *Putting Science and Engineering at the Heart of Government Policy*.

58. Inevitably the machinery of Government created disruption as new arrangements were put in place. This has proved to be less of a problem than might have been anticipated because we have reverted to the pattern that the former Science and Technology Committee had established. Our primary contact is with the Government Office for Science but on individual inquiries we deal directly with the department which has primary responsibility for the area we are scrutinising. It is early days but the departments we have dealt with, Children, Schools and Families for literacy interventions, Health for homeopathy, and the Home Office on the dismissal of Professor Nutt from Advisory Council on the Misuse of Drugs, have all responded quickly and efficiently to our requests for information. We are grateful for their assistance.

Science Budget Allocation letters

59. One area where we continue to experience problems is the provision of financial information. During our inquiry in 2007–08 on the CSR07 science budget allocations we encountered concern on the level of control that the Government exercised over the research budget.[70] To clarify the issue, we asked to see the letters that the Government sent to each of the Research Councils laying out the details of their allocations. As we explained in our Report, *Putting Science and Engineering at the Heart of Government Policy*, the fact that the letters were not published caused us concern on two counts.

> First, there is the principle of transparency. The basis for decisions on how public money is spent is the public's business; and these are not small sums of money: many billions of pounds will be handed over to the Research Councils in the coming years.
>
> Second, the letters should throw some light on how much control the Government had over how the Research Councils were to spend the money they were given. The allocation letters to the Higher Education Funding Council for England (HEFCE) and the Learning and Skills Council (LSC) are published as a matter of course, and although Professor Adrian Smith, Director General of Science and Research, told us

69 HC (2008–09) 49, para 45

70 HC (2007–08) 215–I, paras 20–27

> that the equivalent to the HEFCE and LSC letters would be the Allocations Booklet, which is published, Nick Dusic, Director of the Campaign for Science and Engineering, told us that "the science budget allocation booklet gives us the high-level commitments for the different research councils [… but] not the rationale".[71]

60. Freedom of Information requests from the Campaign for Science and Engineering and a Member to see the allocation letters were turned down. We then asked the Government to see the letters in confidence, but we were refused again. Most recently, we asked the then the Secretary of State, John Denham, why he was refusing to hand over the letters. We set out the exchange that took place on 20 May 2009.

> **Chairman**: We accept that you are not going to publish [the science budget allocation letters], but the reason we want to see them is that there is a suggestion that the Government is taking an overly prescriptive role in determining the way the Research Councils spend their money. Given the fact that the Osmotherly Rules state, July 2005, that the Government is committed to being as open and as helpful as possible with select committees and that, indeed, during your time as a select committee chairman you received from Charles Clarke, the then Home Secretary, papers which were very sensitive but were relevant to a committee inquiry, could you give us an explanation as to why you are digging your heels in and not allowing the committee to have those on a confidential, not to publish, basis, and will you reconsider?
>
> **Mr Denham**: Chairman, I would never refuse a request from you to reconsider, so I promise you I will go away and look at it again. The view that I have taken up to now is that it does raise a precedent for the release of papers which were intended to be confidential which I am concerned about. I would say two things. I will go and consider it again, because you have raised it with me quite fairly. I would also say to you, Chairman, this may come as a surprise to my officials, but as we look forward to the next allocation process, which we have already discussed with you as to ways in which we can make that more consultative, perhaps we can find a way which avoids this situation happening again.[72]

61. We pressed the matter further and the Government responded on 31 July 2009. In refusing again the Government said that it regards "the process of discussions between [Research] Councils and Government on specific allocations, leading up to Ministerial announcements on allocations, as properly conducted in private".[73] The Government's continued refusal is unacceptable and puzzling given the range of sensitive documents—with the protection of a government security classification—that are made available to select committees. As we explained in our Report, without seeing the Science Budget Allocation letters, we are forced to speculate that the Government may have exerted inappropriate influence over the Research Councils.[74] We are concerned at the

71 HC (2008–09) 168–I, paras 161–62

72 HC (2008–09) 530–I, Q 283; see also HC (2008–09) 168–I, para 163

73 Ev 50

74 HC (2008–09) 168–I, para 165

Government's continued refusal to supply the letters and this is an issue we may return to in the 2009–10 Session.

5 Future work

62. We have a full programme of work planned for the 2009–10 session. It includes inquiries, as already mentioned, on geoengineering and bioengineering as well as continuing our evidence check series of inquiries with an examination of the evidence underpinning homeopathy. If time permits, we are planning to examine further examine matters which were of long-term significance and to return to the debate on the strategic priorities of research funding, which Lord Drayson raised. We have also arranged a one-off evidence session with Professor Alan Thorpe, Chairman of Research Councils UK (RCUK).

63. We also want to reflect on, and set out, our experience scrutinising science policy and the use of science within government. We are therefore planning to produce a "legacy report" drawing on the work we have done, setting out the matters that we have not been able to cover in the short session before the end of this Parliament and setting out our observations and conclusions on matters that a successor may wish to consider and examine.

6 Conclusion

64. It has been an interesting and challenging year as a select committee scrutinising government. We spent most of the year scrutinising a department, DIUS, albeit with a remit also to scrutinise science across government. We attempted to do justice to all the different parts of the DIUS portfolio. The pressures caused by two large inquiries—on science and engineering and higher education—inevitably displaced some work though we carried out scrutiny across all our main subject areas. We ended the year reverting to a cross-government scrutiny committee. We are anxious to pick up this work as smoothly and quickly and to get down to scrutinising science in government, particularly on evidence-based policy making.

65. As we point out in our Report, *Putting Science and Engineering at the Heart of Government Policy*, the arrangements adopted in October 2009 for the Science and Technology Committee were the best that could be achieved following the machinery of Government changes.[75] Having now operated as a Committee for two months we are of the view that following the general election the committee's main fields of work cover science, engineering and technology policy and that as a result it should be called the Science, Engineering and Technology Committee. The Committee should revert to 11 members with a quorum of three.

75 HC (2008–09) 168–I, para 210

Abbreviations

ACMD	Advisory Council on the Misuse of Drugs
AHRC	Arts and Humanities Research Council
BERR	Department for Business, Enterprise and Regulatory Reform
BIS	Department for Business, Innovation and Skills
DIUS	Department for Innovation, Universities and Skills
ESRC	Economic and Social Research Council
HEFCE	Higher Education Funding Council for England
IUSS	Innovation, Universities, Science and Skills
LSC	Learning and Skills Council
MRC	Medical Research Council
NERC	Natural Environment Research Council
OSCHR	Office for Strategic Coordination of Health Research
PPARC	Particle Physics and Astronomy Research Council
S&T	Science and Technology
RCUK	Research Councils UK
STFC	Science and Technology Facilities Council

Annex 1: The Sessional Return for 2008–09

Science and Technology Committee

(Innovation, Universities, Science and Skills Committee until 1 October 2009)

For website access click on www.parliament.uk/science

The Committee was nominated by the House of Commons on 8 November 2007.

Members	**Meetings attended**
Willis, Mr Phil (Chairman)	40 out of 41
Blackman-Woods, Dr Roberta	0 out of 41
Boswell, Tim	32 out of 41
Cawsey, Ian	20 out of 41
Dorries, Mrs Nadine	0 out of 41
Gibson, Dr Ian (left the House of Commons 9.6.09)	13 out of 27
Harris, Dr Evan	37 out of 41
Iddon, Dr Brian	36 out of 41
Marsden, Mr Gordon	22 out of 41
Spink, Bob	0 out of 41
Stewart, Ian	20 out of 41
Stringer, Graham	31 out of 41
Turner, Dr Desmond	1 out of 41
Wilson, Mr Rob	2 out of 41
Overall Attendance:	**45.4 %**

Total number of meetings:	41
Of which:	
Number of meetings at which oral evidence was taken	20
Number of times oral evidence was taken partly or wholly in private	0
Number of wholly private meetings	21
Number of concurrent meetings with other committees	0

Other activities

Informal meetings	2
Conferences/Seminars hosted	1

Staff

Details of the permanent staff of the Committee during the Session can be found in the Committee's publications.

Specialist Advisers during the Session

Professor Sir Roy Anderson, Professor Ronald Barnett, Mr Bahram Bekhradnia, Professor Donal Bradley, Professor Alison Fuller, Professor Mike Gregory CBE, Sir Brian Heap, Dr Paul Howarth, Chris Hughes, Professor Ewart Keep, Professor Sue Law, Professor Peter Liss, Dr Hayaatun Sillem and Professor Lorna Unwin.

Witnesses

Oral Evidence was given during the Session by the following categories of witnesses:

Number of appearances by:

Cabinet Ministers	3
Ministers other than Cabinet Ministers	5
Members of the House of Lords (of whom 5 were also Ministers)	8

Number of appearances by officials from, or representatives of:

Department for Environment, Food and Rural Affairs	2
Department for Innovation, Universities and Skills	2
Go Science	3
Number of appearances by officials from, or representatives of public bodies and non-Ministerial departments comprising:	
Council for Science and Technology	1
Economic and Social Research Council	1
Higher Education Funding Council for England	1
Learning and Skills Council	2
Natural England	1
Science and Technology Facilities Council	1
Other Witnesses	64

Overseas Visits

Date	Destination	Members	Staff	Purpose	Cost
19–23.4.09	Washington, USA	Willis, Cawsey, Harris, Marsden, Stewart, Stringer	2	Inquiries into Students and Universities and Putting science and engineering at the heart of government policy	£35,188.71

Visits to European Institutions

None

UK Visits

Date	Destination	Members	Staff	Purpose	Cost
19.3.09	Imperial College, London[A]	Willis	2	Inquiry into Students and Universities	Nil
22.9.09	Research Councils UK, Swindon[A]	Willis	2	Engagement with the broader Science and Technology community to inform Committee Programme	£497.00[76]
23.9.09	National Physical Laboratory, Teddington[A]	Willis	3	Engagement with the broader Science and Technology community to inform Committee Programme	£74.10

[A] Travel in a representative capacity

76 This figure includes a cost of a ticket (£89) bought to replace an original ticket lost in transit.

Reports and Oral and Written Evidence

Title	HC No. (2008–09)	Date of publication	Government reply
First Report: *Re-skilling for recovery: After Leitch, implementing skills and training policies*	48–I	16.1.09	Received 16.3.09: published as Second Special Report Session 2008–09
Oral and Written Evidence: *Re-skilling for recovery: After Leitch, implementing skills and training policies*	48–II	16.1.09	Not applicable
Second Report: *The work of the Committee 2007*	49	16.1.09	Not applicable
Third Report: *DIUS's Departmental Report 2008*	51–I	20.1.09	Received 20.3.09: published as Third Special Report Session 2008–09
Oral and Written Evidence: *DIUS's Departmental Report 2008*	51–II	20.1.09	Not applicable
Fourth Report: *Engineering: turning ideas into reality*	50–I	27.3.09	Received 19.6.09: published as Fifth Special Report Session 2008–09
Oral Evidence: *Engineering: turning ideas into reality*	50–II	27.3.09	Not applicable
Written Evidence: *Engineering: turning ideas into reality*	50–III	27.3.09	Not applicable
Fifth Report: *Pre-appointment hearing with the Chair-elect of the Economic and Research Council, Dr Alan Gillespie CBE*	505	12.5.09	Not applicable
Sixth Report: *Pre-appointment hearing with the Chair-elect of the Biotechnology and Biological Sciences Research Council, Professor Sir Tom Blundell*	506	19.5.09	Not applicable
Seventh Report: *Spend, spend, spend? - The mismanagement of the Learning and Skills Council's capital programme in further education colleges*	530	17.7.09	Received 30.9.09: published as Sixth Special Report Session 2008–09
Eighth Report: *Putting Science and Engineering at the Heart of Government Policy*	168–I	23.7.09	Received 14.10.09: published as Ninth Special Report Session 2008–09
Oral and Written Evidence: *Putting Science and Engineering at the Heart of Government Policy*	168–II	23.7.09	Not applicable
Ninth Report: *Pre-appointment hearing with the Chair-elect of the Science and Technology Facilities Council, Professor Michael Sterling FREng*	887	21.7.09	Not applicable

Title	HC No. (2008–09)	Date of publication	Government reply
Tenth Report: *Sites of Special Scientific Interest*	717	29.7.09	Received 30.9.09: published as Seventh Special Report Session 2008–09
Eleventh Report: *Students and Universities*	170–I	2.8.09	Received 1.10.09: published as Eighth Special Report Session 2008–09
Oral and Written Evidence: *Students and Universities*	170–II	2.8.09	Not applicable
First Special Report: *Pre-legislative Scrutiny of the Draft Apprenticeships Bill: Government response to the Seventh Report from the Committee, Session 2007–08*	262	26.2.09	Not applicable
Second Special Report: *Re-skilling for recovery: After Leitch, implementing skills and training policies: Government Response to the First Report from the Committee, Session 2008–09*	365	24.3.09	Not applicable
Third Special Report: *DIUS's Departmental Report 2008: Government Response to the Third Report from the Committee*	383	31.3.09	Not applicable
Fourth Special Report: *The future of science scrutiny following the merger of DIUS and BERR*	662	12.6.09	Not applicable
Fifth Special Report: *Engineering: turning ideas into reality: Government Response to the Committee's Fourth Report*	759	26.6.09	Not applicable
Sixth Special Report: *Spend, spend, spend? - the mismanagement of the Learning and Skills Council's capital programme in further education colleges: Government Response to the Innovation, Universities, Science and Skills Committee's Seventh Report of Session 2008–09*	989	19.10.09	Not applicable
Seventh Special Report: *Sites of Special Scientific Interest: Government Response to the Innovation, Universities, Science and Skills Committee's Tenth Report of Session 2008–09*	990	19.10.09	Not applicable
Eighth Special Report: *Students and Universities: Government Response to the Innovation, Universities, Science and Skills Committee's Eleventh Report of Session 2008–09*	991	20.10.09	Not applicable

Title	HC No. (2008–09)	Date of publication	Government reply
Ninth Special Report: *Putting Science and Engineering at the Heart of Government Policy: Government Response to the Innovation, Universities, Science and Skills Committee's Eighth Report of Session 2008–09*	1036	26.10.09	Not applicable
Oral Evidence: *Science Question Time*	169–i	7.7.09	Not applicable
Oral Evidence: *Science Question Time*	169–ii	7.7.09	Not applicable
Oral and Written Evidence: *Science and Technology Facilities Council*	171–i	7.7.09	Not applicable
Oral Evidence: *Technology Strategy Board*	384–i	22.10.09	Not applicable
Oral and Written Evidence: *Office for Strategic Coordination of Health Research (OSCHR)*	655–i	29.7.09	Not applicable
Uncorrected Oral Evidence published on the Internet: *Setting the scene on science, engineering and technology issues across government*	1001–i	14.10.09	Not applicable
Written Evidence published on the Internet: *Government's responses to the Committee's questions regarding evidence check (Part one)*		21.10.09	Not applicable
Written Evidence published on the Internet: *Government's responses to the Committee's questions regarding evidence check (Part two)*		21.10.09	Not applicable

Government replies to Reports for Session 2007–08

Reply to the Committee's Seventh Report: Pre-legislative Scrutiny of the Draft Apprenticeships Bill, received 11.2.09 and published as the Committee's First Special Report Session 2008–09.

Formal Minutes

The Formal Minutes of the Committee were published electronically after each meeting of the Committee. They are available on the Committee's website at http://www.parliament.uk/science.

Divisions

Date	Subject
8.7.09	One, on an amendment proposed to the Chairman's draft Report on *Putting Science and Engineering at the Heart of the Government Policy*

Debates

None

Number of oral evidence sessions for each inquiry during the Session

Inquiry	**Number of oral evidence sessions**
Engineering: turning ideas into reality	2
Further Education Colleges capital expenditure	2
Office for Strategic Co-ordination of Health Research	1
Pre-appointment hearing with Chair-elect of the Biotechnology and Biological Sciences Research Council	1
Pre-appointment hearing with Chair-elect of the Economic and Social Research Council	1
Pre-appointment hearing with Chair-elect of the Science and Technology Facilities Council	1
Putting Science and Engineering at the Heart of Government Policy	5
Science and Technology Facilities Council	1
Science Question Time	2
Setting the scene on science, engineering and technology issues across government	1
Sites of Special Scientific Interest	1
Students and Universities	5
Technology Strategy Board	1
Total	24[77]

77 At four meetings of the Committee evidence was taken on more than one inquiry. Therefore the total in this table does not match the figure given above for the number of meetings at which oral evidence was taken

Sub-Committee on Students and Universities

For website access click on www.parliament.uk/science

The Committee was nominated by the House of Commons on 18 March 2009.

Members	Meetings attended
Willis, Mr Phil (Chairman)	3 out of 3
Blackman-Woods, Dr Roberta	0 out of 3
Boswell, Tim	1 out of 3
Cawsey, Ian	1 out of 3
Dorries, Mrs Nadine	0 out of 3
Gibson, Dr Ian	0 out of 3
Harris, Dr Evan	2 out of 3
Iddon, Dr Brian	1 out of 3
Marsden, Mr Gordon	2 out of 3
Spink, Bob	0 out of 3
Stewart, Ian	1 out of 3
Stringer, Graham	3 out of 3
Turner, Dr Desmond	0 out of 3
Wilson, Mr Rob	0 out of 3
Overall Attendance:	**33.3 %**

Total number of meetings:	3
Of which:	
Number of meetings at which oral evidence was taken	3
Number of times oral evidence was taken partly or wholly in private	0
Number of wholly private meetings	0
Number of concurrent meetings with other committees	0

Other activities

Informal meetings	3
Conferences/Seminars hosted	0

Staff

Details of the permanent staff of the Committee during the Session can be found in the Committee's publications.

Specialist Advisers during the Session

None

Witnesses

Oral Evidence was given during the Session by the following categories of witnesses:	0
Appearances by other witnesses	34

Overseas Visits

None.

Visits to European Institutions

None.

UK Visits

Date	Destination	Members	Staff	Purpose	Cost
23.3.09	Liverpool Hope University, Liverpool	Willis, Marsden, Stringer	4[A]	Inquiry into Students and Universities	£1,688.10
30.3.09	University of Oxford and Oxford Brookes University	Willis, Boswell, Harris, Stewart, Stringer	8[B]	Inquiry into Students and Universities	£920.40

[A] Includes 1 shorthand writer

[B] Includes 2 specialist advisers and 1 shorthand writer

Reports and Oral and Written Evidence

None

Government replies to Reports for Session 2007–08

Not applicable

Formal Minutes

The Formal Minutes of the Committee were published electronically after each meeting of the Committee. They are available on the Committee's website at http://www.parliament.uk/science.

Divisions

None

Debates

None

Number of oral evidence sessions for each inquiry during the Session

Inquiry	Number of oral evidence sessions
Students and Universities	3
Total	3

Science and Technology Sub-committee

For website access click on www.parliament.uk/science

The Committee was nominated by the House of Commons on 28 October 2009.

Members	**Meetings attended**
Willis, Mr Phil (Chairman)	2 out of 2
Blackman-Woods, Dr Roberta	0 out of 2
Boswell, Tim	2 out of 2
Cawsey, Ian	1 out of 2
Dorries, Mrs Nadine	0 out of 2
Harris, Dr Evan	2 out of 2
Iddon, Dr Brian	2 out of 2
Marsden, Mr Gordon	0 out of 2
Spink, Bob	0 out of 2
Stewart, Ian	0 out of 2
Stringer, Graham	2 out of 2
Turner, Dr Desmond	0 out of 2
Wilson, Mr Rob	0 out of 2
Overall Attendance:	**42.3 %**

Total number of meetings:	2
Of which:	
Number of meetings at which oral evidence was taken	2
Number of times oral evidence was taken partly or wholly in private	0
Number of wholly private meetings	0
Number of concurrent meetings with other committees	0

Other activities

Informal meetings	0
Conferences/Seminars hosted	0

Staff

Details of the permanent staff of the Committee during the Session can be found in the Committee's publications.

Specialist Advisers during the Session

None

Witnesses

Oral Evidence was given during the Session by the following categories of witnesses:

Number of appearances by:	
Ministers other than Cabinet Ministers	1
Number of appearances by officials from, or representatives of:	
Department for Children, Schools and Families	1
Other witnesses	6

Overseas Visits

None

Visits to European Institutions

None

UK Visits

None

Reports and Oral and Written Evidence

Title	HC No. (2008–09)	Date of publication	Government reply
Uncorrected Oral Evidence published on the Internet: *Evidence Check: Literacy Interventions*	1081–i	4.11.09	Not applicable
Uncorrected Oral Evidence published on the Internet: *Evidence Check: Literacy Interventions*	1081–ii	9.11.09	Not applicable

Government replies to Reports for Session 2007–08

Not applicable

Formal Minutes

The Formal Minutes of the Committee were published electronically after each meeting of the Committee. They are available on the Committee's website at http://www.parliament.uk/science.

Divisions

None

Debates

None.

Number of oral evidence sessions for each inquiry during the Session

Inquiry	Number of oral evidence sessions
Evidence Check: Literacy Interventions	2
Total	2

Annex 2: Note of seminar on the future work of the House of Commons Science and Technology Committee held on 21 October 2009

Participants

House of Commons Science and Technology Committee

Phil Willis MP, Chairman
Dr Tim Boswell MP
Ian Cawsey MP
Dr Evan Harris MP
Dr Brian Iddon MP
Graham Stringer MP
Glenn McKee, Clerk
Richard Ward, Second Clerk
Xameerah Malik, Committee Specialist
Dr Chris Tyler, Committee Specialist

External participants

Professor Sir John Bell	President, Academy of Medical Sciences
Professor Jocelyn Bell Burnell	President, Institute of Physics
Lord Broers	House of Lords Science and Technology Committee
Dame Janet Finch	Co-Chair, Council for Science and Technology
Professor David Fisk	Imperial College
Professor David Garner	President, The Royal Society of Chemistry
Lord Krebs	House of Lords Science and Technology Committee
Chandrika Nath	Parliamentary Office of Science and Technology
John Neilson	Director, Research Base, Department for Business, Innovation and Skills
Rachel Newton	Committee Specialist, House of Lords Science and Technology Committee
Lord Rees	President, The Royal Society
Christine Salmon Percival	Clerk, House of Lords Science and Technology Committee
Stuart Sarson	Deputy Director, Strategy, Skills and Secretariat, Government Office for Science
Stephen Tetlow	CEO, Institution of Mechanical Engineers
Professor Jean Venables	President, Institution of Civil Engineers
Sir Mark Walport	Director, The Wellcome Trust
Stian Westlake	Head of Policy and Research, NESTA
Dr Astrid Wissenburg	Chair, RCUK Knowledge Transfer and Economic Impact Group

The work of the Committee

The Chairman asked those attending to identify areas of work which the Committee should consider in the session before the 2010 General Election (GE) and what issues they considered would be important to science in the next few years. The following points were made and discussed.

General approach

66. Participants suggested that the Committee should examine matters which were of long-term significance to science and which did not give rise to party political contention.

Government

67. While acknowledging that significant progress had been made in building the science base in the past 10 years, participants were concerned that it was fragile. The UK needed a long-term vision for its science base and a strategy to ensure international competitiveness. Participants considered that identifying what success would look like was vital for formulating and achieving a long-term strategy.

68. Government departments and agencies were not designed to work together and the "silo mentality" was the norm on funding and using science. Little more than lip-service was played to the concept of joined-up Government. Some conceded that science was not without its own silos which in a world increasingly reliant on multi-disciplinary research needed to be reduced.

69. The NHS needed to be used by Government to assist industry—for example, in terms of procurement. Currently, the NHS did not take account of the effect on UK science in procurement. A cultural change in values within government was required.

70. Science and engineering also suffered when the Government halted and restarted expenditure on major public projects. Undergraduates who started higher education with a good prospect in one area often found that by the time they graduated the Government had halted expenditure and they had no prospect of employment using their qualifications.

71. Government should be better at taking science and engineering advice when formulating policies and making decisions. Participants identified Government decisions on major projects which appeared to be based on little, or flew in the face of, scientific evidence—for example, the decision to place large wind farms in the North Sea without consideration of engineering advice on how feasible the project would be.

72. One topic for a inquiry could be the effect on policy within a department of the appointment of a Scientific Adviser. The Department for International Development was suggested as a possible subject for examination.

73. The UK needed to reduce the timescale for major infrastructure projects from decision to completion. Participants cited as unnecessarily long the time taken to agree and build new nuclear power stations.

Science funding

74. Participants suggested that the Committee could examine why science needed long-term state funding. Such an inquiry could examine the need for greater coherence in funding and examine the breadth of benefits for the UK.

75. Some participants were critical of the Treasury's lack of vision for science pointing out that it had no vision for science and that it was failing to see the big picture.

76. The physical sciences were more vulnerable than the life sciences to funding cuts as there was less support and diversity of funding sources. It was noted that there were many charities funding life science research, such as the Wellcome Trust. The point was made that the physical sciences underpinned medical research but this was not often recognised.

77. There was concern that the UK had provided the capital resources to build world class facilities such as the Diamond Light Source but that it was now struggling to obtain revenue costs to operate at a satisfactory level.

International comparison and EU issues

78. The Obama Administration in the USA was concerned about the US's competitiveness in science and the likelihood that other countries might overtake it. The recent US stimulus for science funding had, in part, been a response to this challenge and was a threat to UK competitiveness as the UK could be left behind. The US was also directing significant amounts of state resources into scientific research and trials as well as using procurement by all arms of the state to support its scientific base. The UK had been too complacent in assuming it was second to the USA in research. Other countries, notably in the Far East, were overtaking the UK in science competitiveness. The Committee could highlight the UK's strengths using international comparisons. It was suggested that such comparisons could be based on "hard" data and not narrative.

79. The UK needed to realign and integrate its research with the EU and exert greater influence. It was important for the UK to engage more with Europe, by, for example. lobbying in Brussels and getting UK experts onto relevant committees. It might also be necessary to realign the UK's Research Councils to fit the EU model. Participants drew a distinction between the European Research Council (ERC) and the European Framework. The ERC had been careful to stand aside from the Framework, which several participants characterised as bureaucratic, ineffective and unworkable. The Committee could examine how the UK influenced EU science policy and funding and how science and engineering could benefit from European funding.

80. Participants pointed out that in comparison to other countries the UK's research council system was the second most burdensome after Canada's.

Industry

81. The Committee could examine the link between the science base and competitiveness and the growth of the economy in areas such as health. It was suggested that many of the points made in the New Augustine Report on U.S. Competitiveness[78] applied to the UK

82. Several participants suggested said that the commercial exploitation of science and technology transfer in the UK needed to improve significantly. The UK had to become better at growing companies (not just creating them) so that the UK derived the full benefit of scientific developments. Plastic electronics was an example of an industry where the UK has failed to capitalise on its research. The UK also needed to re-grow industries that it had allowed to decline such as the nuclear industry.

83. Participants suggested that the Committee highlight the positive effects on the UK's productivity and growth of increased R&D investment. The UK needed to maintain a broad R&D base. These effects were often not well publicised and would help to make the case for continuing investment in science.

84. The point was made that it was possible to measure the effect of expenditure on R&D. The point was made, however, that the economic effects could take in, some instances, 17 years to appear.

85. It was suggested that scientists and policy makers should move away from terms such as "blue skies" and "applied" science. Participants considered the terms set up a false dichotomy which implied that the former was futile and lacking in practical application. In the view of participants nearly all so-called blue skies research had application. Similarly, "picking winners" was considered negative as it implied resources were being wasted on "losers".

86. The UK needed to be a more attractive location for firms to invest and locate in. For example, the pharmaceutical industry was disappearing from the UK. By the GE there might be only one international pharmaceutical company based in the UK. Participants identified a broad range of factors that were needed to facilitate companies staying or relocating to the UK: they ranged from better infrastructure such as transport links to the taxation system.

87. Participants identified that the regulatory burden in the UK was a deterrent to chemical and pharmaceutical industries and an impediment to the UK's manufacturing capability. The requirements of the REACH[79], for example, regulations and the difficulty of carrying out clinical trials in the UK.

88. The UK had a weakness in management skills within industry. Participants considered that the improvement of these skills could contribute to a better ability to commercialise knowledge.

78 http://www.nap.edu/catalog.php?record_id=12021#toc

79 Registration, Evaluation and Authorisation of Chemicals

Careers

89. Science education was vital in ensuring the strength of the UK's science base. The Committee could examine science and engineering careers, including gender issues. The question was asked whether the UK offered internationally competitive careers. Research careers were made unattractive because of lack of tenure security and grant applications that only provided short-term funding. Participants raised access to higher education and it was suggested that there should be more equality of access to elite education.

90. It was suggested that politicians had placed more emphasis on "lower" level skills, with less emphasis the importance of higher level skills to the UK. There was an acute shortage of teachers with science degrees in the subjects that they were teaching.

91. The UK needed to be better at attracting and retaining scientists from abroad. Participants considered that visa restrictions deterred the immigration of talent to the UK.

92. While foreign investment was beneficial, the UK needed more companies based in the UK. The UK had gone from being a nation of shopkeepers to a nation of shop assistants.

Science and engineering in Parliament

93. It was noted that there were few scientists in Parliament and fewer engineers. Despite the work of the Committee, the profile of engineering remained low. The Committee should have "engineering" in its title.

Other issues for the Committee to consider

94. Before the GE, the Committee should shift its approach to the examination of the improvement of policy processes. It was noted that the Evidence Check programme fitted with the "processes" approach.

95. Some participants considered that the former Science and Technology Committee had concentrated on inputs and that the new Committee should focus outputs and on asking about outcomes—for example, why were some research programmes so small that administration costs outweighed funding; and why did it take so long to secure research funding?

96. The Committee could follow-up on its work on The Use of Science in UK International Development Policy[80].

Summary

97. In drawing the session to a close the Chairman identified as a theme running through the discussion: how the UK could maintain its science base in the face of international competition. More specifically, possible areas for examination included:

80 Science and Technology Committee, Thirteenth Report of Session 2003–04, *The Use of Science in UK International Development Policy*, HC 133–I

- How to demonstrate the value of the UK's science base to industry and society and why sustained long-term investment was worthwhile;
- The need for a long-term science and engineering strategy for the UK and how success of a strategy would be measured;
- How to obtain full advantage from the UK's large facilities;
- An examination of policy levers and processes (e.g. government procurement) to sustain and improve the science base of the UK;
- The need to improve careers in science, retain skills and attract talent; and how the UK can offer internationally competitive careers; and
- International comparisons of UK science and engineering with other countries and how the UK can maintain a competitive edge.

98. An inquiry including some of these items might draw on comparative data on international science capabilities. NESTA has produced some work in this area.

Formal Minutes

Wednesday 2 December 2009

Members present:

Mr Phil Willis, in the Chair

Mr Ian Cawsey	Dr Brian Iddon
Dr Evan Harris	Graham Stringer

Draft Report (*The work of the Committee in 2008–09*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 65 read and agreed to.

Annexes agreed to.

Papers were appended to the Report.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned till Wednesday 9 December at 9.00am.

List of written evidence

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2008–09

First Report	Re-skilling for recovery: After Leitch, implementing skills and training policies	HC 48–I (HC 365)
Second Report	The Work of the Committee 2007–08	HC 49
Third Report	DIUS's Departmental Report 2008	HC 51–I (HC 383)
Fourth Report	Engineering: turning ideas into reality	HC 50–I (HC 759)
Fifth Report	Pre-appointment hearing with the Chair-elect of the Economic and Social Research Council, Dr Alan Gillespie CBE	HC 505
Sixth Report	Pre-appointment hearing with the Chair-elect of the Biotechnology and Biological Sciences Research Council, Professor Sir Tom Blundell	HC 506
Seventh Report	Spend, spend, spend? – The mismanagement of the Learning and Skills Council's capital programme in further education colleges	HC 530 (HC 989)
Eighth Report	Putting Science and Engineering at the Heart of Government Policy	HC 168–I (HC 1036)
Ninth Report	Pre-appointment hearing with the Chair-elect of the Science and Technology Facilities Council, Professor Michael Sterling	HC 887
Tenth Report	Sites of Special Scientific Interest	HC 717 (HC 990)
Eleventh Report	Students and Universities	HC 170–I (HC 991)

Session 2007–08

First Report	UK Centre for Medical Research and Innovation	HC 185 (HC 459)
Second Report	The work and operation of the Copyright Tribunal	HC 245 (HC 637)
Third Report	Withdrawal of funding for equivalent or lower level qualifications (ELQs)	HC 187–I (HC 638)
Fourth Report	Science Budget Allocations	HC 215 (HC 639)
Fifth Report	Renewable electricity-generation technologies	HC 216–I (HC 1063)
Sixth Report	Biosecurity in UK research laboratories	HC 360–I (HC 1111)
Seventh Report	Pre-legislative Scrutiny of the Draft Apprenticeships Bill	HC 1062–I (HC (2008–09)262)
First Special Report	The Funding of Science and Discovery Centres: Government Response to the Eleventh Report from the Science and Technology Committee, Session 2006–07	HC 214
Second Special Report	The Last Report: Government Response to the Thirteenth Report from the Science and Technology Committee, Session 2006–07	HC 244
Fourth Special Report	Investigating the Oceans: Government Response to the Science and Technology Committee's Tenth Report of Session 2006–07	HC 506 [incorporating HC 469–i]

Written evidence

DEPARTMENT FOR INNOVATION, UNIVERSITIES AND SKILLS
WINTER SUPPLEMENTARY ESTIMATE 2008–09
SELECT COMMITTEE MEMORANDUM

In accordance with the wishes of Treasury Ministers and the Select Committee and as originally set out in the Treasury PES paper (2004) 14 Annex D, we present the following Estimates Memorandum. This memorandum has been prepared with reference to guidance in *Supply Estimates: a guidance manual* provided by HM Treasury, and on the House of Commons Scrutiny Unit website. The information in this memorandum has been approved by Ian Watmore, Permanent Head of Department and Accounting Officer of the Department for Innovation, Universities and Skills.

A final draft of the Supplementary Estimate is attached.

1. Introduction

The Department for Innovation, Universities and Skills Winter Supplementary Estimate (WSE) for 2008–09 seeks the necessary resources and cash to support the continuing functions of the Department and additional areas arising from inbound Machinery of Government changes (see section 8 below).

The purpose of this memorandum is to provide the Select Committee with an explanation of the changes proposed in the WSE and where appropriate an explanation of how the resources and cash sought will be applied to achieve Departmental Strategic Objectives (DSO) and Public Service Agreement (PSA) targets. This includes information on comparisons with the resources provided in earlier years in Estimates and Departmental Expenditure Limit (DEL) Budgets, and to future financial plans for the rest of the Comprehensive Spending Review (CSR) 07 period. Details of changes in resources relative to original plans set out in the last CSR are also provided.

The main increases in provision sought in this Supplementary Estimate are in Request for Resources (RfR) 1 and relate primarily to:

Take up of Departmental Unallocated Provision (DUP) for Higher Education	£5 million
Machinery of Government transfer for Government Skills	£1.6 million
Transfers from Other Government Departments	£17.6 million
Increases in Voted expenditure within RfR1 offset by reductions in Non-Voted DEL	£7.9 million
Net decreases in operating appropriations-in-aid offset by reductions in non-voted DEL	£36.4 million

An explanation of key terms used in the memorandum is provided at annex A.

2. Summary of Changes Sought

The DIUS Winter Supplementary Estimate (WSE) for 2008–09 requests additional provision above the Main Estimate (ME) totals of:

Net resources within Request for Resources 1 (RfR1)[1]	£63.926 million
Net resources within Request for Resources 2 (RfR2)[2]	£1.134 million
Total net resources for Estimate (RfR1 + RfR2)	£65.060 million
Net voted capital expenditure	£0.1 million
Net cash requirement	£63.560 million

The Introduction to the WSE follows the form set by HM Treasury to show the detailed changes proposed. It sets out changes including,

- take up of DUP
- Machinery of Government changes and other transfers to/from other government departments
- transfers between voted and non-voted resource
- changes in non-budget spending
- any changes which have a neutral effect on the RfR but which affect the detailed sub-heads in Part II of the Estimate.

This Supplementary Estimate includes changes to the overall Departmental Expenditure Limit (DEL) totals arising from Machinery of Government changes and other transfers to and from Other Government Departments, the details of which are set out in section 3 below. The majority of other changes relate to work

[1] RfR1: To help build a competitive economy by: creating opportunities for everyone to develop their learning and skills and creating excellence in science, research and innovation.
[2] RfR2: Increasing scientific excellence in the UK and maximising its contribution to society.

that has been carried out to align the Estimate with internal allocations, including neutral changes relating to increases to gross expenditure and offsetting income. These changes are also explained in the following section.

Most of the changes in this Supplementary Estimate do not affect the total of public expenditure across Government. Of the £63.9 million increase to RfR1 (details are shown in Section 3: £68.6 million increase in budget DEL and £4.7 million decrease in non-budget DEL), £49.3 million is offset by a corresponding reduction in DEL budgets outside of the Estimate (non-voted).

The £19.2 million relating to Machinery of Government changes and other transfers to/from other government departments (shown as a subtotal in Section 3, part A) is offset by reductions in the corresponding departments. These Budget changes are offset by a £4.7 million reduction in grant-in-aid (non-budget) funding to Non Departmental Public Bodies (NDPBs)

Within RfR2 the £320.2 million reduction in voted DEL is fully offset by a corresponding increase to non-voted DEL (being non-voted this is not within this Estimate); the £321.4 million increase in non-budget expenditure again reflects grant-in-aid payments to NDPBs. Transaction level analysis is shown in Section 3.

The only changes within this WSE which increase total public expenditure are the adjustments to the Administration Budget and Capital Budget of £0.091 million and £0.1 million respectively, to bring these Budgets into line with those agreed in the CSR07 settlement (these minor adjustments were omitted from the Main Estimate in error).

In total the DIUS DEL budget will be increased by £19.26 million Resource and £0.1 million Capital.

3. Detailed Explanation of the Changes

RfR1

The total increase proposed for RfR1 comprises

- £68.618 million increase to voted DEL resource, shown in sections A–C and E of the table below.
- £4.692 million decrease to voted non-budget, shown in section G of the table below.
- There are no changes to voted AME in RfR1 in this Estimate.
- There are a number of neutral switches included in this Supplementary Estimate (shown in sections D and F of the table below).

Details are as follows:

Amount (£)	*Estimate Subhead*[3]	*Description*	*PSA Target*
A) Changes to DEL Budgets			
5,000,000	C3	Take up of non-voted DUP (Departmental Unallocated Provision) to increase provision for Part Time Student Support	No impact
42,000	A1	Transfer from the Cabinet Office for Parliamentary Counsel costs which are now paid by departments via invoice	No impact
1,600,000	A1	Machinery of Government transfer of Government Skills from the Cabinet Office	No impact
3,655,000	D3	Transfer from the Department for Children, Schools and Families for Vocational Qualifications reform. The responsibility for this policy was transferred to DIUS in the 2007 Machinery of Government changes which created the Department but the DEL Budget is only now being transferred	No impact
13,912,000	D3	Transfer from the Ministry of Justice for Offender Learning	Impacts PSA 2
19,209,000		*Subtotal of Machinery of Government Changes only*	
B) Increases to operating appropriations-in-aid (fully offset by increases in non-Voted DEL expenditure)			
−57,073,000	E5	Increase in Estimate cover for a large number of smaller receipts from DCSF for Learning and Skills Council expenditure. This adjustment reflects the LSC's latest forecast receipts (expenditure is non-voted DEL and additional grant-in-aid to fund this is included in Estimate subhead L3)	No impact

[3] Estimate Subhead refers to column and row references in Part ii Revised subhead detail including additional provision

Amount (£)	*Estimate Subhead*	*Description*	*PSA Target*
−1,700,000	C5	Estimate cover for receipt from School Resources Group in DCSF for Repayment of Teacher Loan work to be undertaken by Student Loans Company (expenditure is non-voted DEL and additional grant-in-aid to fund this is included in Estimate subhead J3)	No impact
−1,142,000	B5	Estimate cover for receipt from DCSF Schools Directorate for Routes into Languages funding to be distributed by HEFCE (expenditure is non-voted DEL and additional grant-in-aid to fund this is included in Estimate subhead H3)	No impact
−50,000	D5	Estimate cover for receipt from Department of Health for the Health and Wellbeing at Work Project (expenditure is by Investors in People UK and is non-voted DEL; additional grant-in-aid to fund this is included in Estimate subhead K3)	No impact
9,000,000	D5	Decrease in Estimate cover for receipts *not* from DCSF for Learning and Skills Council expenditure to match latest forecast receipts (expenditure is non-voted DEL and a decrease to grant-in-aid no longer required to fund this is included in Estimate subhead L3)	No impact
87,362,000	E5	Decrease in Estimate cover for a large number of smaller receipts from DCSF for Learning and Skills Council expenditure. This adjustment reflects the LSC's latest forecast receipts (expenditure is non-voted DEL and additional grant-in-aid to fund this is included in Estimate subhead L3)	No impact
C) Other changes to DEL Budgets			
91,000	A1	Increase in Administration Budget to include this element of CSR07 settlement which was omitted in error from the 2008–09 Main Estimate	No impact
D) Transfers within RfR1			
1,246,000	D2	Transfer from Activities to Support all Functions (A2). In the Main Estimate this budget (for Annual Population Survey) was incorrectly scored against Activities to Support all Functions due to a structural coding issue on COINS. This adjustment corrects the error and brings COINS and Estimates into line with internal budgets	No impact
−746,000	A2	£1.246 million transfer to Further Education (D2) shown above and £500k transfer from Higher Education (B2) shown below	No impact
−500,000	B2	Transfer from Aimhigher Programme budget to Activities to Support all Functions (A2) for communications advertising and publicity budget for the student finance campaign 2008–09	No impact
3,650,000	B3	Sum of a £5.200 million from HE Support for Students (C3) to align Estimates provision with correct opening internal budget position (per CSR 07) and a £1.550 million transfer to HE support for Local Authorities (Q3) to meet pressures arising on LAs as a result of the July 2007 reforms	No impact
−5,200,000	C3	Transfer to Higher Education (B3) shown above	No impact
1,550,000	Q3	Transfer from Higher Education (B3) shown above	No impact
61,893,000	F2	Movement of Science, Innovation and Knowledge Transfer budgets from Estimate column 3 (Grants) to Estimate column 2 (Other Current) to align Estimate and COINS provision with internal budgets	No impact
−61,893,000	F3	Movement of Science, Innovation and Knowledge Transfer budgets from Estimate column 3 (Grants) to Estimate column 2 (Other Current) to align Estimate and COINS provision with internal budgets	No impact

Amount (£)	*Estimate Subhead*	*Description*	*PSA Target*
E) Transfers to/from non-voted spending			
6,550,000	B2	Transfer from Student Loans Company to reflect the updated Customer First programme profile (a corresponding reduction for grant-in-aid no longer required is included in Estimate subhead J3)	No impact
2,421,000	B3	Sum of: £0.180 million virement from HEFCE to meet a small pressure on the EUI subscriptions budget; £0.030 million transfer from HEFCE to meet a pressure on the International Funding budget; £1.711 million transfer from HEFCE to align Estimates provision with correct opening internal budget position; £0.500 million transfer from HEFCE for work on counter-terrorism (a corresponding reduction for grant-in-aid no longer required is included in Estimate subhead H3)	No impact
450,000	Q3	Transfer from Student Loans Company to meet pressures arising on Local Authorities as a result of the July 2007 reforms (a corresponding reduction for grant-in-aid no longer required is included in Estimate subhead J3)	No impact
−1,000,000	B2	Virement from Foundation Degrees to HEFCE for Foundation Degree Forward communication costs for promotion and marketing of foundation degrees (additional grant-in-aid to fund this is included in Estimate subhead H3)	No impact
−500,000	F2	Correction to align Estimate and COINS provision to opening internal budgets	No impact
F) Changes in operating appropriations-in-aid fully offset by changes in spending			
43,399,000 −43,399,000	D2/D5	Increased spending on Further Education funded by an increase in receipts, principally from the Department for Children, Schools and Families, for Diploma Support Programme (£37 million) Functional Skills (£4.316 million), to build on, expand and further develop existing family learning programmes (£1 million), Learning and Skills Improvement Service (£0.2 million) Skills for Life (£0.04 million), together with additional receipts for National Agency Costs contribution from DELNI, Welsh Assembly & Scotland for European programmes (£0.55 million) and DELNI's contribution to the Prime Minister's Initiative for International Education (PMI2 Initiative) (£0.081 million) and for a set of pilots that the National Institute of Adult Continuing Education (NIACE) are delivering for DCLG as part of the Framework contract DIUS has with them (£0.212 million).	No impact
5,000 −5,000	D3/D5	Expenditure on Offender Learning for working with other EU countries (principally the Czech Republic and Sweden) to develop distance/e-learning arrangements, based on a model already operating in Scandinavia, funded by increased receipts	No impact
600,000 −600,000	B2/B5	Expenditure on Aim Higher programme funded by receipts from the Department of Health	No impact
10,145,000 −10,145,000	F2/F5	Inclusion of income line and related expenditure relating to rental income from the National Physical Laboratory (previously incorrectly scored on a net basis in Estimates)	No impact
68,618,000		**Total DEL changes in RfR1**	

Amount (£)	*Estimate Subhead*	*Description*	*PSA Target*
G) Changes in non-budget spending			
1,887,000	H3	Increase in grant-in-aid to the Higher Education Funding Council for England to provide cash funding associated with movements of DEL Budget shown in sections B and E above	No impact
50,000	K3	Increase in grant-in-aid to Investors in People UK to provide cash funding associated with movement of DEL Budget shown in section B above	No impact
10,600,000	M3	Increase in grant-in-aid to the Sector Skills Development Agency (which was wound up on 31 March 2008) to enable accrued invoices relating to 2007–08 to be paid	No impact
9,955,000	M3	Increase in grant-in-aid to UK Commission for Employment and Skills to bring cash funding into line with associated non-voted DEL Budget	No impact
25,000,000	P3	Increase in grant-in-aid to the Technology Strategy Board to provide cash funding associated with movement in DEL Budget (utilisation of non-voted DUP)	No impact
−3,895,000	J3	Decrease in grant-in-aid to the Student Loans Company to reduce cash funding in line with changes to DEL Budget shown in sections B and E above	No impact
−48,289,000	L3	Decrease in grant-in-aid to the Learning and Skills Council to reduce cash funding in line with changes to DEL Budget shown in sections B and E above	No impact
−4,692,000		**Total non-budget changes in RfR1**	
63,926,000		**Total changes in RfR1**	

RfR1 Capital

There is an increase of £100,000 to voted Capital DEL to include this element of the CSR07 settlement which was omitted in error from the 2008–09 Main Estimate.

RfR2

The total increase proposed for RfR2 is made up of:

— £86.109 million decrease to voted DEL resource , shown in section A of the table below

— A decrease of £234.111 million to voted DEL budget capital grants, which are resource in Estimates and shown in Section B

— A £321.354 million increase to voted non-budget (shown in section C of the table below).

— There are no changes to voted AME in RfR2 in this Estimate.

Amount (£)	*Estimate Subhead*[4]	*Description*	*PSA Target*
A) Transfers to/from non-voted spending			
−1,109,000	D3	Adjustment to bring Estimates and COINS data into line with internal budgets for OSI initiatives	No impact
−85,000,000	F3	Adjustment to bring Estimates and COINS data into line with internal budgets for Knowledge Transfer	No impact
−4,900,000	H5	Adjustment to show correct appropriations-in-aid cover for receipts from DEFRA for the Institute of Animal Health, within the Biotechnology and Biological Sciences Research Council. (fully offset by increase in non-voted spending)	No impact
−229,211,000	G3	Adjustment to bring Estimates and COINS data into line with internal budgets for the capital grants provision for Science and Research Investment Fund	No impact
−320,220,000		**Total DEL changes in RfR2**	

[4] Estimate Subhead refers to column and row references in Part ii Revised subhead detail including additional provision

Amount (£)	*Estimate Subhead*	*Description*	*PSA Target*
B) Changes in non-budget spending			
17,258,000	J3	Adjustment to bring Estimates and COINS data into line with internal budgets for the Arts and Humanities Research Council	No impact
18,531,000	K3	Adjustment to bring Estimates and COINS data into line with internal budgets for the Biotechnology and Biological Sciences Research Council	No impact
9,776,000	L3	Adjustment to bring Estimates and COINS data into line with internal budgets for the Economic and Social Research Council	No impact
22,046,000	M3	Adjustment to bring Estimates and coins data into line with internal budgets for the Engineering and Physical Sciences Research Council	No impact
160,301,000	N3	Adjustment to bring Estimates and COINS data into line with internal budgets for the Medical Research Council	No impact
43,310,000	O3	Adjustment to bring Estimates and COINS data into line with internal budgets for the Natural Environment Research Council	No impact
128,597,000	P3	Adjustment to bring Estimates and COINS data into line with internal BUdgets for the Science and Technologies Facilities Council	No impact
125,000	Q2	Adjustment to bring Estimates and COINS data into line with internal budgets for the fees payable under the Animals (Scientific Procedures) Act	No impact
−78,590,000	R3	Adjustment to bring Estimates and COINS data into line with internal budgets for Higher Education Funding Council for England	No impact
321,354,000		**Total non-budget changes in RfR2**	
1,134,000		**Total changes in RfR2**	

The above adjustments to RfR2 are required to correct the position shown for RfR2 in the Main Estimate. The changes will bring Estimates and COINS into line with the correct internal budgetary provision, where previously within COINS data the RfR2 NDPBs had been entered as a sub-total. The main adjustment is to move the Science Research Investment Fund and Higher Education Innovation Fund voted DEL provision to non-voted DEL spending in the Higher Education Funding Council for England.

In addition, the grant-in-aid provision within RfR2 had been rolled forward from 2007–08 and a number of adjustments have been made to bring these into line with current spending plans for 2008–09.

4. Impact on the Public Service Agreement (PSA) Targets

As indicated in the DIUS Main Supply Estimate 2008–09 Memorandum, and previously in the October 2007 Comprehensive Spending Review DIUS leads on two of the Government's Public Service Agreement targets.

(i) PSA 2: Improve the skills of the population, on the way to ensuring a world class skills base by 2020.

(ii) PSA 4: Promote world class science and innovation in the UK.

The scope of the DIUS Winter Supplementary Estimate 2008–09 is to adjust for inter-departmental movements which have occurred since the Main Estimate. Consequently the impact on the Public Service Agreement targets is minimal. The only relevant transaction is a transfer in from the Ministry of Justice for £13.9 million predominantly to expand the capacity for Offender Learning initiatives.

Any movements in Net Parliamentary funding for programme expenditure shown in this Supplementary Estimate have equal and opposite movements in the Estimates of other Government Departments.

The impact of each adjustment detailed in this Supplementary Estimate is considered in the table in section 2 above. It can be seen that there is very limited impact on the funding for the PSAs upon which DIUS is leading.

A further update on the Department's performance against the PSAs will be published in December 2008 as part of the Autumn Performance Review.

5. Departmental Expenditure Limit

This Supplementary Estimate includes an increase of £19.260 million to DIUS's overall Resource DEL and a small increase of £0.1 million to Capital DEL; there are also a number of switches between voted and non-voted DEL. These are all shown in the following table (a detailed breakdown is included in Section 3 "Detailed explanation of the changes"):

CHANGES TO DEPARTMENTAL EXPENDITURE LIMIT IN 2008–09 (£M)

	Voted	*Non-Voted*	*Total DEL*
Resource			
Existing Estimate provision	−4,033.349	20,411.860	16,378.511
Changes requested in this Supplementary	−17.491	36.751	19.260
Total resource DEL	**−4,050.840**	**20,448.611**	**16,397.771**
Capital			
Existing Estimate provision	72,842 1,917,026	1,989,868	
Changes requested in this Supplementary	−234.011	234.111	0.100
Total capital DEL	**−161.169**	**2,151.137**	**1,989.968**
*Less Depreciation in the existing Estimate**	*−3.205*	*−141.753*	*−144.958*
*Less change in Depreciation this Supplementary**	*−1.413*		*−1.413*
Total DEL	**−4,216.627**	**22,457.995**	**18,241.368**

*Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

The changes to Resource DEL arise from the transfers from Other Government Departments shown in section 3 totalling £19.209 million less a transfer to the Cabinet Office from non-voted funds of £0.040 million for security measures, plus the addition of £0.091 million administration budget to adjust DIUS's Budget to that set out in the CSR07 settlement. The increase of £0.100 million in Capital DEL is also to adjust DIUS's Budget to that set out in the CSR07 settlement.

The following table shows prior year DEL outturn together with plans for this year and the remainder of the CSR07 period:

£m	*2003–04 Outturn*	*2004–05 Outturn*	*2005–06 Outturn*	*2006–07 Outturn*	*2007–08 Outturn*	*2008–09 Plans/WSE*	*2009–10 Plans*	*20010–11 Plans*
Resource DEL	12,169.026	12,602.681	13,594.638	14,164.081	15,459.193	16,397.771	17,160.094	18,211.842
Capital DEL	1,299.150	1,429.248	2,004.423	1,890.664	2,059.304	1,989.968	2,205.108	2,259.808
Less Depreciation	*93.787*	*98.501*	*114.240*	*116.242*	*146.325*	*146.371*	*163.375*	*176.363*
Total DEL	13,374.389	13,933.428	15,484.821	15,938.503	17,372.172	18,241.368	19,201.827	20,295.287

As DIUS was only created as a Department on 28 June 2007 comparison of Outturn against Plans for prior years is not available with the exception of 2007–08:

£m	*Voted Provision*	*Non-voted Provision*	*Total DEL Provision*	*Outturn*	*Variance*
Resource	−4,415	20,089	15,674	15,459	215
Capital	−80	2146	2,066	2,059	7
Total	**−4,495**	**22,235**	**17,740**	**17,518**	**222**

Departmental Unallocated Provision (DUP)

The Department has a Departmental Unallocated Provision (DUP) for 2008–09 of £13.041 million Resource and £42.517 million Capital. £0.569 million of the Resource and all of the Capital DUP is within the Science ringfence. The current DUP for 2009–10 and 2010–11 is also shown in the following table:

£m	*2008–09*	*2009–10*	*2010–11*
Resource DUP	13.041	45.643	45.093
Of which Science ringfence	*0.569*	*3.171*	*2.621*
Capital DUP	42.517	138.428	265.285
Of which Science ringfence	*42.517*	*138.428*	*265.285*

Changes from the CSR07 Settlement

The DEL totals shown in the Main Estimate 2008–09 were different to those in the CSR by £509.88 million, being a switch from DEL to AME to align the accounting for Student Finances. Historically the offsetting release of provision (income) has been classified as AME, where the expenditure was DEL. This adjustment moves both parts of the transaction into AME, and was approved by HMT for inclusion within the Main Estimate. Excepting this, the adjustments to the Main Estimate within this Winter Supplementary explain the changes to the CSR 07 settlement. No adjustments to DEL settlement baselines have been sought with Treasury.

6. DEL End Year Flexibility

In accordance with the PEOWP 2007–08 publication DIUS has the following EYF stock:

£m	*Admin*	*Other Resource*	*Of which: Near Cash*	*Of which: Non Cash*	*Capital*	*Total*
Total	5.917	811.288	768.472	48.733	211.220	1028.425

Of this departmental EYF Stock an element was ring-fenced for use by Science & Research under RfR2 in the Comprehensive Spending Review settlement. This comprises £95 million near cash for 2008–09 and £66 million in 2009–10.

No EYF stock is being drawn down in this Supplementary Estimate. Discussions with Treasury seeking access to EYF for 2008–09 are still on-going.

7. Administration Budget

There are three changes to the Administration Budget in this Supplementary Estimate:

— The Machinery of Government change detailed in section 8 below £1.600 million

— Transfer from the Cabinet Office for Parliamentary Counsel costs £0.042 million

— Increase to Budget limit to reflect accurately the CSR07 agreed totals 0.091 million

— £1.733 million

The Machinery of Government change and the transfer for Parliamentary Counsel costs are the only adjustments to the Administration Budget from the CSR07 settlement.

The following table shows prior year Administration Budget outturn together with plans for this year and the remainder of the CSR07 period:

£m	*2003–04 Outturn*	*2004–05 Outturn*	*2005–06 Outturn*	*2006–07 Outturn*	*2007–08 Outturn*	*2008–09 Plan/WSE*	*2009–10 Plan*	*2010–11 Plan*
Administration Budget	73.147	81.601	65.525	67.176	69.799	71.733	69.600	68.600

Outturn of £69.799 million in 2007–08 was against Plans of £75.930 million. As noted in Section 5, as DIUS was only created as a Department on 28 June 2007 comparison of Outturn against Plan for years prior to 2007–08 is not available.

8. Machinery of Government Changes

The only Machinery of Government change in this Supplementary Estimate is the transfer of Government Skills from the Cabinet Office, which took effect on 1 April 2008. A transfer of £1.6 million of non-cash Administration Budget has been included in the WSE in RfR1 Section A (Activities to Support all Functions) and further transfers of £1.6 million have been made for 2009–10 and 2010–11. Additional transfers from Other Government Departments towards the costs of Government Skills are expected to take place in the Spring Supplementary Estimate. It is also expected that £0.395 million will be transferred from Cabinet Office End Year Flexibility stocks to DIUS' EYF stock.

9. Consolidated Fund Extra Receipts (CFER)

There are no changes to CFERs proposed in this Supplementary Estimate.

10. Provisions

In line with the scope of the Winter Supplementary Estimate the Department's provisions have been updated only for inter-departmental impacts and omissions from the Main Estimate. Therefore, the only adjustment is a reduction of £0.063 million in the amount provided for new provisions. This reduction is to remove a coding error made in the Main Estimate and therefore bring the Estimate and COINS position into line with opening internal budgets.

Full details of the Department's provisions as at 31 March 2008 are contained within pages 68 and 69 of the 2007–08 Resource Accounts (*HC864*).

11. Contingent Liabilities

The list of Contingent Liabilities shown in the WSE are contained within pages 78 and 80 in the Department's Resource Accounts which were published on 21 July 2008 (*HC 864*). This shows the position as at 31 March 2008.

12. Net Cash Requirement

As a result of this Supplementary Estimate the Department's Net Cash Requirement has an increase of £63.560 million. This reflects the sum of the changes to net resources (an increase of £65.060 million) plus additional voted Capital expenditure of £0.100 million, less the £1.600 million increase arising from the transfer of Government Skills from the Cabinet Office, as these funds are non-cash.

Annex A

EXPLANATION OF KEY TERMS AND GLOSSARY OF ABBREVIATIONS

Departmental Expenditure Limit (DEL)

DEL spending forms part of Total Managed Expenditure (TME). It includes expenditure which is generally within the department's control and can be managed with fixed three-year limits, such as the costs of its own administration and payments to third parties.

Annually Managed Expenditure (AME)

AME is a Treasury budgetary control. AME spending does not fall within the Departmental Expenditure Limits. It is generally less predictable and controllable than expenditure in DEL. In DIUS, AME is primarily demand led expenditure on student loan payments.

Request for Resources (RfR)

DIUS has 2 RfR's:

— RfR1: To help build a competitive economy by: creating opportunities for everyone to develop their learning and skills and creating excellence in science, research and innovation.

— RfR2: Increasing scientific excellence in the UK and maximising its contribution to society.

RfR2 covers the ring fenced Science Expenditure. Expenditure within this area cannot be reallocated across to other areas of expenditure. RfR 1 contains expenditure on all other departmental activities.

Virements

the use of savings on one or more sections or subheads to meet excesses on another section or subhead within the same Request for Resources (RfR) of an Estimate.

Departmental Unallocated Provision (DUP)

A Departmental contingency reserve, established in SR's or CSR's, which can be accessed, where necessary, by means of a Main or Supplementary Estimate.

End of Year Flexibility (EYF)

A mechanism that enables the Department to plan the use of resources over Spending Review years and therefore carry forward unspent provision in the Departmental Expenditure Limit in one year to subsequent years.

Voted and Non-Voted Expenditure

Voted Expenditure is that which has been approved in Main or Supplementary Estimates ("Vote"). Non-voted expenditure has not been through this Parliamentary process. Voted expenditure comprises the Requests for Resources and voted Capital expenditure. Most of DIUS's non-voted expenditure is the resource and capital expenditure by NDPBs. The grant-in-aid (cash) which the department pays to NDPBs is within the Vote.

Coins

Coins is a Treasury database holding departmental public expenditure data (outturn and plans) for a run of years.

Non Departmental Public Body (NDPB)

Public bodies which are outside of Departments but usually funded by a Department through the mechanism of grant-in-aid eg the Higher Education Funding Council for England and the Research Councils. Construction Skills, Engineering Construction Industry Training Board and Film Industry Training Board are NDPB's which are partly funded by levies which they raise from industry.

Other Abbreviations

DCLG	Department for Communities and Local Government
DCSF	Department for Children, Schools and Families
DELNI	Department for Employment & Learning Northern Ireland
HE	Higher Education
HEFCE	Higher Education Funding Council for England
LA	Local Authority
NIACE	National Institute of Adult Continuing Education
PCSPS	Principal Civil Service Pension Scheme
WSE	Winter Supplementary Estimate

RESPONSE FROM THE DEPARTMENT OF INNOVATION, UNIVERSITIES AND SKILLS TO QUESTIONS RAISED BY THE INNOVATION, UNIVERSITIES, SCIENCE AND SKILLS SELECT COMMITTEE IN A LETTER FROM THE COMMITTEE CLERK DATED 22 JANUARY 2009

DIUS Winter Supplementary Estimate 2008–09

Section 1: Background Information

In order to provide a comprehensive and concise answer to the questions received it would be useful to clarify some of the technical concepts surrounding the Estimate:

— The process where-by Parliament votes on funds is the Parliamentary Estimate process—called Estimates to indicate that they are a forward-look of requirements.

— All numbers shown on the face of the Estimate Tables are voted upon by Parliament. Parliament voting for funds can be likened to agreeing the actual cash that DIUS has requested to enable it to work towards delivery of PSAs and DSOs.

— Parliamentary Estimates comprise two control totals: Budget and Non-Budget.

— Voted funds are split between the funds that the Department requires to meet its own (central) running costs (Voted Budget—eg DEL) and funds to enable the Department's Delivery Partners to meet their expenditure needs (Voted Non-Budget—eg Grant in Aid).

— At the start of each CSR period, HMT issues "Settlement letters" which give approval to Accounting Officers to consume resources. For the Core Department, this exactly matches the amount Voted in the Estimates (Budget Voted—eg DEL).

— For the expenditures incurred by the Department's Delivery Partners (NDPBs etc), HMT's settlement letters represent delegated authority that the Department's Accounting Officer can delegate on to the Accounting Officer of each Delivery Partner, up to the Resource Consumption level agreed by HMT (Budget Non-Voted).

— Funds for NDPB's Resource Consumption are then provided by Parliament voting authority for the Department to disperse cash as "Grant-In-Aid" to the NDPBs.

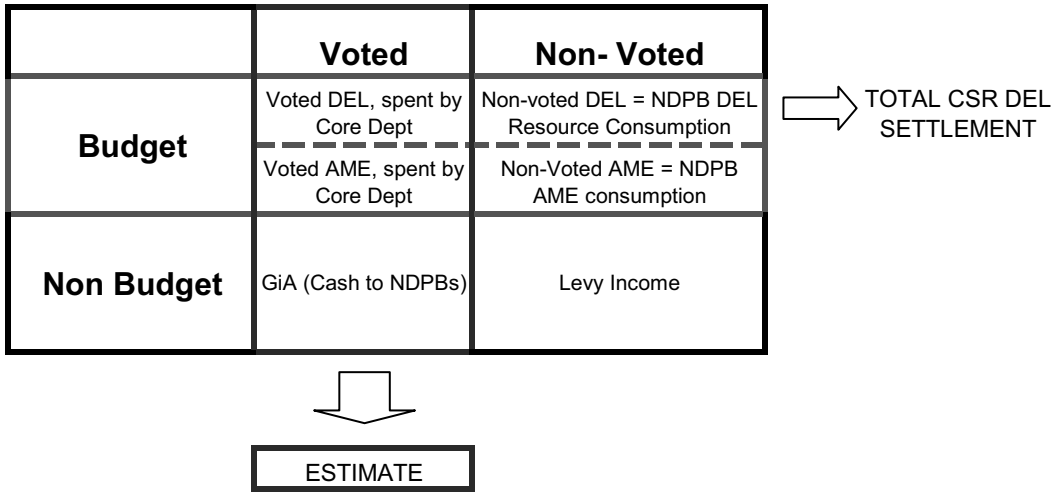
— Funding on the Vote and within the Budget boundary can be broken into Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME).

— NDPB Resource Consumption, Departmental Unallocated Provision and the Large Facilities Capital Fund are types of Non-Voted DEL.

— NDPB AME Consumption (where an NDPB is funded by AME) is an example of Non-Voted AME.

— Estimates are built up using Requests for Resources (RfR). These are the function levels into which a Department's activities can be split. DIUS has two RfRs: RfR1: To help build a competitive economy by: creating opportunities for everyone to develop their learning and skills and creating excellence in science, research and innovation; (ii) RfR2: Increasing scientific excellence in the UK and maximising its contribution to society.

This can be shown diagrammatically as:



SECTION 2: OVERVIEW OF DIUS MAIN ESTIMATE 2008-09

Preparations for the Winter Supplementary Estimate 2008–09 (WSE 2008–09) revealed an error within the Main Estimate 2008–09 (ME 2008–09) that was under investigation when the WSE 2008–09 was completed. The error arose from a miscommunication between the finance teams across BERR, DCSF and DIUS in preparing the Main Estimate 2008–09, the first time a main estimate had been prepared for the new Department. The error is confined to Estimate Lines within RfR2.

The error in the DIUS Main Estimate had three elements, all relating to the Higher Education Funding Council for England (HEFCE):

1. Error 1: Before DIUS was created, the funding for innovative projects in the HE sector was included on the DTI vote and transferred to DfES, who subsequently managed the funds through to HEFCE. Following the MOG in July 2007, the DIUS Request for Resources 2 brought both parties to this transaction into the same RfR so no such inter-Departmental transfer was needed. The Grant in Aid should have been included in DIUS' Estimate tables as Voted Non-Budget expenditure with the associated Resource Consumption being scored to Non-Voted DEL for HEFCE.

However, in error, the DIUS Main Estimate 2008–09 included this Resource Consumption in the Core Departmental Voted expenditure (at £85 million for HEIF, within Knowledge Transfer in line F and £229.2 million within SRIF in line G) and excluded the Non-Voted DEL for HEFCE.

Illustration for Error 1

	Voted	Non- Voted
Budget	£85m HEIF DEL, £229m SRIF DEL	~~£245m HEFCE DEL~~
Non Budget		

2. Error 2: The GiA for HEFCE (ME 2008–09 Estimate Line R) was included although at an incorrect value. The amount of funding to be added to HEFCE's GiA was misstated at £333 million. This was £88.6 million too high.

Illustration for Error 2

	Voted	Non- Voted
Budget		
Non Budget	~~£245m HEFCE GiA~~ £333m HEFCE GiA	

3. Error 3: The third element to the error was that the Main Estimate 2008–09 included Grant in Aid for HEFCE and the Research Councils at a level that would have supported the drawdown of EYF even though this was not included in the Main Estimate (It had been included in earlier drafts of the Main Estimate). This was £30 million for HEFCE and £65 million for the Research Councils.

Illustration for Error 3

	Voted	Non- Voted
Budget		
Non Budget	£30m HEFCE GiA £65m Research Councils GiA	

Illustration for correct treatment (to prevent errors 1,2 and 3)

	Voted	Non- Voted
Budget		£245m HEFCE DEL
Non Budget	£245m HEFCE GiA	

These three elements of the error are shown in the table below:

£k	*Main Estimate 0809 (As Published)*	*Main Estimate 0809 (Underlying)*	*Error 1*	*Error 2*	*Error 3*	*Total Error*
HEIF	55,000	0	55,00	0	0	55,000
EYF	30,00	0	30,00	0	0	33,000
HEIF Subtotal	85,000	0	85,000	0	0	85,000
PSRE*	12,500	12,500	0	0	0	0
Knowledge Transfer	**97,500**	**12,500**	**85,000**	**0**	**0**	**85,000**
Science and Research Investment Fund	266,711	37,500	229,211	0	0	229,211
DEL Subtotal	**364,211**	**50,000**	**314,211**	**0**	**0**	**314,211**
HEFCE GiA	363,676	245,p000	0	88,676	30,000	118,676
RCs GiA	2,937,256	2,872,256	0	0	65,000	65,000
GiA	**3,300,932**	**3,117,256**	**0**	**88,676**	**95,000**	**183,676**
Total	**3,665,143**	**3,167,256**	**314,211**	**88,676**	**95,000**	**497,887**

*PSRE: Public Sector Research Exploitation.

In the Winter Supplementary Estimate, the excess Voted DEL was moved out of the Estimate boundary to bring the Voted and Non-Voted DEL totals into line with the operational plans of the Department. As the overall value of an RfR cannot be decreased in a Supplementary Estimate the error could not be moved off the vote and instead the error was moved out of the Budget boundary and into Grant in Aid. This meant that the Voted and Non-Voted DEL totals were corrected but the excessive Grant in Aid was increased further.

£k	*Main Estimate 0809 (As Published)*	*Total Error*	*Main Estimate 0809 (Underlying)*	*ME to WSE Adj (Published)*	*WSE 0809 (Published)*
HEIF	55,000	55,000	0	(55,000)	0
EYF	30,00	30,00	0	(30,000)	0
HEIF Subtotal	85,000	85,000	0	(85,000)	0
PSRE	12,500	0	12,500	0	12,500
Knowledge Transfer	**97,500**	**85,000**	**12,500**	**(85,000)**	**12,500**
Science and Reserch Investment Fund	266,711	229,211	37,500	(229,211)	37,500
DEL Subtotal	**364,211**	**214,211**	**50,00**	**(314.211)**	**50,000**
HEFCE GiA	363,676	118,676	245,000	(78,590)	285,086
RCS GIA	2,937,256	65,000	2,872,256	399,944	3,337,200
GiA	**3,300,932**	**183,676**	**3,117,256**	**321,354**	**3,622,286**
Total	**3,665,143**	**497,887**	**3,167,256**	**7,143**	**3,672,286**

Since the ME 2008–09, through the WSE 2008–09 and then in the SSE 2008–09, the value of excessive Grant in Aid has decreased as follows:

£m	
505.1	£183.7 million excess GiA from ME 2008–09, plus £321.4 million GiA added in WSE 2008–09
	Additions to GiA in WSE 2008–09, separate from correction of ME 2008–09 error.
5.9	Additional GiA for BBSRC received from DEFRA in WSE 2008–09.
1.3	Other
497.9	**Excess GiA arising from the ME 2008–09 error.**
87.5	GiA to fund Research Council EYF.
71.9	Allocations from Science DUP.
59.9	Allocations from Large Facilities Capital Fund.
36.7	GiA to fund accrual adjustments.
37.5	GiA reduced in SSE (offset by Research Council Pension Fund AME increases).
21.0	GiA to fund Foreign Exchange Compensation.
5.0	GiA to fund accelerated capital brought forward from 2010–11 (PBR 2008–09).
319.5	**Uses of excess GiA within WSE and SSE 2008–09.**
178.4	**Residual excess GiA within Spring Supplementary Estimate 2008–09.**

SECTION 3: RESPONSES TO SELECT COMMITTEE QUESTIONS

1. *What specifically will the £13.9 million additional funding for offender learning being provided from Ministry of Justice support? How will success be measured?*

The net £13.9 million additional funding for offender learning being provided from the Ministry of Justice pays for the delivery of learning and skills by the LSC's providers in those prisons that have expanded in size as a result of the Prison Capacity Programme. An additional £2 million transfer is being made in the Spring Supplementary Estimate to take account of prison expansions in the latter half of 2008–09.

Delivery will be assessed by the LSC through its contract management of the offender learning providers, with learning achievements recorded on the LSC's Individual Learner Record system as for all other learners.

2. *There is a £30 million reduction (RFR1, Section E5) in forecast receipts from DCSF in support of further education through the Learning and Skills Council. What is causing the reduction and how will this impact upon on the provision of LSC's services?*

As background information: the receipts from DCSF fund the programmes for the education and training of young people which LSC delivers on DCSF's behalfand in support of DCSF's objectives and targets. This includes school sixth forms, 16–18 further education, work-based learning and apprenticeships for young people, Education Maintenance Allowances and some capital expenditure. DCSFand LSC keep the demand from young learners under regular review and make adjustments at the margin of the £7 billion DCSF LSC budget over the course of the year to reflect latest estimates of demand and expenditure.

The £30 million reduction is due to a combination of funding for academy sixth forms and 14–16 Diplomas being routed through other means than the LSC, offset by extra participation funding for 16–18 FE and maintained sixth forms.

3. *The DEL statement includes large increases in funding for the Higher Education Funding Council for England (£55 million resource and £190 million capital), while the Estimate shows grant in aid reduces by £77 million (sum of changes to RFR1, Section H3 and RFR2 Section R3). Why is this?*

From a Treasury Control point of view it is important to maintain a distinction between the HEFCE workings in each Request for Resource. Please find below a table which illustrates this.

It can be seen that the £2 million increase in DEL in RfR1 exactly correlates to the £2 million increase in GiA in RfR1. The £77 million net reduction in GiA is caused by the £2 million increase in RfR1, offset by the £79 million reduction in RfR2, explained below.

£m	*HEFCE*	*ME*	*WSE*	*Movement ME v WSE*
RfR1	Resource Del	6,338	6,338	(0)
	Capital	736	739	2
	Total DEL	7,074	7,076	2
	GiA	7,103	7,105	2
RfR2	Resource DEL	0	55	55
	Capital	0	190	190
	Total DEL	0	245	245
	GiA	364	285	(79)
Net	Resource DEL	6,338	6,393	55
	Capital	736	929	192
	Total DEL	7,074	7,321	247
	GiA	7,467	7,390	(77)

As mentioned in Section 2, *Overview of the DIUS Main Estimate 2008–09*, there was an error in the Main Estimate where HEFCE Non-Voted DEL was omitted. In error what should have been Non-Voted DEL for HEFCE was included in Voted DEL for SRIF and HEIF, within Knowledge Management, (Estimate lines RfR2, F and G respectively). The shaded cells in the table above show where the DEL should have been.

There was a second error where the element of funding previously managed by DTI for SRIF and HEIF that should have been moved directly to HEFCE (as part of the MOG that created DIUS RfR2) was exaggerated. Where the additional GiA for HEFCE should have been £245 million this was incorrectly included as £334 million (£364 million above, less £30 million in error 3)

There was a third error in the HEFCE GiA value in the Main Estimate where it was set at a value high enough to include funds for EYF (which had been agreed with the HMT spending team in the preparation for the Main Estimate but was subsequently removed). For HEFCE this was £30 million.

The Winter Supplementary Estimate addressed known, required changes within the confines of Estimate guidance. For HEFCE this meant posting Non Voted DEL where previously there had not been any (£190 million for resource and £55 million for capital), plus reducing excess GiA (by the maximum amount

without making the RfR decrease). For this reason there is a negative correlation between the changes in DEL and the changes in GiA. The closing Winter Supplementary Estimate position showed £245 million DEL being shown correctly in Non-Voted DEL for HEFCE but the Grant-In-Aid position was not reduced fully. Of the £118 million excess HEFCE GiA present in the ME 2008–09, £79m was reduced in the WSE 2008–09.

4. *Similarly, in the DEL statement, Research Council funding increases by £31 million resource and £44 million capital, while grant in aid in the Estimate (RFR2) is increasing by £399 million. Why is there such a disparity?*

£m	*Research Councils*	*ME*	*WSE*	*Movement ME v WSE*
RfR2	Resource DEL	2,721	2,754	33
	Capital	297	468	171
	Total DEL	3,018	3,222	204
	GiA	2,937	3,337	400

This movement again relates to the error in the Main Estimate discussed in section 2. The Winter Supplementary Estimate was used to bring the DEL totals into line with the Department's operational plans (ie correcting the Voted/Non-Voted split of DEL), while adhering to the Estimate requirements to not reduce the Department's Net Cash Requirement and not reduce the total of RfR2. To do this, £79 million of the excessive GiA for HEFCE from the Main Estimate, plus the excessive voted DEL for SRIF and Knowledge Management also from the Main Estimate (£314 million) were moved on the Grant-In-Aid lines for the Research Councils of the Estimate.

Additionally, the Winter Supplementary Estimate reflected an increase in AiA received from DEFRA for the BBSRC (£5 million). This increased the BBSRC GiA by £5 million.

These three components show how the GiA for the Research Councils was increased by (£314 million + £79 million + £5 million) £398 million.

The movements in DEL funding for the Research Councils reflected the latest spending plans of the Research Councils at the time of the Winter Supplementary Estimate. The adjustments described above indicate that lack of correlation between the WSE movements in DEL and GiA.

5. *Generally there are a number of discrepancies between non voted budget increases for NDPBs in the DEL Ministerial statement and the changes to grant in aid in the Estimate. Can you explain these? (see table)*

Total	*DEL changes from DEL statement*	*Estimate changes*
HEFCE	246,142	−76,703
Investors in people UK	50	50
Student Loans Co	1,700	−3,895
Learning and Skills Council	−39,289	−48,289
Research Councils	75,220	399,819
Sector Skills Development Agency		10,600
UK Commission for Employment and Skills		9,955
Technology Strategy Board		25,000
Other non voted	−7,921	
	270,902	**316,537**

Total	*DEL changes from DEL statement*	*Estimate changes (GiA)*	*Difference*
HEFCE	246,142	(76,703)	(322,845)
Investors in people UK	50	50	0
Student Loans Co	1,700	(3,895)	(5,595)
Learning and Skills Council	(39,289)	(48,289)	(9,000)
Research Councils	75,220	399,819	324,599
Sector Skills Development Agency	0	10,600	10,600
UK Commission for Employment and Skills	0	9,955	9,955
Technology Strategy Board		25,000	25,00
Other non voted	(7,921)		7,921
Subtotal	***275,902***	**316,537**	**40,635**

*The subtotal in ***bold italic*** in this table has been edited from that provided in the question.

The differences for HEFCE and Research Councils are generated by the situation described in Section 2 and in the answers to questions 3 and 4—there was an error in the ME which was adjusted (but not corrected totally) in the WSE. This caused material movements in the GiA of the NDPBs.

For the SLC: £7 million of the "DEL changes from DEL statement" for "Other Non-Voted" relate to funds transferred back onto the Vote from SLC. £6.55 million supports the Customer First programme and £0.45 million supports Local Authorities. Additionally, £2.166 million was transferred from SLC to HEFCE to repay a loan made to SLC in 2007–08. This brings the DEL changes for the SLC to a reduction of £7.466 million which is £3.571 million higher than the Estimate Changes to GiA.

For LSC: there was a mapping error from PBCS to COINS at the time of the WSE. This mapping error still stands but the £9 million difference has been moved to the correct Estimate Line in the SSE, reducing LSC's GiA.

For SSDA: GiA was needed to settle balance sheet creditors before winding up. Being a cash-only transaction, there was no additional DEL impact.

For UKCES: there was a mapping error from PBCS to COINS. This was addressed prior to the SSE. The error had an account which should be UKCES Non-Voted expenditure showing as DIUS Voted income therefore the movement in the DEL between ME and WSE was understated by £9.955 million, though the GiA is correct.

For TSB: the £25 million increase in the GiA is the change associated with an increase in DEL. This was not mentioned in the Written Statement as it was an allocation from DUP to the TSB. An allocation from DUP to any NDPB only generates a movement within the same control total, which would be excluded from the Written Statement.

For Other Non-Voted: £7 million of the £7.9 million is included within the SLC analysis.

6. *Why are there such large movements in grant-in-aid as outlined in the table? What decisions have been made since the time of the Main Estimate that have affected the distribution of funding? What assumptions underlying have the original estimate proved to be inappropriate? Is the Department intending to take steps to improve its forecasts of grant-in-aid in the future?*

There can be differences between DEL movements visible in a Supplementary Estimate Written Statement and the GiA movements visible in the Supplementary tables for a number of reasons. For example:

(i) the DEL movements may be transfers within an Estimate control total which would not be mentioned in a Written Statement. Movements within a control total can still have a GiA impact eg movements from unallocated DEL to allocated DEL from an NDPB. This is the case with the TSB in the table above;

(ii) an NDPB may require additional cash to complete transactions which were reported as DEL in prior periods. For example, in being wound up the SSDA needed additional cash to pay some of its outstanding creditors. These credit balances were incurred in the prior accounting period so have no impact on 2008–09 DEL while still impacting on 2008–09 GiA; and

(iii) errors: eg coding errors. As DIUS develops its Estimate process, and refines its dataset in COINS these will be minimised.

The material assumptions underlying the Main Estimate that have proven to be inappropriate are those relating to errors in RfR2, affecting HEFCE and the Research Councils. This is explained in Section 2.

During 2008–09, DIUS has worked closely with the Shared Service provider since the error in the ME 2008–09 was identified. The processes for generating an Estimate have been examined and modified accordingly.

DIUS also has plans to undertake work to enable the HMT Clear Line of Sight initiative. This will allow better data capture of NDPB financial positions (to assist with NDPB cash (GiA) forecasting) and better harmonisation of COINS and the Departmental General Ledger.

7. *The Science and Research Investment fund capital budget is being reduced by £229 million of which £190 million is going towards to the Higher Education Funding Council and the remainder to the Research Councils.(DEL statement) There appears to be no impact on the delivery of PSAs reported. Is this an allocation of resources to HEFCE from the fund, or a diversion of resources away from the fund? What is the additional funding to HEFCE designed to support? How will this be achieved and measured?*

The reason for the movement of funds between SRIF, HEFCE and the Research Councils has been described in Section 2. It can be seen that there is no underlying impact on the funding available to the Department for the achievement of its PSAs as a result of these adjustments.

8. *Knowledge transfer is also being reduced by £85 million (RFR2, Section F3), with resource funding instead being channelled through HEFCE (£55 million) and Research councils (£31 million) (DEL statement). Is this reducing funding to knowledge transfer overall or using HEFCE and the Research Councils as a vehicle for delivery of the same objectives? If the overall funding for knowledge transfer is reducing how will this impact on the delivery of the PSAs and DSOs?*

HEIF is one of the providers of the Knowledge Transfer Initiative. The reason for the movement of funds between HEIF, HEFCE and the Research Councils has been described in Section 2. It can be seen that there is no underlying impact on the funding available to the Department for the achievement of its PSAs as a result of these adjustments.

9. *It would also be useful to have a note explaining why COINS appears to be driving changes on the Estimates*

COINS is the database by which HMT monitors the movements and balances of the Department's budget lines. It is used as the database from which Treasury reports are generated. It is therefore important that COINs reflects the precise figures that the Department and HMT are considering.

In the Winter Supplementary Estimate we took the opportunity to refine the figures on COINS. To be reflected in COINS each of these adjustments require HMT approval. The HMT Estimate booklet then reflects all "approved" transactions. To make the Written Statement reflect the Estimate booklet these adjustments must be included. Likewise they must be included in the Supplementary Estimate Memorandum.

10. *Finally, standing back from the Estimate can DIUS supply a note setting out resources in the budget for Train to Gain in 2008–09? It would also assist the Committee to have a table, with a commentary giving reasons for the changes, showing transfers to, and from, the budget for the programme indicating separately temporary "loans" to, and repaid from, other DIUS programmes and permanent transfers from the Train to Gain budget to other programmes*

A table showing the changes to the Train to Gain budget in 2008–09 is set out below. This highlights the main additions to the budget as well as the transfers out.

£k	*2008–09*	
LSC Grant Letter		**657,073**
Repayment of Loan to HE	67,000	
DIUS Transfers	264,654	
Total transfers in		331,654
Transfer of Train to Gain Budget to HE		(135,000)
Train to Gain Budget		**853,727**

For ease of reference a separate calculation has been included showing how other FE Group resources were used to make-up the £156 million which was transferred to HE group in 2008–09 to help manage Student Grant pressures.

£k	*2008–09*
Train to Gain transfers to HE (as above)	(135,000)
Other FE Group transferred to HE	(21,000)
	(156,000)

11. *Would DIUS also supply its latest estimated outturn for 2008–09 for support for higher education and resources to be paid to HEFCE on RfR 1 against the figures in the winter supplementary estimate? It would assist the Committee to have a note explaining any pressures and how DIUS plans to meet these.*

As the latest estimated outturn for DIUS is reflected in the Spring Supplementary Estimate numbers, these have been used as the comparator for this exercise.

£m	*SSE*	*WSE*	*Movement*
Voted DEL			
Estimate Line B—HE	177	130	47
Estimate Line C—E Support for Students	2,337	2,223	114
Subtotal	2,514	2,353	161
HEFCE Non-Voted DEL	6,403	6,338	66
DEL Total	8,917	8,691	227
HEFCE GiA	7,171	7,105	66

The movements in the above table can be attributed to a number of decisions, other than the consequence of budget pressures (for example the capital acceleration programme)

HE Pressures And DIUS's Management Plans

There are significant student support budget pressures. When DIUS announced the increased package of student support in 2007, the Department committed to ensuring two thirds of students would get a full or partial grant while maintaining the unit of funding per student. In fact about 40% of students may receive a full grant, exceeding expectations. This has created some cost pressures, which the Department has taken action to address from Autumn 2009, with the changes announced last October (Secretary of State's statement to the House on 29 October 2008 refers).

In addition, there has been higher than forecast growth in student numbers. UCAS has reported that the numbers of full-time accepted applications to higher education for 2008/09 are at record levels. Figures from UCAS show that, on a like-for-like basis, the number of accepted applicants to full-time undergraduate courses rose from 413,430 to 442,443 between 2007 and 2008, a rise of 7.0%, and this comes on the back of a rise of 5.8% between 2006 and 2007.This is encouraging as it demonstrates that, despite the downturn, higher education is greatly valued by individuals. However this has meant that action has needed to be taken to address the additional pressures. The transfer from Train to Gain budget and other transfers in the Spring Supplementary Estimate have enabled the pressures to be addressed for 2008–09.

Additional DEL in SSE for HE Pressure Management	*£m*
Take Up of DUP	28
Take Up of EYF Non-Cash	49
Take Up of EYF Near-Cash	74
Transfer from FE	156
Total	306

Further action is being taken to help address pressures in subsequent years. As part of this HEFCE have been asked in their recent grant letter to constrain student numbers and preferably eliminate over-recruitment in 2009–10. The overall position will be reviewed later in the year, as better data becomes available on the extent of future pressures. Proposals for managing anticipated pressures in future years will be addressed in the Main Estimate Memorandum.

DEPARTMENT FOR INNOVATION, UNIVERSITIES AND SKILLS SPRING SUPPLEMENTARY ESTIMATE 2008–09

SELECT COMMITTEE MEMORANDUM

In accordance with the wishes of Treasury Ministers and the Select Committee and as originally set out in the Treasury PES paper (2004) 14 Annex D, we present the following Estimates Memorandum. This memorandum has been prepared with reference to guidance in *Supply Estimates: a guidance manual* provided by HM Treasury, and on the House of Commons Scrutiny Unit website. The information in this memorandum has been approved by Ian Watmore, Permanent Head of Department and Accounting Officer of the Department for Innovation, Universities and Skills

A final draft of the Supplementary Estimate is attached.

1. Introduction

1.1 The Department for Innovation, Universities and Skills Spring Supplementary Estimate (SSE) for 2008–09 seeks the necessary resources and cash to support the continuing functions of the Department.

1.2 The purpose of this memorandum is to provide the Select Committee with an explanation of the changes proposed in the SSE and where appropriate an explanation of how the resources and cash sought will be applied to achieve Departmental Strategic Objectives (DSO) and Public Service Agreement (PSA) targets. This includes information on comparisons with the resources provided in earlier years in Estimates and Departmental Expenditure Limit (DEL) Budgets, and to future financial plans for the rest of the Comprehensive Spending Review (CSR) 07 period.

1.3 The main increases in provision sought are in the larger Request for Resources, RfR1. These can be summarised as:

Take up of EYF (Admin)	£5.92 million
Take up of EYF (Programme)	£138.72 million
Take up of Departmental Unallocated Provision (DUP)	£12.47 million
Transfers from Other Government Departments	£3.74 million
Net increases in operating appropriations-in-aid offset by reductions in non-voted DEL	(£70.78 million)
Decreases in voted expenditure offset by increases in non-voted DEL	(£54.04 million)
Net increase in grant-in-aid	£402.09 million
Total Changes in RfR1	**£438.12 million**
The equivalent summary changes to RfR2 are:	
Increases in Voted expenditure within RfR2 offset by reductions in non-voted DEL	£0.55 million
Increase in voted AME	£37.46 million
Net decrease in grant-in-aid	(£37.89 million)
Total Changes in RfR2	**£0.12 million**

An explanation of key terms used in the memorandum is provided at annex A.

2. Summary of Changes Sought

2.1 The DIUS Spring Supplementary Estimate (SSE) for 2008-09 requests additional provision above the WSE totals of:

Net resources within Request for Resources 1 (RfR1)[5]	£438.12 million
Net resources within Request for Resources 2 (RfR2)[6]	£0.12 million
Total net resources for Estimate (RfR1 + RfR2)	£438.24 million
Net voted capital expenditure	£0.37 million
Net cash requirement	£435.21 million

2.2 The Introduction to the SSE follows the form set by HM Treasury to show the detailed changes proposed. It sets out changes including:

- take up of DUP;
- take up of EYF;
- transfers from other government departments;
- transfers between voted and non-voted resource;
- changes in non-budget spending; and
- any changes which have a neutral effect on the RfR but which affect the detailed sub-heads in Part II of the Estimate.

2.3 This Supplementary Estimate includes changes to the overall Departmental Expenditure Limit (DEL) totals arising from transfers to and from Other Government Departments. It also analyses the impact of the capital funding brought forward from future CSR years as part of the PBR, the take up of EYF and the take up of a Reserve Claim.

2.4 The £3.74 million relating to transfers from other government departments (shown as a subtotal in Section 3, part A) is offset by reductions in the corresponding departments.

2.5 Within RfR2 the £37.46 million increase in AME is more than offset by the reduction in Grant-in-Aid to the Research Councils and HEFCE. Transaction level analysis is shown in Section 3.

2.6 As much of the overall impact of this Estimate is generated by the drawdown of EYF (£232.1 million in total), the take-up of a Reserve Claim (£31 million) and the reprofiling of capital expenditure across the CSR years, there is a material impact of the Net Parliamentary Funding required by the Department.

2.7 In total the DIUS DEL budget will be increased by £273.29 million Resource and £132.0 million Capital.

3. Detailed Explanation of the Changes

3.1 *RfR1*

The total increase proposed for RfR1 comprises:

- £36.13 million increase to voted DEL resource, shown in sections A,B and D of the table below;
- £0.1 million decrease to voted DEL capital grants, shown in sections A and D of the table below;

[5] RfR1: To help build a competitive economy by: creating opportunities for everyone to develop their learning and skills and creating excellence in science, research and innovation.
[6] RfR2: Increasing scientific excellence in the UK and maximising its contribution to society.

— £402.09 million increase to voted non-budget GiA, shown in section F of the table below;

— there are no changes to voted AME in RfR1 in this Estimate; and

— there are a number of neutral switches included in this Supplementary Estimate (shown in sections C and E of the table below).

Details are as follows:

Table S3.1

Amount (£)	*Estimate Subhead*[7]	*Description*	*PSA Target (see S4 for analysis)*
A. Changes to DEL Budgets			
5,917,000	A1	Take up of DEL Administration Costs EYF for Activities to Support all functions	No impact
74,000,000	C3	Take up of DEL Near-cash Resource EYF for Higher Education Support for Students	PSA 2
10,000,000	D3	Take up of DEL Near-cash Resource EYF for Further Education, Skills and International Programmes	PSA 2
48,752,000	B2	Take up of DEL Non-cash Resource EYF for Higher Education	PSA 2
231,000	D2	Take up of DEL Non-cash Resource EYF for Further Education, Skills and International Programmes	PSA 2
4,890,000	F2	Take up of DEL Non-cash Resource EYF for Science, Innovation and Knowledge Transfer (Other current)	No impact
842,000	F3	Take up of DEL Non-cash Resource EYF for Science, Innovation and Knowledge Transfer (Grants)	No impact
2,689,000	B2	Take up of DUP for Higher Education	PSA 2
8,008,000	C2	Take up of DUP for Higher Education Support for Students	No impact
1,775,000	D2	Take up of DUP for Further Education, Skills and International Programmes	No impact
959,000	A1	Transfers from Other Government Departments for Government Skills	No impact
959,000	A1	Transfer to Programme of funding for Government Skills received from Other Government Departments as Admin	No impact
−959,000	D2	Transfer of funding from Admin for Government Skills received from Other Government Departments	PSA 2
375,000	D2	Transfers from Other Government Departments for Government Skills	PSA 2
450,000	D3	Transfer from the Department for Children, Schools and Families for Further Education Procurement Consortium	No impact
1,957,000	D3	Transfer from the Ministry of Justice for Offender Learning	PSA 2
3,741,000		Subtotal of transfers from Other Government Departments (Gov Skills: £1.34m; Other: £2.4m)	
B. Increases to operating appropriations-in-aid (fully offset by increases in non-Voted DEL expenditure)			
−596,000	B5	Higher Education: Payments from OGDs to HEFCE for development of sector specific qualifications	n/a
−21,819,000	D5	Further Education, Skills and International Programmes: Payments to UK Commission for Employment and Skills from OGDs and to LSC from DCSF for providing childcare for FE learners	n/a
−46,405,000	E5	Further Education receipts from DCSF: Payments from DCSF for School Sixth Forms and learners with learning difficulties	n/a
−1,955,000	F5	Science, Innovation and Knowledge Transfer: removing the non-voted receipt (CFER) to AiA for the UKIPO dividend	n/a

[7] Estimate Subhead refers to column and row references in Part ii Revised subhead detail including additional provision.

Amount (£)	*Estimate Subhead*	*Description*	*PSA Target (see S4 for analysis)*
C. Transfers within RfR1			
1,500,000	A2	Increase in provision for Activities to Support all Functions: transfer to Communications Directorate for Student Finance Campaign	n/a
−2,727,000	B2	Reduction in provision for Higher Education (Other Current)	n/a
−3,920,000	B3	Reduction in provision for Higher Education (Grants)	n/a
97,501,000	C3	Increase in Higher Education Support for Students	n/a
−44,098,000	D2	Reduction in provision for Further Education, Skills and International Programmes (Other current)	n/a
−44,912,000	D3	Reduction in provision for Further Education, Skills and International Programmes (Grants)	n/a
−9,000,000	D5	Correcting a coding error in WSE; offset below	n/a
9,000,000	E5	Correcting a coding error in WSE; offset above	n/a
−3,344,000	F2	Reduction in provision for Science, Innovation and Knowledge Transfer: transferring the excess UKIPO dividend to other RfR1 pressures	n/a
15,000,000	B2	Increase in provision for Higher Education: budget transfer in preparation for FRS26 balance sheet adjustments. Offset below	n/a
−15,000,000	C3	Reduction in provision for Higher Education Support for Students: budget transfer in preparation for FRS26 balance sheet adjustments. Offset above	n/a
D. Transfers to/from non-voted spending			
20,553,000	D3	To increase provision for Further education, Skills and International Programmes (Grants): this is the subtotal of a large number of transactions	n/a
252,000	F2	To increase provision for Science, Innovation and Knowledge Transfer: movement of budget from Collaborative Activities to Design Council	n/a
−895,000	A2	To decrease provision for Activities to Support all functions	n/a
−9,912,000	B2	To decrease provision for Higher Education (other current)	n/a
−3,060,000	B3	To decrease provision for Higher Education (grants)	n/a
−220,000	C2	To decrease provision for Higher Education Support for Students	n/a
−10,291,000	D2	To decrease provision for Further education, Skills and International Programmes (other current)	n/a
32,000	B2	To increase provision for Higher Education: this should be classified as FE (PO is mismatched to the Estimate Line). This is the offset of an adjustment to a PY provision for SSDA	n/a
−50,395,000	C3	To decrease provision for Higher Education: transfer to non-voted for HEFCE "inherited staff liabilities" provision adjustment	n/a
−100,000	D3	To decrease provision for Further education, Skills and International Programmes	n/a
E. Changes in operating appropriations-in-aid fully offset by changes in spending			
200,000	A1/A5	To increase provision for expenditure and corresponding appropriations-in-aid for Activities to Support all Functions	n/a
−200,000			
799,000	B3/B5	To increase provision for expenditure and corresponding appropriations-in-aid for Higher Education	n/a
−799,000			
2,611,000	D2/D5	To increase provision for expenditure and corresponding appropriations-in-aid for Further Education, Skills and International Programmes	n/a
−2,611,000			

Amount (£)	*Estimate Subhead*	*Description*	*PSA Target (see S4 for analysis)*
15,817,000	D3/D5	To increase provision for expenditure and corresponding appropriations-in-aid for Further Education, Skills and International Programme	n/a
−15,817,000			
25,963,000	F2/F5	To increase provision for expenditure and corresponding appropriations-in-aid for Science, Innovation and Knowledge Transfer (Other current)	n/a
−25,963,000			
1,700,000	F3/F5	To increase provision for expenditure and corresponding appropriations-in-aid for Science, Innovation and Knowledge Transfer (Grants)	n/a
−1,700,000			
36,034,000		**Total DEL changes in RfR1**	
F. Changes in non-budget spending			
65,628,000	H3	Increase in grant-in-aid to the Higher Education Funding Council for England	No impact
26,000	I3	Increase in grant-in-aid to the Office for Fair Access	No impact
318,961,000	L3	Increase in grant-in-aid to the Learning and Skills Council	No impact
225,000	M3	Increase in grant-in-aid to the Sector Skills Development Agency (which was wound up on 31 March 2008) to enable accrued invoices relating to 2007–08 to be paid	No impact
17,600,000	N3	Increase in grant-in-aid to the Quality Improvement Agency	No impact
1,058,000	O3	Increase in grant-in-aid to the Design Council	No impact
15,700,000	P3	Increase in grant-in-aid to the Technology Strategy Board	No impact
−9,219,000	J3	Decrease in grant-in-aid to the Student Loans Company	No impact
−2,118,000	K3	Decrease in grant-in-aid to Investors in People UK	No impact
−5,775,000	M3	Decrease in grant-in-aid to UK Commission for Employment and Skills	No impact
402,086,000		**Total non-budget changes in RfR1**	
438,120,000		**Total changes in RfR1**	

RfR 1 adjustments include a transfer of £156 million from FE Group resources to HE Group in 2008–09. These resources were primarily used to off-set student grant pressures.

RfR1 Capital

There is an increase of £0.37 million to voted Capital DEL being the only element of the PBR brought forward capital spend to show on the vote.

3.2 *RfR2*

The total increase proposed for RfR2 is made up of:

— £0.7 million decrease to voted DEL resource, shown in section A of the table below;

— £1.25 million increase to voted DEL capital grants, shown in section A of the table below;

— £37.46 million increase to voted AME, shown in section B of the table below; and

— a £37.89 million decrease to voted non-budget Grant-in-Aid, shown in section C of the table below.

Table S3.2

Amount (£)	*Estimate Subhead*[8]	*Description*	*PSA Target (see S4 for analysis)*
A. Transfers to/from non-voted spending			
−700,000	F3	To decrease the provision for the Public Sector Research Exploitation Fund, within Knowledge Transfer	PSA 4
1,250,000	G3	To increase provision for the Science and Research Investment Fund	PSA 4
550,000		**Total DEL changes in RfR2**	

[8] Estimate Subhead refers to column and row references in Part ii Revised subhead detail including additional provision.

Amount (£)	*Estimate Subhead*	*Description*	*PSA Target (see S4 for analysis)*
B. Changes in Annually Managed Expenditure			
37,457,000	I2	To increase provision for the Research Council's Pension Scheme	No impact
37,457,000		**Total AME changes in RfR2**	
C. Changes in non-budget spending			
1,250,000	J3	Increase in grant-in-aid to Arts and Humanities Research Council	No impact
4,100,000	K3	Increase in grant-in-aid to Biotechnology and Biological Sciences Research Council	No impact
7,550,000	M3	Increase in grant-in-aid to Engineering and Physical Sciences Research Council	No impact
11,550,000	O3	Increase in grant-in-aid to Natural Environment Research Council	No impact
100,000	Q2	Increase in grant-in-aid for Animals (Scientific Procedures) Act 1986	No impact
6,914,000	R3	Increase in grant-in-aid to Higher Education Funding Council for England	No impact
−16,800,000	L3	Decrease in grant-in-aid to Economic and Social Research Council	No impact
−35,150,000	N3	Decrease in grant-in-aid to Medical Research Council	No impact
−17,400,000	P3	Decrease in grant-in-aid to Science and Technologies Facilities Council	No impact
−37,886,000		**Total non-budget changes in RfR2**	
121,000		**Total changes in RfR2**	

It has been possible to reduce the Non-Budget grant-in-aid in RfR2 (as shown in part C of table S3.2 above) whilst increasing the non-voted DEL as there was an excess of grant-in-aid within the Winter Supplementary Estimate 2008–09. This excess arose for two reasons. First the inclusion in the Main Estimate 2008–09 of provision for Knowledge Transfer and Science and Research Investment Fund (SRIF) both in voted DEL and also in the Non-Budget grant-in-aid for HEFCE (who pay out the England portion of Knowledge Transfer and SRIF grants). Secondly the grant-in-aid in the Main Estimate was set at a level sufficient to fund the non-voted DEL allocations of the NDPBs and anticipated the expected use of £95 million of EYF, the drawdown of which is now being proposed in this Supplementary Estimate.

As a result of the above, the Main Estimate voted DEL provision was overstated by £314 million and the Non-Budget grant-in-aid provision was overstated by £183 million.

In the Winter Supplementary Estimate the excess voted DEL in Knowledge Transfer and SRIF was moved out of the budget boundary and into grant-in-aid. This reduced the relevant voted DEL budgets to the correct amounts and left the non-budget grant-in-aid provision overstated. The non-budget grant-in-aid provision remains overstated in the Spring Supplementary Estimate but by a lesser amount than in the Winter Supplementary Estimate. The grant-in-aid in the Spring Supplementary Estimate remains overstated by £178 million.

4. Impact on the Public Service Agreement (PSA) and Departmental Strategic Objectives (DSO) Targets

4.1 DIUS leads on two of the Government's Public Service Agreement targets.

— PSA 2: Improve the skills of the population, on the way to ensuring a world class skills base by 2020.

— PSA 4: Promote world class science and innovation in the UK.

4.1.1 The impact on the PSAs of each adjustment detailed in this Supplementary Estimate is considered in the table in section 3 above.

4.1.2 Further information on the Department's progress in achieving its PSAs and DSOs has been included in the Autumn Performance Report (Published December 2008).

4.2 Additionally, as part of the CSR Settlement DIUS has been assigned the following DSOs:

— DSO1: Accelerate the commercial exploitation of creativity and knowledge, through innovation and research, to create wealth, grow the economy, build successful businesses and improve quality of life;

— DSO 2: Improve the skills of the population throughout their working lives to create a workforce capable of sustaining economic competitiveness and enable individuals to thrive in the knowledge economy;

— DSO 3: Build social and community cohesion through improved social justice, civic participation and economic opportunity by raising aspirations and broadening participation progression and achievement in learning and skills;

— DSO4: Pursue global excellence in research and knowledge, promote the benefits of science and society, and deliver science, technology, engineering and mathematics skills in line with employer demand

— DSO 5: Strengthen the capacity, quality and reputation of the Further and Higher Education systems and institutions to support national economic and social needs; and

— DSO6: Encourage better use of science in Government, foster public service innovation, and support other Government objectives which depend on DIUS expertise and remit.

4.3 During autumn 2008 DIUS commissioned the creation of a model to map expenditure to the Department's PSAs and DSOs. This model is currently in its "test" phase and it is showing itself reliable.

4.3.1 RfR1: Adjustments to HE DEL in this SSE all refer to funding of DSO2, DSO3 and DSO5; Adjustments to Innovation DEL all refer to funding of DSO1; the material adjustments to FE DEL refer to either DSO2, DSO3 and DSO5.

4.3.2 RfR2: Adjustments to Science and Research DEL funding in this SSE all refer to funding of DSO4.

5. Departmental Expenditure Limit

5.1 This Supplementary Estimate includes an increase of £273.29 million to DIUS's overall Resource DEL and an increase of £132.0 million to Capital DEL; there are also a number of transfers between voted and non-voted DEL. These are shown in the following table (a detailed breakdown is included in Section 3 "Detailed explanation of the changes"):

Table S5.1

Changes to Departmental Expenditure Limit in 2008–09 (£m)

	Voted	*Non-Voted*	*Total DEL*
Resource			
Existing Main Estimate provision	−4,033.349	20,411.860	16,378.511
Changes requested in WSE 2008–09	−17.491	36.751	19.260
Changes requested in this Supplementary	**35.434**	**237.857**	**273.291**
Total resource DEL	**−4,015.406**	**20,686.468**	**16,671.062**
Capital			
Existing Main Estimate provision	72.842	1,917.026	1,989.868
Changes requested in WSE 2008–09	−234.011	234.111	0.100
Changes requested in this Supplementary	**1.524**	**130.476**	**132.000**
Total capital DEL	**−159.645**	**2,281.613**	**2121.968**
*Less Depreciation in the existing Main Estimate**	*−3.205*	*−141.753*	*−144.958*
Less change in Depreciation in WSE 2008–09	*−1.413*	*−1.413*	
*Less change in Depreciation this Supplementary**	**−65.178**	**−31.000**	**−96.178**
Total DEL	**−4,244.847**	**22,795.328**	**18,550.481**

*Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

5.2 The changes to Resource DEL arise from the transfers from Other Government Departments shown in section 3 totaling £3.7 million, a transfer to non-voted DEL from DCSF of £6.5 million, the take up of £226.1 million Programme EYF, the take-up of £5.9 million administration budget EYF and a non-cash Reserve Claim of £31 million. The increase of £132.0 million in Capital DEL is to reflect the £167.0 million capital expenditure brought forward into 2008–09 as part of the Pre-Budget Report (PBR) adjustments,[9] less a repayment of £35.0 million to BERR agreed in the 2007 CSR Settlement.

[9] PBR Adjustments were agreed by HMT in November 2008. £52 million was brought forward within HE to deliver a range of capital projects and Higher Education Institutions with the aim of improving student facilities for learning; £110 million was brought forward within FES to support college capital projects and capital support to work-based learning providers; £5 million was brought forward in S&R to focus on capital works at Research Council Institutions.

5.3 The following table shows prior year DEL outturn together with plans for this year and the remainder of the CSR07 period:

Table S5.2

£m	*2003–04 Outturn*	*2004–05 Outturn*	*2005–06 Outturn*	*2006–07 Outturn*	*2007–08 Outturn*	*2008–09 Plans/SSE*	*2009–10 Plans*	*2010–11 Plans*
Resource DEL	12,169.026	12,602.681	13,594.638	14,164.081	15,459.193	16,671.062	17,158.421	18,208.067
Capital DEL	1,299.150	1,429.248	2,004.423	1,890.664	2,059.304	2,121.968	2,480.108	1,817.808
Less Depreciation	*93.787*	*98.501*	*114.240*	*116.242*	*146.325*	*242.549*	*163.375*	*176.363*
Total DEL	13,374.389	13,933.428	15,484.821	15,938.503	17,372.172	18,550.481	19,475.154	19,849.512

Further information on the movements in 2009–10 and 2010–11 will be provided in the Main Estimate 2009–10 Memorandum.

5.4 *RfR2 to RfR1, Non-Voted Capital Loan*

DIUS is informing the Select Committee of a loan of £22 million capital DEL from Science to FES in 2008–09 to be repaid in 2009–10. DIUS is seeking approval to show the repayment in the Main Estimate for 2009–10. The DEL impact of this loan is not explicitly set out in the DIUS Spring Supplementary Estimate tables as it is non-voted. The Grant-in-Aid for Request for Resource 1 in the tables has been increased. This loan does not impact on the Science budget over the CSR07 period.

5.5 *Departmental Unallocated Provision (DUP)*

Following the Spring Supplementary Estimate all Resource DUP will have been allocated. £7.517 million Capital DUP (for the Large Facilities Capital Fund) will remain unallocated.

In 2008–09 DIUS's non ring-fenced Resource DUP has been allocated in the following manner:

Table S5.3

TAKE UP OF DUP BY DIUS DIRECTORATE

£m	*WSE*	*SSE*	*Total*
RfR1: HE	5.000	27.700	32.700
RfR1: FE	0	0.816	0.816
RfR1: Innovation	25.000	(16.044)	8.956
RfR2: S&R	0	0	0
Total	30.000	12.472	42.472

5.6 *DEL Reserve Claim*

The Department has made a non-cash Reserve Claim for RfR2 of £31 million. This is required to cover the amortisation costs incurred by the Medical Research Council following a change to their accounting treatment of fixed assets (Intellectual Property Rights). This additional DEL cover has been approved by HMT and has been included in the Estimate

6. DEL End Year Flexibility

6.1 Since the WSE was approved a number of NDPBs finalised or updated their accounts for 2007–08. These have the potential to impact the EYF stock of the Department.

6.2 The update of the HEFCE accounts has generated additional EYF stock which is now included as an adjustment to the 2008–09 opening EYF stock position. The adjustment to be made in 2008–09 PEOWPs is:

Table S6.1

£m	*Admin*	*Other Resource*	*Of which: Near Cash*	*Of which: Non Cash*	*Capital*	*Total*
Total (July 2008)	5.917	811.288	768.472	48.733	211.220	1,028.425
HEFCE Adj	0	77.588	71.606	5.982	0.069	77.657
Total (Jan 09)	5.917	894.793	840.078	54.715	211.289	1106.082

6.3 HMT has recognized this updated position.

6.4 The Department has drawn down the following EYF in the Spring Supplementary Estimate:

Table S6.2

RfR1	*£m*	*RfR2*	*£m*
Near Cash—Admin	5.9	Near Cash—Programme	87.5
Near Cash—Programme	84.0		
Non Cash—Programme	54.7		
Total	**144.6**	**Total**	**87.5**

7. Administration Budget

7.1 There are is only one net change to the Administration Budget in this Supplementary Estimate:

Position from Winter Supplementary Estimate	£71.733
Take up of EYF	£5.917m
Position in Spring Supplementary Estimate	**£77.650m**

7.2 The following table shows prior year Administration Budget outturn together with plans for this year and the remainder of the CSR07 period:

Table S7.1

£m	*2003–04 Outturn*	*2004–05 Outturn*	*2005–06 Outturn*	*2006–07 Outturn*	*2007–08 Outturn*	*2008–09 Plans/SSE*	*2009–10 Plans*	*2010–11 Plans*
Administration Budget	73.147	81.601	65.525	67.176	69.799	77.650	70.293	68.628

7.3 The Admin Budget for 2009–10 Plan shown above is £0.693 million higher than the equivalent figure in the WSE. The adjustments are £0.309 million for Government Skills and £0.384 million to bring the Plan data into line with the exact CSR position.

7.4 The Admin Budget for 2010–11 Plan shown above is £0.03 million higher than the equivalent figure in the WSE. The adjustments are £0.31 million for Government Skills and a reduction of £0.28 million to bring the Plan data into line with the exact CSR position.

7.5 More information on the future CSR years will be provided in the Main Estimate 2009–10 Memorandum.

8. Machinery of Government Changes

8.1 There are no MOG changes shown in this SSE.

9. Consolidated Fund Extra Receipts (CFER)

9.1 Within this Supplementary Estimate DIUS has removed the CFER of receipts from the UKIPO dividend (£1.96 million in the Main Estimate), in RfR1, following HMT agreement to treat this receipt as Appropriations-in-Aid, to bring the treatment into line with existing budgetary rules. These funds have been used to offset pressures elsewhere in the Department. The dividend receivable from the UKIPO has been increased to £7.19 million.

10. Provisions

10.1 The provisions within the Spring Supplementary Estimate have built on the assumptions within the Winter Supplementary Estimate.

10.2 Of the £65.164 million decrease to new and adjusted provisions within the SSE, £50.395 million relates the transfer of voted DEL to non-voted within HE. During 2008–09 HEFCE commissioned an independent audit to test the actuarial assumptions used for its "inherited staff liability". The audit concluded that the NDPB should change its sampling assumptions upon which the provision is based. A larger sample size has now been used. This has in turn altered the life expectancy rates used and generated the increase in the amount to be provided. This adjustment brings the forecast closing balance at 31 March 2009 to £287 million. Other actuarial assumptions within the provision remained unchanged.

10.3 The balancing £15 million reflects a reduction in the value of the student loans provisions, mostly driven by the rate of loan up take in 2008–09 being lower than was assumed in the Main Estimate.

10.4 Full details of the Department's provisions as at 31 March 2008 are contained within pages 68 and 69 of the 2007–08 Resource Accounts (HC864).

11. Contingent Liabilities

11.1 The Contingent Liabilities for the Department have been reviewed as part of the Interim Accounts preparation. The position as stated as at 31 March 2008 in the Resource Accounts 2007–08 and in the Winter Supplementary Estimate 2008–09 remains unchanged.

12. Net Cash Requirement

12.1 As a result of this Supplementary Estimate the Department's Net Cash Requirement has increased by £435.21 million, bringing the full year balance to £21.50 billion. This increase reflects the sum of the changes to net resources (an increase of £438.24 million), plus the additional voted Capital expenditure of £0.37 million, less the £3.40 million net increase in non-cash resources.

13. Contingency Fund Advance

13.1 There are no movements on Contingency Fund Advances to be reported in this Spring Supplementary Estimate.

Annex A

EXPLANATION OF KEY TERMS AND GLOSSARY OF ABBREVIATIONS

Departmental Expenditure Limit (DEL)

DEL spending forms part of Total Managed Expenditure (TME). It includes expenditure which is generally within the department's control and can be managed with fixed three-year limits, such as the costs of its own administration and payments to third parties.

Annually Managed Expenditure (AME)

AME is a Treasury budgetary control. AME spending does not fall within the Departmental Expenditure Limits. It is generally less predictable and controllable than expenditure in DEL. In DIUS, AME is primarily demand led expenditure on student loan payments.

Request for Resources (RfR)

DIUS has 2 RfR's:

— RfR1: To help build a competitive economy by: creating opportunities for everyone to develop their learning and skills and creating excellence in science, research and innovation.

— RfR2: Increasing scientific excellence in the UK and maximising its contribution to society.

RfR2 covers the ring fenced Science Expenditure. Expenditure within this area cannot be reallocated across to other areas of expenditure. RfR 1 contains expenditure on all other departmental activities.

Virements

The use of savings on one or more sections or subheads to meet excesses on another section or subhead within the same Request for Resources (RfR) of an Estimate.

Departmental Unallocated Provision (DUP)

A Departmental contingency reserve, established in SR's or CSR's, which can be accessed, where necessary, by means of a Main or Supplementary Estimate.

End of Year Flexibility (EYF)

A mechanism that enables the Department to plan the use of resources over Spending Review years and therefore carry forward unspent provision in the Departmental Expenditure Limit in one year to subsequent years.

Voted and Non-Voted Expenditure

Voted Expenditure is that which has been approved in Main or Supplementary Estimates ("Vote"). Non-voted expenditure has not been through this Parliamentary process. Voted expenditure comprises the Requests for Resources and voted Capital expenditure. Most of DIUS's non-voted expenditure is the resource and capital expenditure by NDPBs. The grant-in-aid (cash) which the department pays to NDPBs is within the Vote.

COINS

Coins is a Treasury database holding departmental public expenditure data (outturn and plans) for a run of years.

NON DEPARTMENTAL PUBLIC BODY (NDPB)

Public bodies which are outside of Departments but usually funded by a Department through the mechanism of grant-in-aid eg the Higher Education Funding Council for England and the Research Councils. Construction Skills, Engineering Construction Industry Training Board and Film Industry Training Board are NDPB's which are partly funded by levies which they raise from industry.

OTHER ABBREVIATIONS

DCLG	Department for Communities and Local Government
DCSF	Department for Children, Schools and Families
DELNI	Department for Employment and Learning Northern Ireland
HE	Higher Education
HEFCE	Higher Education Funding Council for England
LA	Local Authority
NIACE	National Institute of Adult Continuing Education
PCSPS	Principal Civil Service Pension Scheme
SSE	Spring Supplementary Estimate

Letter from the Rt Hon John Denham MP, Secretary of State for Innovation, Universities and Skills, to the Chairman of the Committee

The DIUS Spring Supplementary Estimate 2008–09 was presented to Parliament and the Select Committee yesterday. In the interest of transparency and openness I thought it would be helpful if I set out the background and impact of some of the changes it contains.

INVESTING IN FURTHER EDUCATION

Education and skills are central to improving growth and social justice. That is why we have been working hard to continue reforms in the skills system. As a result FE colleges are training over three million people each year. We are reshaping the Train to Gain budget so that employees are able to retrain and SMEs can easily access short training programmes that will help their businesses today. We have also announced new funding of £158 million to retrain people who have lost their jobs, 75,000 more training places from those receiving JSA and a major expansion of apprenticeships to over 250,000 starts. This activity is matched by sustained investment, over the last 10 years Public investment in the FE system increased by a record 53% in real terms.

As the explanatory memorandum sets out, within Request for Resources 1 £156 million has been transferred from FE Group to HE Group in financial year 2008–09. These resources were primarily used to off-set Higher Education student support grant pressures. More detail on this is set out below.

This transfer was mainly from the Train to Gain Budget, which at the time the decision was taken was underspending and forecasts at that time demonstrated that it would not have spent the budget available within the year. Not using this underspend tin the way I have set out would have resulted in cuts in provision elsewhere in FE or HE. I am pleased to report that, through active measures to boost demand, we are now on track to spend the Train to Gain budget. Encouragingly, despite the downturn, the number of employers and employees starting the programme each month has increased over the course of the financial year, and satisfaction levels remain high. So in the fact of strengthening demand from employers we will continue to expand Train to Gain, as set out in 2009 Statement of Priorities, which increases the budget to £925 million, an increase of 16% compared to 2008–09. Moreover we remain committed to further expansion, with the aim of raising the budget for Train to Gain to over £1 billion. Total DIUS investment in adult participation for 2009–10 is £3.3 billion, an increase of approximately 4.3% or £130 million on 2008–09. This is also higher than the 2009–10 plans we published last year.

MANAGING HIGHER EDUCATION STUDENT SUPPORT

As mentioned above, there are significant student support budget pressures. When we announced the increased package of student support in 2007, we committed to ensuring two thirds of students would get a full or partial grant while maintaining the unit of funding per student. In fact about 40% of students may receive a full grant, exceeding our expectations. This has created some cost pressures, which we have taken action to address from Autumn 2009, with the changes announce last October (my Statement to the House on 29 October 2008 refers).

In addition, there has been higher than forecast growth in student numbers. UCAS has reported that the numbers of full-time accepted applications to higher education for 2008–09 are at record levels. Figures from UCAS show that, on a like-for-like basis, the number of accepted applicants to full-time undergraduate courses rose from 413,430 to 442,443 between 2007–08, a rise of 7.0%, and this comes on the back of a rise of 5.8% between 2006 and 2007. This is encouraging as it demonstrates that, despite the downturn, higher education is greatly valued by individuals. However this has meant that action has needed to be taken to address the additional pressures. The transfer from Train to Gain budget and other transfers highlighted in the memorandum have enabled the pressures to be addressed for 2008–09. Further action is being taken to help address pressures in subsequent years. As part of this I have asked HEFCE in their recent grant letter to constrain student numbers and preferably eliminate over-recruitment in 2009–10. Additional Student Numbers will also be held at 10,000 in 2009–10 and no further Additional Student Numbers will be allocated in 2010–11. The overall position will be reviewed later in the year, as better data becomes available on the extent of future pressures.

13 February 2009

Letter from the Rt Hon John Denham MP, Secretary of State for Innovation, Universities and Skills, to the Chairman of the Committee

Thank you for your letter of 9 February about the update to the Government's response to the IUSS Select Committee's report Biosecurity in UK Research Laboratories with relation specifically to the redevelopment of IAH Pirbright. You sought clarification on three points and I will respond to these in turn in a way which I hope will clear up any outstanding issues.

How DIUS (via the BBSRC and Large Facilities Capital Fund) and Defra have agreed to share the costs of the Pirbright redevelopment project; or the timetable for this allocation to be made.

BBSRC will develop the site and facilities at Pirbright to allow the continuation of world class research there. This rebuild will be funded by DIUS (via BBSRC and the Large Facilities Capital Fund). DIUS expect to receive a business case shortly from BBSRC for this rebuild of research facilities at Pirbright, and will be able to announce the likely cost and timescale of the new project after this has been considered. Separately Defra have agreed to contribute £5 million to the provision by BBSRC of a temporary SAPO 4 Laboratory at Pirbright.

Future governance arrangements for the Pirbright site.

The IAH Executive will continue to have day to day responsibility for managing the Pirbright site led by Mike Johnson who is the Head of Site and was recently recruited from the Australian Animal Health Laboratory at Geelong. Mike Johnson reports to Professor Martin Shirley, Director of IAH who himself reports to Professor Douglas Kell the Chief Executive of the BBSRC. Professor Kell acts as the Accounting Officer for BBSRC reporting to DIUS.

In terms of overall governance of the IAH including the Pirbright site the IAH Governing Body is meeting on 5 March 2009. The Governing Body is expected to agree at that meeting a date for its resignation and the passing over of trusteeship to the BBSRC probably at the end of March. Once that takes place BBSRC will become the Corporate Trustee of IAH and it will fulfil its trustee role through a Corporate Trustee Team with five members (2 from BBSRC Executive), chaired by Professor Joe Brownlie from the Royal Veterinary College. Professor Brownlie has recently joined the IAH Governing Body. When the Corporate Trustee Team (CTT) is established the Director will report to Professor Brownlie, the Chair of the CTT appointed by BBSRC.

Precise lines of accountability and responsibility for the redevelopment project, including the responsible accounting officer.

The SRO for the new redevelopment project at Pirbright is Professor Martin Shirley, Director of IAH. His line of accountability is as set out above. It is expected that the accountability and reporting lines will remain the same when a new Programme Board is set up for the new IAH Development Programme.

I hope that this makes clear the position on the rebuild of Pirbright and future arrangements for the Institute for Animal Health.

23 February 2009

Letter from the Rt Hon John Denham MP, Secretary of State for Innovation, Universities and Skills, to the Chairman of the Committee

NEW STRATEGIC FRAMEWORK AND THE SCIENCE AND INNOVATION NETWORK

Thank you for your letter of 24 January 2008 requesting a memorandum from my department on the implications of the Foreign and Commonwealth Office's new strategic framework for science and innovation.

Annex A

Memorandum submitted by the Department for Innovation, Universities and Skills

THE FOREIGN AND COMMONWEALTH OFFICE'S NEW STRATEGIC FRAMEWORK AND THE SCIENCE AND INNOVATION NETWORK"

In his Written Statement of 23 January, the Foreign Secretary reported the conclusions of the FCO Strategy Refresh and detailed their new Departmental Strategic Objectives. Given the increased focus of the FCO in certain areas, the FCO and interested departments are examining the future shared delivery of the Government's international objectives in other areas of policy. In the area of science and innovation, the FCO is discussing with DIUS and others the future priorities for, and management of, the overseas Science and Innovation Network (SIN) which consists of 110 positions (95 FTE) in 24 countries.

Science and Innovation are increasingly international endeavours. The role for government in ensuring that the UK is positioned as a hub in the emerging global knowledge economy has been convincingly set out in the 2006 Global Science and Innovation Forum (GSIF) International Strategy and in last year's Sainsbury Review. The Prime Minister has emphasised the importance of our global science and innovation relationships in his recent visits to China and India. The Science and Innovation Network plays a crucial role in key partner countries around the world—providing intelligence on the science and innovation landscape in sometimes rapidly evolving economies and intervening to ensure optimal UK influence and collaboration.

DIUS (and its predecessor departments) has played and continues to play a key role in the scope and direction of the SIN. DIUS ministers and officials work closely with the SIN in delivering the Government's international science and innovation objectives. DIUS officials are involved in the detailed planning for and running of the network (eg inputting to individual business plans and playing a role in the recruitment of overseas attach€s).

DIUS, through the Government Office for Science, also provides the Chair (Professor John Beddington) and Secretariat for the Global Science and Innovation Forum. GSIF discussed the future of the SIN on 12 December and concluded that the SIN makes an important contribution to a wide range of government departments and to the four new policy priorities identified by the FCO.

The Government remains committed to international engagement in science and innovation, which is important to the UK's scientific and economic competitiveness and to its ability to influence other countries and international bodies. Against that background, FCO, DIUS and other interested government departments will continue their ongoing discussions on the future priorities for and management of the Science and Innovation Network.

February 2008

Memorandum from the FCO to the House of Commons Innovation, Universities and Skills Select Committee

IMPLICATIONS OF THE FC'S NEW STRATEGIC FRAMEWORK FOR THE SCIENCE AND INNOVATION NETWORK

In his Written Statement of 23 January 2008 the Foreign Secretary reported the conclusions of the Strategy Refresh launched in July 2007. The purpose of reviewing the FCO's Strategy was to ensure that the FCO focussed its effort and resources on those areas of greatest interest to the United Kingdom on which the Department could add greatest value. The revised strategy was developed following consultation with the FCO's key stakeholders at home and overseas.

The key elements of the new Strategic Framework are:

— Provisions of a flexible global network of overseas Posts, serving the whole of the British Government.

— Four new policy goals: countering terrorism and weapons proliferation and their causes; promoting a low carbon, high growth, global economy; preventing and resolving conflict; and developing effective international institutions, above all the United Nations and the European Union.

— Delivery of three essential services: supporting the British economy (UK Trade and Investment); helping British nationals abroad (consular operations) and managing migration (in collaboration with the new UK Borders Agency).

These will constitute the FCO's Departmental Strategic Objectives for the period 2008–11. In order to maximise the outcomes delivered, the FCO has to prioritise its resources, while also meeting 5% annual reduction in its administration budget. Consequently, the FCO is obliged to reduce its investment in some other areas of work.

The FCO recognises the valuable contribution of the Science and Innovation Network to the work of Parliament, several Government Departments and the wider public sector. At present, Science and Innovation teams in Posts overseas carry out work on behalf of several Government Departments, the Research Councils, a number of Parliamentary Select Committees, Learned Societies, the Devolved Administrations and the English Regional Development Agencies, as well as a number of UK universities and companies. Currently this service is funded entirely by the FCO. In the period 2008–11, the FCO will continue to fund a significant part of the Science and Innovation Network. However, the FCO considers its own requirement could be met with a smaller science and Innovation Network.

The cost of the network in 2008–09 will be approximately £5.4 million, excluding overhead costs. The FCO will meet all of these costs while future funding issues are considered. This funds around 95 full time equivalent staff in 39 PPosts in 24 countries (of which some 21 full time equivalent positions are filled by UK-based staff, the rest being locally engaged staff). The FCO also funds seven full-time equivalent positions in the London management unit, responsible for business planning, performance metrics, finance, links with UK stakeholders, recruitment and training. The London unit also acts as the science team for the FCO as a whole. Additionally, the FCO will invest £1 million of programme funding in 2008–09 to support the work of the Network.

The FCO is discussing how other Departments and public bodies might contribute to the funding of the Network and its activities with a view to maintaining its integrity. These discussions are both direct with other Government Departments and in the Global Science and Innovation Forum (GSIF), chaired by the Government's Chief Scientific Adviser. The FCO is also discussing with them future arrangments for governance and management of the Network.

February 2008

RESPONSE FROM THE DEPARTMENT FOR INNOVATION, UNIVERSITIES AND SKILLS TO QUESTIONS RAISED BY THE HOUSE OF COMMONS INNOVATION, UNIVERSITIES, SCIENCE AND SKILLS SELECT COMMITTEE IN A LETTER FROM THE COMMITTEE CLERK DATED 12 FEBRUARY 2009

DIUS Autumn 2008 Performance Report

1. *When does DIUS expect to be able to give a final assessment against the targets set for the SR04 PSAs?*

PSA 2

DIUS expects, data lags permitting on some of the elements within the overall target, to make a final assessment in the Autumn Performance Report 2009.

PSA 13: adult skills

Element 1 (improving the basic skills of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million in 2007) has already been announced as met but the final outturn for 2010 will not be available until the 2009–10 Individual Learner Records (ILR) results, produced by the Learning and Skills Council (LSC), are published. A final year ILR dataset is usually released in the December following the end of the school year although, due to the data lag in receiving achievements information, a further release is made towards the end of the following February which includes some items missing from the December release. So the final outturn for 2010 will be available when the ILR analysis has been completed in March 2011.

Element 2 (reducing by at least 40% the number of adults in the workforce who lack NVQ2 or equivalent by 2010; working towards this, one million adults in the workforce to achieve Level 2 between 2003 and 2006) relies on data from the Labour Force Survey (LFS). The 2010 Quarter 4 dataset will be available at the end of February 2011 and the final outturn calculated at the beginning of March 2011.

PSA 14—3 parts

By 2010:

(a) increase participation in higher education towards 50% of those aged 18 to 30—this is measured by the Higher Education Initial Participation Rate (HEIPR) which is published annually in March. The HEIPR for the 2010–11 academic year will be available in March 2012;

(b) make significant progress year on year towards fair access—this is measured by the Higher Education Statistics Agency Widening Participation Performance Indicators (PIs), which show the: percentage of entrants who attended a school or college in the state sector; the percentage of entrants who were returned with National Statistics Socio-economic Classification (NS-SEC)

categories 4 to 7; and the percentage of entrants whose home area (as denoted by their postcode) is known to have a low proportion of 18 and 19 year-olds in higher education. These PIs are published annually by HESA in June, so we would expect to have the PIs for the 2010–11 academic year in June 2012; and

(c) bear down on rates of non-completion—this is also measured by the HESA PI on non-completion, which is also available annually in June although there is a year's lag for this PI over those for Widening Participation. We would therefore expect for non-completion PI for the 2010–11 academic year to be available in June 2013.

2. *How is the recession expected to impact upon the ability of UK higher education institutions to raise income? (CSR07 PSA 4, indicator 2) Will this lead to further funding pressures upon such institutions?*

There is currently no data available to assess the impact of the global recession on the amount of income generated from business by UK Higher Education Institutions (HEIs) and Public Sector Research Establishments (PSREs). Although some businesses may cut back on the amount of research carried out through HEIs and PSREs, this may be offset if businesses in the UK and elsewhere outsource more R&D work to the research base and if the institutions engage more closely with the public sector. Investment in knowledge transfer through the Higher Education Innovation Fund and PSRE Fund will continue to increase over the CSR period in order to maximise the impact of the Research Base. Universities in general will have benefited from around 30% increase in public funding since 1997, and in the short term from the reduction in Value Added Tax announced last year. Any indications of the effects of the global downturn are unlikely to show up until the 2008–09 figures which will be available in 2010. Until these figures become available progress will continue to be monitored on the basis of reports against delivery plans by the institutions.

3. *What impact is the recession and the global financial crisis having on levels of business investment in research and development in the UK, relative to its economic competitors? When will further data become available? (CSR07 PSA 4, indicator 6; SR04 PSA 2, element 4)*

There is currently no data available to assess the impact of economic conditions on business research and development expenditure in the six most intensive R&D industries. As the indicator measures the relative position of the UK against the rest of the G7, the global nature of the economic downturn means that the relative position of the UK may or may not change. DIUS will continue to support research and innovation activities to help lessen the impact of the downturn through the Technology Strategy Board and the Research Councils and together, in England, with the Regional Development Agencies. The impact of the downturn is unlikely to show through until the 2008 or 2009 data becomes available; this will be late 2009 and 2010 respectively in the UK and possibly later for other countries. In the interim, the Department will work closely with the Department for Business, enterprise and Regulatory Reform in monitoring business conditions using less systematic but more timely information on the business environment.

4. *SR04 PSA 2 (element 5) had a target to increase the number of science students receiving enterprise training. The latest data in the APR relates to 2002 and shows a drop compared to the previous year. Why is there not any more recent data available for the SR04 period? What evidence does DIUS have of any progress in this area during this time?*

DIUS had collected this data from universities funded under the Science Enterprise Challenge. This funding stream has now been integrated into HEIF and we therefore do not collect figures separately on numbers of students receiving education on entrepreneurship, especially as entrepreneurship education is now integrated into a wide range of graduate and post graduate courses. There are no plans to update this data from alternative sources.

5. *How does DIUS expect the recession and rising rates of unemployment to impact upon basic skills programmes? (CSR07 PSA 2, indicators 1, 2, 3) Will there be sufficient places available to meet demand, and, if not does DIUS plan to boost funding and places?*

We are assessing likely trends in demand and adapting programmes accordingly to meet the needs of employers and employees during the downturn. A number of actions are being taken to ensure that provision is geared up and able to support people to gain employment and progress when in work. These include:

— giving colleges and providers more freedom over the delivery of provision below level 2 so that they are able to respond flexibly to local needs, whilst continuing to deliver our priorities; and

— supporting providers to deliver more flexible provision that is tailored to local employment needs, helping people to gain employment and continue their learning once in work; and to ensure that those already in work get the tailored support they need.

In December 2008 we announced support for an additional 40,000 people currently facing redundancy, and those looking for work, to help them retrain and develop their skills so they can quickly move back into sustainable employment. The extra funding will help the LSC, local colleges and training providers work closely with Jobcentre Plus to make sure those people affected get access to the services they need as quickly

as possible. Together with the additional funding DIUS has already announced for increased provision of advice on careers and the training available to help people get the jobs that are available, this amounts to up to £212 million of additional help for people during the downturn.

As part of the Government's package, announced in January 2009, of enhanced support for JCP customers reaching the six month claim point, from April 2009 75,000 new training places are being offered to job-seekers on Job Seekers Allowance. This short-term, flexible training will not conflict with availability for work or delay entry to the job market; learners will be able to start courses full or part-time whilst out of work, and continue/complete in work with the employer's agreement.

SMEs will be the top priority for a £350 million growth in Train to Gain funds over the next two years, designed to help them survive and prosper during tougher economic times. Since January 2009 they have been able to access increased support through new flexibilities in the offer, including training in business-critical areas such as business improvement, IT support and finance; and joined-up support for SMEs located near each other, in business parks or through supply-chains. The Train to Gain offer has also been extended to support people moving from unemployment into work, by offering them access to training in business-critical vocational areas when they have a prospective job. This extended offer permits learners to re-skill during their transition to work even if they already hold vocational qualifications at the same level as the course they wish to undertake.

6. *As numbers of participants in higher education rise (CSR07 PSA 2,*

indicator 6), what information does DIUS have on the trends in courses of study, particularly in areas such as science and engineering where previously there have been skills shortages? What is DIUS doing to target or encourage students to study for, and to boost places on, courses in subjects most relevant to the needs of employers?

Higher Education helps students, whatever courses they study, to develop transferable skills that employers value. The best proof of this lies in the maintenance of a graduate salary premium over a number of years, and the generally low graduate unemployment rate. Recent years have also seen the development and sustained growth of two year Foundation Degrees, with employer involvement in course content; we are on course to see 100,000 FD enrolments by 2010. DIUS has also asked HEFCE to support new "employer co-funded" courses, and the initial target of 5,000 places from October 2008 has been exceeded. Individual Higher Education Institutions, HEFCE and the Sector Skills Councils regularly discuss how any needs of employers in particular sectors can best be met.

We know, of course, that many employers say they need STEM skills, and this has been a particular concern of DIUS. The Department has recently published its report, Demand for Science, Technology, and Mathematics (STEM) Skills which contains the following data on trends in take-up of STEM subjects by graduates and post-graduates:

The supply of STEM graduates and post graduates has increased in recent years. Between 2002–03 and 2006–07:

- the supply of STEM first Degree qualifiers from UK HEIs (excluding the Open University) increased by 11%;
- the number of STEM Other Undergraduate qualifiers increased by 24%;
- the number of STEM Masters qualifiers increased by 35%; and
- the number of STEM PhD qualifiers increased by 18 %

The Government is taking a range of steps to encourage more young people to take up science, technology, engineering and Mathematics and we have seen some growth in numbers taking Science, Technology, Engineering and Mathematics) STEM GCSEs, A Levels and university places in STEM subjects.

For example, DCSF are investing £140 million over five years to support STEM in schools and increase the number of young people who continue to study STEM subjects after the age of 16. This includes:

- £9,000 teacher training bursary for science graduates and £5,000 "golden hello" for new science teachers.
- Widening access to triple science to all pupils achieving level 6+ at GCSE from September 2008 in the maintained sector.
- An advertising campaign aimed at young people from the age of 11 upwards, which uses cinema, radio, TV and print to inform them, their parents and teachers about the exciting opportunities available to young people when they choose STEM subjects.

Additionally, HEFCE's £350 million programme for Strategically Important and Vulnerable subjects (SIVS) is designed to stimulate demand for Science, Technology, Engineering and Mathematics subjects and supply for other subjects. HEFCE will introduce a new National STEM programme in August 2009 to raise demand further and complement their existing work programmes such as the London Engineering Project.

DIUS will address future policy on SIVS and the funding of strategically important subjects in our forthcoming Framework for the future of HE.

A key aim for DIUS, as expressed in our recent A Vision for Science and Society consultation document, is the development of a representative and well-qualified scientific workforce.Enrichment and enhancement opportunities to encourage further take up of science subjects include our support for STEMNET and their Science and Engineering Ambassadors Programme, which sees provision of nearly 20,000 Science and Engineering Ambassadors from across industry acting as role models across the UK. DIUS also supports WISE (Women into Science and Engineering), which aims to inspire girls into science study and careers, as well as National Science and Engineering Week and the new National Science Competition, both of which aim to get young people engaged in science.

7. *New targets have been set under CSR07 PSA 4, indicator 5 (page 30) for the number of young people taking maths and science A levels. While the APR states that the prospects for meeting the targets for 2014 look good for maths, biology and chemistry, the current rate of change would not achieve the target for physics. What is DIUS doing to encourage more people to take physics A level? What are the targets for 2014, and are there any interim targets covering the CSR07 period?*

The targets referred to in PSA 4 were first announced in the Science and Innovation Investment Framework 2004–14: Next Steps document, published alongside the 2006 Budget. These targets are for numbers of A Level entries in England by 16–18 year olds, to be reached by 2014. They are 56,000 for maths entries, 35,000 for physics entries and 37,000 for chemistry entries.

The objective for the current three year CSR period is for A Level entries to be moving on a trajectory consistent with achievement of these 2014 targets. In addition, the number of entries in biological sciences is monitored, the objective being to maintain the number of entries in this subject.

DCSF is the lead Department for indicator 5. DIUS works in partnership with DCSF to encourage an interest in STEM subjects at an early age and to maximise the progression of able young people into STEM disciplines at University. DIUS funds STEMNET's Science and Engineering Ambassador programme, which now has around 20,000 ambassadors acting as role models in schools. At our request HEFCE has undertaken a £350 million programme of work to support subjects that are strategically important and vulnerable—this includes science. Later this year the Department will publish a UK strategy for Science and Society and STEM skills will feature prominently in this.

The Training and Development Agency for Schools (TDA) is currently piloting accredited courses to give existing science teachers without a physics specialism the deep subject knowledge and pedagogy they need to teach the subject effectively. The programme is due to be rolled out nationally from July 2009. TDA is also developing a mentoring programme, due to start in September 2009, to help improve the retention of science teachers. Similarly, the Transition to Teaching programme was launched in July 2008 to get employers to encourage talented staff to retrain as secondary school teachers in physics, mathematics, chemistry or ICT.

DCSF has already set up a national network of Science Learning Centres, in partnership with the Wellcome Trust to provide professional development for science teachers, technicians and other science educators. Physics related courses provided by the network are eligible for a bursary of up to £200 per day to cover the costs of training. Similarly, bursaries will be available through Project Enthuse, enabling science teachers to experience high quality professional development in contemporary science at the National Science Learning Centres over the next five years.

DCSF has begun a three year STEM communications programme to inform pupils, parents and others of the wide ranging and exciting opportunities that are open to students when they choose to study STEM subjects up to and post 16. Television adverts commenced in November 2008 and radio ads from January 2009. Meanwhile, the Institute of Physics, working with the network of Science Learning Centres, has been commissioned to look at how schools might encourage more girls to take up physics post -16, and the Secondary National Strategy has produced a range of case studies investigating the school level factors that might influence high levels of progression to post-16 science study.

8. *When will the data for CSR07 indicators become available and when will DIUS be able to make its first full assessment of performance under the new framework?*

PSA2

Indicators 1 ((functional literacy and numeracy skills) and 4 (apprenticeship completions) rely on the Individual Learning Record (ILR) results produced by the LSC. As with element 1 of PSA13 in question 1 above, ILR figures for the full academic year are released in December but are subject to alteration up to the following February when they are considered final. This means that the assessment for 2009 for indicators 1 and 4 will be available in March 2010.

Indicators 2 (adult Level 2), 3 (adult Level 3), and 5 (adult Level 4) rely on the Labour Force Survey results. As with element 2 of PSA13 in question 1 above this means that 2009 end year figures for these indicators will become available in March 2010.

Indicator 6 (HE participation) relies on the next Higher Education Initial Participation Rate figure, for 2007–08, which will be released in a Statistical First Release at the end of March 2009. This will allow first sight of any progress on the 2006–07 baseline.

For PSA2 therefore the first full assessment of performance will be made in the 2010 Autumn Performance Report.

PSA 4

The data for PSA 4 indicator 6 is sourced from the OECD. The database is updated continually as information from different countries becomes available. This does mean, however, that there can be long time lags in securing a full set of information, especially for the GVA data used as the denominators in measures of business R&D intensity. Given that R&D data for most countries is now available for at least 2006 (and, for the UK, 2007), it should be possible to make a first assessment in the Autumn Performance Report 2009. However, the relevant dataset might not be entirely complete, and it might therefore be necessary to use complementary information, for example from the R&D Scoreboard, to provide additional insight.

The data for the DSO 1 indicator "Regional breakdown of percentage of UK businesses with 10 or more employees that are innovation active" areas now available for the baseline year 2007. There will be a data assessment in the 2009 Autumn Performance Report.

The baselines against which performance will be monitored are being established during 2008–09 for the indicators under DSO 6. The DSO should be assessed for the first time during 2009–10.

February 2009

Letter from the Rt Hon David Lammy MP, Minister for Higher Education Intellectual Property, to the Chairman of the Committee

Thank you for your letter of 9 February, enclosing a briefing note from Hull York Medical School, about the duration of student visas.

Proposals on how the student tier (tier 4) of the Points Based System would work were published by the UK Border Agency (UKBA) last July. This included the intention to limit visa duration to four years when tier 4 comes into effect on 31 March 2009, bringing student visas more closely into line with other types of visa.

The Medical and Dental Schools' Councils made a very valid point about how this may negatively impact on students taking longer courses such as medicine and dentistry with a potential effect on international student recruitment. As you will know, I am very keen that the UK remains an attractive study destination for international students and I have therefore taken this issue up with the Immigration Minister, Phil Woolas.

I am very pleased to be able to say he has agreed that student visas should be awarded for the full length of a student's course and this policy will apply when tier 4 comes into effect.

24 February 2009

Letter from Bill Dickinson, Director General, Finance and Corporate Services, Department for Innovation, Universities and Skills, to the Chairman of the Committee

NOTIFICATION OF ERROR IN 2007–08 ADMINISTRATIVE EXPENDITURE PREVIOUSLY SUPPLIED TO THE INNOVATION, UNIVERSITIES, SCIENCE AND SKILLS COMMITTEE

DIUS has identified an error within data provided to the Committee on 24 October 2008. Staff costs expenditure for 2007–08 was stated in that response as £37,970k, the correct figure was £39,790k.

The Department would like to take this opportunity to apologise to the Committee for the error in the data previously supplied and to provide the correct data, shown below (Table 1).

Table 1

DATA REPORTED WITHIN THE DEPARTMENTAL RESOURCE ACCOUNTS

	£'000	*£'000*
	2006–07	*2007–08*
Staff	40,045	39,790
Other Admin	21,000	29,407
Income	(1,012)	(239)
Net Admin	*60,033*	*68,958*

This corrected basis shows a 15% increase (£8,925k) in DIUS Administrative costs from 2006–07 to 2007–08, consisting of £5,381k related to IT set up costs, £1,879k for Consultancy costs (the largest element of which was as a result of a Programme to Administration switch agreed with HMT) and a reduction in staff costs of £255k. (Further detail on Other Administration Costs was supplied in Note 10 to the DIUS 2007–08 Resource Accounts).

For ease of reference, the data supplied previously were (Table 2):

Table 2

DATA PROVIDED ON 24 OCTOBER 2008

	£'000	*£'000*
	2006–07	*2007–08*
Staff	40,045	37,970
Other Admin	21,000	29,407
Income	(1,012)	(239)
Net Admin	*60,033*	*67,138*

On this basis, we described a 12% increase (£7,105k) in DIUS Administrative costs from 2006–07 to 2007–08. consisting of £5,381k related to IT set up costs and a reduction in staff costs of £2,075k.

RESPONSE FROM THE DEPARTMENT OF INNOVATION, UNIVERSITIES AND SKILLS TO QUESTIONS RAISED BY THE INNOVATION, UNIVERSITIES, SCIENCE AND SKILLS SELECT COMMITTEE IN A LETTER FROM THE COMMITTEE CLERK DATED 11 MARCH 2009

DIUS Spring Supplementary Estimate 2008–09

1. *Higher Education support for students is budgeted to rise by £114 million (RFR1, Section C). Higher Education funding is also rising (both £47 million, RFR1, Section B and HEFCE grant in aid £66 million, RFR1, Section H). What are the main reasons for these increases? Are they caused primarily by increased numbers of students, or increased support or costs per student?*

Student support funding has increased largely as a result of the percentage of students entitled to a full maintenance grant being higher than forecasted in the Winter Supplementary Estimate (WSE). This increases the average grant per student.

At the time of the July 2007 reforms, we were expecting around a third of students to receive a full maintenance grant. The budgets in the WSE were based upon forecasts from the July 2007 reforms. The most recent data used for the Spring Supplementary Estimate (SSE) suggests this figure is actually around 40%. In addition to this, the number of full time undergraduates entering higher education in 2008–09 was higher than planned, which means that the growth rate in the student support eligible population is likely to be over 3% rather than the 2% budgeted for and assumed in the WSE.

The additional grant in aid (GiA) required by HEFCE is a result of the accelerated capital initiative announced as part of the Pre-Budget Report. HEFCE required an additional £52 million GiA to facilitate the increased capital expenditure. The other £14 million relates to increased Aimhigher funding being distributed by HEFCE—HEFCE GiA was increased by £12 million for Aimhigher Partnerships and by £2 million for Aimhigher Associates. The funding earmarked for Aimhigher remained the same between the WSE and the SSE. The adjustment was to show that the funds are now being distributed by HEFCE and not the Central Department as previously planned.

Higher Education voted budget (Estimate Line B) increase of £47.2 million reflects the drawdown of non-cash EYF stock. The EYF was accessed in preparedness for the Student Loan debt sale. Had the debt sale been undertaken, a revaluation of the asset may have been required. The additional DEL pressure would have been funded by this adjustment.

2. *Grant in aid remains overstated by £178 million as a result of errors by the Department in preparing previous Estimates (according to paragraph 3, page 10 of the explanatory memorandum). Why, therefore, is the overall Request for Resources (RFR2) still increasing by £121 million? Could the excess provision for grant in aid not have been reduced by a further £121 million, while still allowing for a token minimum supplementary estimate of £1,000?*

The overall total for RfR2 was increased by a nominal £0.121 million, not £121 million. We agree that this nominal increase could have been minimised to a token £0.001 million but this would have required further small changes which would have presented a more complex picture.

3. *Can the Department assure the Committee that the errors highlighted in the Department's recent response on its Winter Supplementary Estimate will not be repeated, and that the Department is satisfied that the Main Estimates, and any subsequent Supplementary Estimates, for 2009–10 will include levels of grant in aid to individual NDPBs consistent with any information published on these bodies' individual DEL budgets?*

During 2008–09, DIUS has worked closely with the Shared Service provider since the error in the ME 2008–09 was identified. The processes for generating an Estimate have been examined and modified accordingly. This is part of an on-going continuous improvement programme within the DIUS Finance Department.

An example of the ways in which Grant in Aid management within DIUS is being upgraded is the reconciliation process between the Grant in Aid sent to an NDPB and the DEL funding reported as consumed by that NDPB. This practice has been trialled with HEFCE and LSC and is intended for introduction to all NDPBs during 2009–10.

4. *The Pre-Budget Report announced some £442 million of capital expenditure would be brought forward on 25 capital projects to improve FE infrastructure and 50 projects to improve facilities at HE institutions (Pre Budget Report, Chapter 6, page 113, para 6.13). £167 million is being brought forward from 2010-11 into 2008-09 (Ministerial statement 12 February 2009), including £110 million for the Learning and Skills Council and £50 million for HEFCE. Can you provide some examples of larger projects which have already been initiated earlier than planned and the benefits which have been achieved by bringing them forward?*

Within FE, £110 million has already been brought forward to 2008–09 to help fund colleges' capital projects. The funding has enabled the Learning and Skills Council to plan for 154 projects to complete in this year, enabling some projects to be funded ahead of schedule. Up to 25 projects have been approved since March 2008 and are expected to receive their first payment in this year (2008–09). The full list of projects is set out in the following press release http://nds.coi.gov.uk/environment/mediaDetail.asp?MediaDetailsID=263737&NewsAreaID=2&ClientID=380&LocaleID=2

Within HE, the 2008–09 funds were allocated pro rata to all those Higher Education Institutions (HEIs) who guaranteed they could spend them to deadline, using the standard capital formula. Pragmatically this was the quickest and surest way of turning the resources into activity. Allocations went only to those HEIs who gave a guarantee that they could spend the resource on genuinely additional activity to deadline. Over 90% provided this guarantee. Splitting the £50m funding across these institutions, gave them on average £500k each compared to a total annual HE capital spend of around £2.5 billion. This funding will support small elements of bigger projects to be completed a few months ahead of their original timetable.

5. Why is £35 million being transferred to BERR "as agreed in the 2007 Comprehensive Review Settlement" (Ministerial statement, 12 February)?

As part of the 2007 Comprehensive Spending Review Settlement the Treasury made provision for the Science and Research budget to draw down £78 million capital EYF in 2007–08 from the non ring-fenced part of the DTI budget by way of a loan. The sum to be repaid (now to BERR) is to be made in two instalments of £35 million in 2008–09 and £43 million in 2009–10.

The transaction included within the Spring Supplementary Estimate was in keeping with the requirements of the CSR Settlement.

6. *The DEL ministerial statement (Official Report, 98WS, 12 February 2009) refers to take up of a total of £87,388,000 of near cash End year Flexibility. The breakdown which follows sums to £152,388,000. Is this an error? If so, which is the correct figure?*

The Spring Supplementary Estimate memorandum and the Written Statement show the correct analysis. The section of DIUS's Written Statement to which the above Official Report refers records the EPSRC number as £7,255,000 (not £72,255,000) making the calculation:

RfR2 Non Voted Near Cash Programme EYF	*£'000*
HEFCE	30,000
NERC	26,706
STFC	17,651
EPSRC	7,255
AHRC	2,595
BBSRC	2,353
MRC	425
ESRC	403
Total[10]	**87,388**

7. *The voted AME figure is increasing by £37 million. Overall AME is increasing by only £10.4 million (comparison of AME figures in the Notes to the Winter and Spring Supplementary Estimates- specifically the reconciliations between resource and capital expenditure between Estimates, Accounts and Budgets). Can you explain what the differences (the changes to non voted AME) relate to?*

This situation can be analysed as follows:

£'000	*WSE*	*SSE*	*Movement*
Resource	270,049	279,732	9,683
Capital	4,762,476	4,763,237	761
Total	5,032,525	5,042,969	10,444

The components of the movement by organisation are:

£'000	*Voted AME*	*Non-Voted AME*	*Net*
CITB	0	(7,145)	(7,145)
ECITB	0	(7,222)	(7,222)
NESTA	0	(12,646)	(12,646)
RCPS	37,457	0	37,457
Total[11]	37,457	(27,013)	10,444

For CITB the severe downturn in the construction sector has driven CITB to reduce its administrative expenditure. At the same time forecast income has increased since it is based on previous years' activity in the sector, which was still high. The resulting reduction in net forecast expenditure is offset by a rise in forecast programme expenditure due to unexpected sustained demand for grants from employers.

For ECITB, the engineering construction industry has remained strong over the last year, which has improved the level of levy income received. Programme expenditure has reduced due to a slower than anticipated introduction of ECITB programmes and non-release of people for training by employers.

The decrease in AME expenditure for NESTA is due to a correction from the Winter Supplementary Estimate where £6.05 million income was incorrectly recorded as expenditure, causing a movement of £12.1 million. The additional £0.5 million income is generated by unbudgeted income from investment Bonds.

Note from DEFRA and DIUS: Institute for Animal Health Redevelopment

1. The Government's response to the Foot and Moth Disease 2007 Review was presented to Parliament on 3 February. The purpose of this Memorandum is to update the EFRA and IUSS Select Committees on its response to Sir Iain Anderson's personal recommendation that the Institute for Animal Health should be repositioned as a new National Institute of Infections Diseases.

[10] HEFCE—Higher Education Funding Council for England; NERC—Natural Environment Research Council; STFC—Science and Technology Facilities Council; ESPRC –Engineering and Physical Sciences Research Council; AHRC—Arts and Humanities Research Council; BBSRC—Biotechnology and Biological Sciences Research Council; MRC—Medical Research Council; ESRC—Economic and Social Research Council.

[11] CITB—Construction Industry Training Board; ECITB—Engineering Construction Industry Training Board; NESTA—National Endowment for Science, Technology and the Arts; RCPS—Research Council Pension Scheme.

2. Paragraph 90 of the Government response states:

> Defra, DIUS and BBSRC have discussed over the past year the future factilities needed for animal health in the UK and specifically the future management and arrangements at IAH Pirbright. BBSRC will continue to fund the Institute for Animal Health so that it can provide the nation with world class research facilities that underpin the livestock industries and our food security. DIUS expect BBSRC soon to submit a business case for the redevelopment of the site at Pirbright to allow the continuation of world class research there on animal diseases. Defra will continue to work with DIUS and BBSRC to ensure that the national provision of research, diagnosis and surveillance enables effective disease detection and response. The Institute for Animal Health and the Veterinary Laboratories Agency will continue to pursue opportunities for collaboration."

CONTEXT

3. Government needs a reliable national provision of research, diagnosis and surveillance to enable and underpin effective detection and response to exotic disease and other animal related threats to public health and the economy. Defra provides funding (either solely or in collaboration with others) to produce an evidence base, through specifically commissioned research and development projects, which support policies to control animal diseases. Research is delivered by a range of bodies, including academic institutions but essential surveillance, emergency response capacity and work with diseases requiring high levels of containment is provided by two main providers; the Institute for Animal Health Pirbright and Compton laboratories and the Veterinary Laboratories Agency. Both are highly respected internationally.

IAH Pirbright acts in various combinations as a world (OIE), EU Community and national reference laboratory for a number of important diseases of farmed livestock and horses which are exotic to the UK eg Bluetongue Virus (BTV), Foot and Mouth disease. IAH provides world class basic research and development projects, a diagnostic service which Defra deploys when investigating suspected cases of disease (and subsequently during outbreaks if confirmed), and consultancy on interpreting results, global disease prevalence, horizon scanning, and associated science (eg meteorology, entomology etc). In relation to BTV, an independent report by consultants DTZ estimated that IAH work on Bluetongue virus potentially saved the UK economy £485 million and 10,000 jobs in 2008.

The VLA network for Great Britain acts in a very similar way, but covers a broader range of important diseases (eg Rabies, Avian Influenza) and has a critical role particularly in relation to zoonotic bacterial infectsions (eg Salmonellosis, Campylobacter) diseases. In addition to world (OIE) and EU community and national reference functions, the VLA is also a national reference laboratory for the FAO and WHO.

IAH Pirbright

4. The BBSRC Council agreed on 11 February that:

- In line with the Gilligan Report, IAH will be established as a single site institute based at Pirbright. This will be done under a phased programme:
- Phase 1. Redevelopment of the Pirbright facilities in accordance with a business case to be agreed with DIUS. The first draft of the business case is anticipated in April 2009, with a view to beginning work in the summer.
- Phase 2. Provision of new facilities for research transferring from IAH Compton. A business case will be prepared later in 2009.
- Prior to this, £15 million of business continuity projects will be funded by BBSRC, including interim SAP04 (the highest level of biosecurity, appropriate for highly infectious or impactful exotic diseases, such as foot and mouth disease) modular laboratories at Pirbright. This is currently underway.
- SAP04 large animal and laboratory facilities should be provided at Pirbright to a level that is affordable in terms of capital expenditure and sustainable in terms of revenue costs.
- BBSRC and IAH should enter negotiations with Defra with a view to seeking a more assured funding stream, including a long term agreement relating to the provision of SAP04 facilities.
- IAH should remain as a separate company and charity.

5. BBSRC has accepted Defra's offer of a £5 million contribution towards the £10 cost of a interim SAP04 laboratory facility at Pirbright. A representative of Defra will sit on the Project Board for this temporary facility.

6. Discussions are under way between Defra, BBSRC and IAH about Defra's support for research and surveillance at IAH. The aim will be to provide IAH with a greater level of certainty about Defra funding whilst ensuring that this meets Defra's needs for a flexible response and that it represents value for money. The aim is to conclude these discussions by September 2009.

7. BBSRC has assumed the role of Corporate Trustee of IAH. IAH have appointed a new Head of Pirbright recruited from the Australian Animal Health Laboratory and a new Head of Compliance, Regulatory Affairs and Risk recruited from HSE.

8. A revised licence under SAPO 2008 has been issued to IAH Pirbright. This contains an enlarged and enhanced set of conditions governing biosecurity and operations and sets out clearly the responsibilities of the licensee. Defra work closely with the HSE to ensure that the licence conditions reflect the expected very high level of biocontainment and biosecurity which must be delivered by the operators of the laboratory.

Veterinary Laboratories Agency

9. The VLA is working on a business case to address its long term requirements for facilities that enable it to sustain its role as a key delivery body for the Government to support its requirement for animal disease research, epidemiology, and surveillance. The business case is expected to be submitted to Defra this autumn.

10. VLA performs a vital role in delivering diagnostic (infections, chemical, poisons, radiation), research, risk analysis, epidemiology and surveillance activities, and expert opinion for all important diseases of animals (some of which may be transmitted to humans) other than some of the exotic viral ones which are covered by work at IAH. Arrangments have been made so that when the demand for diagnostic services during an outbreak threatens to overwhelm the capacity at IAH, much of the work can be transferred to VLA (eg foot and mouth disease). This joint arrangement provides Defra with the necessary reassurance that important diagnostic capacity will be maintained.

Co-ordination of Animal Disease Research and Surveillance

11. Defra is in consultation with BBSRC, DIUS and others about proposals to refresh and relaunch the current arrangements for co-ordinating animal disease research and surveillance across the UK. The purpose is to ensure better co-ordination of activities, to facilitate sharing of information and to improve the interface between animal and human research. A statement will be make once these consultations have been concluded.

DEPARTMENT FOR INNOVATION, UNIVERSITIES AND SKILLS
MAIN ESTIMATE 2009–10

SELECT COMMITTEE MEMORANDUM

In accordance with the wishes of Treasury Ministers and the Select Committee and as originally set out in the Treasury PES paper (2004) 14 Annex D, we present the following Estimates Memorandum. This memorandum has been prepared with reference to guidance in *Supply Estimates: a guidance manual* provided by HM Treasury, and on the House of Commons Scrutiny Unit website. The information in this memorandum has been approved by Jon Shortridge, Accounting Officer of the Department for Innovation, Universities and Skills

A final draft of the Main Estimate is attached.

1. Introduction

1.1 The Department for Innovation, Universities and Skills Main Estimate (ME) for 2009–10 seeks the necessary resources and cash to support the continuing functions of the Department.

1.2 The purpose of this memorandum is to provide the Select Committee with an explanation of how the resources and cash sought in the Main Estimate will be applied to achieve Departmental Strategic Objectives (DSO) and Public Service Agreement (PSA) targets. This includes information on comparisons with the resources provided in earlier years in Estimates and Departmental Expenditure Limit (DEL) Budgets, and to future financial plans for the rest of the Comprehensive Spending Review (CSR) 07 period.

1.3 In accordance with the HMT timetable for the production of Supply Estimates, the content and format for this Estimate was agreed in January 2009. Updates have been made to reflect adjustments arising from Budget 2009, with two exceptions: revisions to the administration budget and accessing EYF for FE Capital expenditure. These will be included in the Winter Supplementary Estimate 2009–10.

1.4 On 5 June 2009 the merger of the Department for Innovation, Universities and Skills (DIUS) with the Department for Business, Enterprise and Regulatory Reform (BERR) was announced. It was not possible to reflect the merger in the Main Estimates and a Supplementary Estimate, reflecting the new department, will be presented to Parliament later in the year. This memorandum therefore does not consider the impact of the Machinery of Government changes on the DIUS Main Estimate 2009–10.

An explanation of key terms used in the memorandum is provided at Annex A.

2. Summary of Provision Sought

2.1 The Main Estimate requests provision totals of:

Net resources within Request for Resources 1 (RfR1)[12]	£15,871.729 million
Net resources within Request for Resources 2 (RfR2)[13]	£3,584.149 million
Total Net Resource Requirement	£19,455.878 million
Net voted capital expenditure	£4,822.562 million
Net cash requirement	£22,056.816 million

2.2 The key budgetary figures are:

Resource DEL	£17,224.490 million
Of which:	
Near-cash	*£15,694.107 million*
Administration Budget	*£70.899 million*
Capital DEL	£2,647.108 million
Annually Managed Expenditure (AME)	£5,036.900 million

3. Detailed Explanation of Changes from Spending Review and 2008–09

3.1 The Main Estimate requests provision totals of (with 2008–09 Main Estimate figures provided for comparison):

		2008–09
Net resources within Request for Resources 1 (RfR1)	£15,871.729 million	*£14,693.465 million*
Net resources within Request for Resources 2 (RfR2)	£3,584.149 million	*£3,802.181 million*
Total Net Resource Requirement	£19,455.878 million	*£18,495.646 million*
Net voted capital expenditure	£4,822.562 million	*£4,769.587 million*
Net cash requirement	£22,056.816 million	*£21,003.978 million*

Compared to the Main Estimate last year, there is an increase of £1,178.264 million to RfR1 and a decrease in RfR2 of £218.032 million.

3.2 The increase in RfR1 is entirely within Grant-in-Aid. The largest movements year on year are:

— LSC £646 million–£216 million from Budget 09, £185 million from increased contributions from DCSF and £53 million from internal reprioritisations. The balance predominantly relates to increases in the budgets for Train to Gain and adult apprenticeships between 2008–09 and 2009–10, reflecting expected increases in learner numbers.

— HEFCE, £421 million–£200 million capital acceleration in Pre Budget Report 2008. The balance relates to growth in student numbers and to increases in funding to keep the unit of funding constant in real terms to maintain research funding in line with commitments.

— TSB, £134 million–£49 million transfer of the Space Programme from Central Government Spending within "Science, Innovation and Knowledge Transfer" (Estimate Line F), £25 million increase in near cash in the Budget 2009, transferred from DBERR and £60 million from underlying CSR increases.

3.3 The decrease in RfR2 is due to the inclusion of excess funding in the Main Estimate 2008–09, where voted DEL funds for Knowledge Transfer and Science and Research Investment Fund were adjusted by £314 million as set out in the Spring Supplementary Estimate 2008–09 Memorandum. This is offset to some extent by an increase in Grant-in-Aid required to fund the £75 million of capital expenditure brought forward from 2010–11 in the Pre-Budget Report 2008.

3.4 The table below shows a comparison between the DEL Budget in the Main Estimate 2009–10 with the corresponding figures from the 2009–10 baseline in the 2007 Comprehensive Spending Review and shows all the changes in the intervening period.

[12] RfR1: To help build a competitive economy by: creating opportunities for everyone to develop their learning and skills and creating excellence in science, research and innovation.
[13] RfR2: Increasing scientific excellence in the UK and maximising its contribution to society.

Table S3.1

2009–10 DEL BUDGET (£m)	*Near-cash Resource*	*Non-cash Resource*	*Total Resource*	*of which: Admin budget*	*Capital*	*Total DEL*
CSR07 Settlement	15,604.781	2,043.783	17,648.564	*68.000*	2,205.108	19,853.672
Reclassification adjustments						
Reclassification of maintenance of Student Loans Provisions from DEL to AME		–515.000	–515.000			–515.000
Machinery of Government (MoG) changes						
Government Skills (from Cabinet Office)		1.600	1.600	*1.600*		1.600
Science and Innovation Network (from Foreign and Commonwealth Office) Inter departmental transfers	0.150		0.150	*0.150*		0.150
Transfer to DBERR for Corporate and Social Responsibility budget (erroneously transferred to DIUS in the 2007 MoG changes)	–0.531		–0.531			–0.531
Transfer from DBERR for NWML (National Weights and Measures Laboratory)	0.146		0.146			0.146
Transfer from DCLG in respect of student finance functions transferred from Local Authorities to the Student Loans Company	21.700		21.700			21.700
Transfer from DCSF for vocational qualification reform	3.655		3.655			3.655
Transfer to CO for Government Security Zone	–0.040		–0.040			–0.040
Transfers from various OGDs for Government Skills	1.140		1.140	*0.765*		1.140
Transfer to Welsh Assembly Government for Prisoner Learning	–2.656		–2.656			–2.656
Transfer to DCLG for Migration Impact Fund	–8.000		–8.000			–8.000
Transfer to FCO for Overseas Network	–1.122		–1.122			–1.122
Additional transfer from FCO for Science and Innovation Network	0.500		0.500			0.500
Additional funding announced in Budget/Pre-Budget Reports						
Pre-Budget Report 2008 Capital acceleration					275.000	275.000
Budget 2009 additional funding for Technology Strategy Board (transferred from DBERR)	25.000		25.000			25.000
Budget 2009 additional funding for training	49.000		49.000			49.000
Budget 2009 additional capital funding for LSC *Other changes*					167.000	167.000
Correction of Admin Budget to match actual CSR07 settlement	0.384		0.384	*0.384*		0.384
Total changes since CSR07 settlement	89.326	–513.400	–424.074	*2.899*	442.000	17.926
DEL BUDGET AS AT ME 2009–10	**15,694.107**	**1,530.383**	**17,224.490**	***70.899***	**2,647.108**	**19,871.598**

4. Impact on the Public Service Agreement (PSA) and Departmental Strategic Objectives (DSO) Targets

4.1 DIUS leads on two of the Government's Public Service Agreement targets.

— PSA 2: Improve the skills of the population, on the way to ensuring a world class skills base by 2020.

— PSA 4: Promote world class science and innovation in the UK.

4.1.1 For each of these PSAs the Department holds two PSA Boards who receive reports on the progress made on the following analysis:

4.1.2 Performance Indicators for PSA 2:

— Progress towards L1 or above Literacy Qualification.

— Progress towards L3 or above Literacy Qualification.

— Progress towards proportion of working age adults qualified to at least full level 2.

— Progress towards proportion of working age adults qualified to at least full level 3.

— Progress towards proportion of working age adults qualified to Level 4 and above.

— Progress towards HEI Participation Rate (HEIPR).

— Apprenticeships: Progress to 130,000 Framework Completions by 2010–11.

4.1.3 Performance Indicators for PSA 4:

— Business and intellectual income generated by UKHE institutions and public sector research establishments.

— % of UK business with 10+ employees that are "innovation active".

— Business R&D—average UK R&D intensity in six most R&D intensive industries, relative to other G5 economies.

— % share of citation in leading scientific journals.

— Number of UK PhD completers in STEM subjects.

— Number of young people taking A levels in maths, physics, chemistry and biological science.

4.1.4 The PSA Boards have commissioned further work to develop the reporting on these indicators.

4.2 Additionally, as part of the CSR Settlement DIUS has been assigned the following DSOs:

— DSO1: Accelerate the commercial exploitation of creativity and knowledge, through innovation and research, to create wealth, grow the economy, build successful businesses and improve quality of life.

— DSO 2: Improve the skills of the population throughout their working lives to create a workforce capable of sustaining economic competitiveness and enable individuals to thrive in the knowledge economy.

— DSO 3: Build social and community cohesion through improved social justice, civic participation and economic opportunity by raising aspirations and broadening participation progression and achievement in learning and skills.

— DSO4: Pursue global excellence in research and knowledge, promote the benefits of science and society, and deliver science, technology, engineering and mathematics skills in line with employer demand.

— DSO 5—Strengthen the capacity, quality and reputation of the Further and Higher Education systems and institutions to support national economic and social needs.

— DSO6—Encourage better use of science in Government, foster public service innovation, and support other Government objectives which depend on DIUS expertise and remit.

4.2.1 The application of DEL in the achievement of the PSAs & DSOs can be shown as follows:

MAIN ESTIMATE 2009–10 DEL BREAKDOWN BY DSO AND PSA

£'000		*PSA2*	*PSA4*	*Total*
DSO 1 (Innovation)	Near Cash	0	388,976	388,976
	Non-cash	0	11,382	11,382
	Capital	0	22,045	22,045
	Sub-total	0	422,403	422,403
DSO 2/3 (HE/FE)	Near Cash	3,911,250	0	3,911,250
	Non-cash	2,227,206	0	2,227,206
	Capital	6,795	0	6,795
	Sub-total	6,147,251	0	6,147,251
DSO 4 (Science)	Near Cash	0	2,824,669	2,824,699
	Non-cash	0	204,071	204,071
	Capital	0	716,437	716,437
	Sub-total	0	3,745,177	3,745,177
DSO 5 (HE/FE)	Near Cash	7,653,567	0	7,653,567
	Non-cash*	(24,188)	0	(24,188)
	Capital	1,332,906	0	1,332,906
	Sub-total	8,966,492	0	8,966,492
DSO 6 (Go Science/FE)	Near Cash	136,505	4,250	140,755
	Non-cash	0	0	0
	Capital	0	0	0
	Sub-total	136,505	4,250	140,755

£'000		*PSA2*	*PSA4*	*Total*
Resources and Policy	Near Cash	–	–	40,007
	Non-cash	–	–	0
	Capital	–	–	0
	Sub-total	–	–	40,007
Total (excl Resources and Policy)	Near Cash	11,701,322	3,217,895	14,919,217
	Non-cash	2,203,018	215,453	2,418,471
	Capital	1,339,701	738,482	2,078,183
	Sub-total	15,250,248	4,171,830	19,422,078
Total (incl Resources and Policy)	Near Cash	11,701,322	3,217,895	14,959,224
	Non-cash	2,203,018	215,453	2,418,471
	Capital	1,339,701	738,482	2,078,183
	Sub-total	15,244,041	4,171,830	19,455,878

* The negative figure indicates the use of provisions raised in prior period.

5. Departmental Expenditure Limit

5.1 The following table shows prior year DEL outturn (estimated outturn for 2008–09 based on the forecast provided to HM Treasury in March 2009) together with plans for this year and 2010–11, the last year of the CSR07 period:

Table S5.1

£ million	*2003–04 Outturn*	*2004–05 Outturn*	*2005–06 Outturn*	*2006–07 Outturn*	*2007–08 Outturn*	*2008–09 Estimated Outturn*	*2009–10 Plans*	*2010–11 Plans*
Resource DEL	12,168.922	12,602.833	13,594.788	14,087.718	15,459.343	16,666.388	17,224.490	17,904.904
Capital DEL	1,299.150	1,429.248	2,004.423	1,890.595	2,059.304	2,122.628	2,647.108	1,817.808
*Less Depreciation**	*93.787*	*98.501*	*114.240*	*116.242*	*162.725*	*245.223*	*163.375*	*176.363*
Total DEL	13,374.2855	13,933.508	15,484.971	15,862.071	17,355.922	18,543.793	19,708.223	19,546.349

*Depreciation, which forms part of resource DEL, is excluded from the total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

Further analysis of this data will be published in the DAR 2009 in June 2009. Movements in 2010–11 DEL Budgets are similar to those shown for 2009–10.

Table S5.2

In addition to the multi-year analysis shown above and the 2009–10 breakdown in table S3.1, table S5.2 shows DEL movements for 2010–11 since CSR 2007.

2010–11 DEL BUDGET (£m)	*Near-cash Resource*	*Non-cash Resource*	*Total Resource*	*of which: Admin budget*	*Capital*	*Total DEL*
CSR07 Settlement	16,537.648	2,155.464	18,693.112	*67.000*	2,259.808	20,952.920
Reclassification adjustments						
Reclassification of maintenance of Student Loans Provisions from DEL to AME		–514.000	–514.000			–514.000
Machinery of Government changes						
Government Skills (from Cabinet Office)		1.600	1.600	*1.600*		1.600
Science and Innovation Network (from Foreign and Commonwealth Office)	0.150		0.150	*0.150*		0.150
Inter departmental transfers						
Transfer to DBERR for Corporate and Social Responsibility budget erroneously transferred to DIUS in the 2007 MoG changes	–0.531		–0.531			–0.531
Transfer from DBERR for NWML (National Weights and Measures Laboratory)	0.146		0.146			0.146

2010–11 DEL BUDGET (£m)	*Near-cash Resource*	*Non-cash Resource*	*Total Resource*	*of which: Admin budget*	*Capital*	*Total DEL*
Transfer from DCLG in respect of student finance functions transferred from Local Authorities to the Student Loans Company	27.900		27.900			27.900
Transfer from DCSF for vocational qualification reform	3.655		3.655			3.655
Transfer to CO for Government Security Zone	–0.040		–0.040			–0.040
Transfers from various OGD's for Government Skills	1.140		0.599	*0.765*		0.599
Transfer to Welsh Assembly Government for Prisoner Learning	–2.733		–2.733			–2.733
Transfer to FCO for Overseas Network	–2.254		–2.254			–2.254
Transfer to ONS for 2011 census	–1.360		–1.360			–1.360
Additional funding announced in Budget/Pre-Budget Reports						
Pre-Budget Report 2008 Capital acceleration					–442.000	–442.000
Budget 2009 additional funding for Technology Strategy Board (transferred from DBERR)	25.000		25.000			25.000
Budget 2009 additional funding for training	73.400		73.400			73.4
2010–11 efficiency savings	–400.000		–400.000			–400.000
Other changes						
Alignment of Admin Budget to match actual CSR07 settlement	–0.281		–0.281	*–0.281*		–0.281
Total changes since CSR07 settlement	–275.808	–512.400	–788.749	2.234	–442.000	–1,230.749
DEL BUDGET AS AT ME 2009–10	16,261.840	1,643.064	17,904.904	69.234	1,817.808	19,722.712

5.2 As announced in Budget 2009, DIUS has identified scope to deliver further value for money savings in 2010–11 totalling £400 million. The DEL near-cash total has been reduced accordingly. This represents 2.2% of the total DIUS Resource DEL budget in 2010–11. We will deliver these additional savings through reforming the way we spend our money so that our expenditure is effectively and sustainably focused towards meeting the UK's economic and social goals.

5.3 *Departmental Unallocated Provision (DUP)*

In 2009–10 DIUS has a total Departmental Unallocated Provision (DUP) of £246.307 million split between non ring-fenced DUP and Science DUP and between Resource and Capital as follows:

Table S5.3

2009–10 DUP

£ million	*Near-cash*	*Non-cash*	*Total Resource*	*Capital*	*Total DUP*
Non ring-fenced DUP	40.624	0	40.624	0	40.624
Science (ring-fenced) DUP	27.332	2.511	29.843	175.840	205.683
Total	67.956	2.511	70.467	175.840	246.307

The non ring-fenced near-cash DUP for 2009–10 was set in the CSR07 settlement at £42.512 million. The movements since the settlement are as follows:

Table S5.4

2009–10 NON RING-FENCED NEAR CASH DUP MOVEMENTS SINCE CSR07 SETTLEMENT

Non Ring-Fenced Near Cash DUP 200910 as at CSR 07 Settlement	**£42.512 million**
Transfer to Cabinet Office for Government Security Zone	*−£0.040 million*
Transfer to Department for Communities and Local Government for Migration Impact Fund	*−£8.000 million*
Allocation to fund outstanding OGD transfers for Government Skills	*−£1.202 million*
Increase in DUP reflecting repayment of loan made to Technology Strategy Board in 2008–09	*£6.300 million*
Increase in DUP reflecting increase in dividend from UKIPO	*£1.054 million*
Total movement in DUP	***−£1.888 million***
Non Ring Fenced Near Cash DUP 2009–10 as at Main Estimate 2009–10	**£40.624 million**

It is currently intended that £14 million of the remaining non ring-fenced near cash DUP will be used to fund the programme to Administration switch discussed in section 7. This will be confirmed in the Winter Supplementary Estimate 2009–10.

6. DEL End Year Flexibility

6.1 Following the draw-down of £232.02 million in the Spring Supplementary Estimate 2008–09 the department is left with a total of £874.062 million EYF. The following table shows all movements since July 2008:

Table S6.1

£m	*Admin*	*Other Resource*	*Of which: Near Cash*	*Of which: Non Cash*	*Capital*	*Total*
Balance brought forward at PEOWPs 2008	5.917	811.288	768.472	48.733	211.220	1028.425
HEFCE Adjustment[14]	0	77.588	71.606	5.982	0.069	77.657
Balance, January 2009	5.917	888.876	840.078	54.715	211.289	1106.082
Drawn down in SSE 08–09	5.917	226.103	177.305	54.715	0	232.020
Balance carried forward, April 2009 (subject to review at PEOWPs 2009)	0	662.773	662.773	0	211.289	874.062
Planned draw downs in 2009–10	0	365.416	365.416	0	100.000	465.416
Planned balance carried forward, April 2010	0	297.357	297.357	0	111.289	408.646

6.2 Provisional outturn for 2008–9 and updated EYF stocks will be published in the *Public Expenditure Outturn White Paper,* due to be published by HMT in the week commencing 13 July 2009.

6.3 DIUS will face pressures on non-cash expenditure throughout 2009–10. We shall seek to meet these pressures from within our existing provision and will, if necessary, seek additional provision from HMT.

7. Administration Budget

7.1 The following table shows prior year Administration Budget outturn (estimated outturn for 2008–09 based on the forecast provided to HM Treasury in March 2009) together with plans for this year and 2010–11, the last year of the CSR07 period:

Table S7.1

£ million	*2003–04 Outturn*	*2004–05 Outturn*	*2005–06 Outturn*	*2006–07 Outturn*	*2007–08 Outturn*	*2008–09 Estimated Outturn*	*2009–10 Plan*	*2010–11 Plan*
Administration Budget	73.297	81.751	65.675	67.326	69.949	77.585	70.899	69.234

7.2 In addition to the multi-year analysis, the changes in the Administration Budget for 2009–10 since the 2007 Comprehensive Spending Review are shown in Table S3.1. Changes in the Administration Budget for 2010–11 are shown in Table S5.2

[14] Details of this adjustment were included in the Memorandum accompanying the 2008–09 DIUS Spring Supplementary Estimate.

7.3 The increases in the Administration Budget arising from transfers from Other Government Departments towards the costs of Government Skills (£0.765 million in both 2009–10 and 2010–11) will be switched from Administration to programme budgets in the Winter Supplementary Estimate 2009–10, as required by HMT.

7.4 The Administration Budget has been increased by £0.150 million following the Machinery of Government transfer from the Foreign and Commonwealth Office (*see* Section 8 below).

7.5 An increase of £14.3 million has been agreed by HMT for 2009–10 and £13.2 million for 2010–11. This increase will be reflected in the Winter Supplementary Estimate 2009–10 as agreement with HMT was reached after the opportunity to make Main Estimate 2009–10 adjustments had passed. The additional funds reflect the need to operate the department effectively and efficiently, including the need to invest in the preparation for moving to a new shared service provider in 2010–11. We operated with a lower budget in 2007–08 and 2008–09 given the Department was still being set up and a number of staff were recruited in-year.

8. Machinery of Government Changes

8.1 The only Machinery of Government change since the Spring Supplementary Estimate 2008–09 is the transfer of six posts in the Science and Innovation network from the Foreign and Commonwealth Office (FCO). The FCO have transferred £150,000 to our Administration Budget in respect of these. The transfer took effect from 1st April 2009 although the posts themselves were transferred to DIUS with effect from 1 July 2008. There was no end year flexibility associated with this change.

9. Provisions

9.1 The provisions within the Main Estimate 2009–10 represent the updated position from those raised in 2008–09. No new expenses have been provided for.

9.2 Provisions in the Main Estimate 2009–10 have been increased by £212.9 million from the equivalent position in the Spring Supplementary Estimate 2008–09. Within the £212.9 million increase, £213.1 million relates to the increase in student loans in England (comprising £169.8 million for an increase in Student Fee loans and £43.3 million for an increase in Student Maintenance loans).

9.3 Full details of the Department's provisions as at 31 March 2009 will be shown in the 2008–09 Resource Accounts.

10. Contingent Liabilities

10.1 The Contingent Liabilities for the Department were reviewed as part of the 2008 Interim Accounts preparation. At the time of publishing this Main Estimate the position as stated as at 31 March 2008 in the Resource Accounts 2007–08 and in the Winter and Spring Supplementary Estimates 2008–09 remains unchanged. Any updates will be published in the 2008–09 Resource Accounts.

11. Net Cash Requirement

11.1 The net cash requirement in the Estimate is £22,056.816 million. This represents an increase of £1,052.838 million on the Main Estimate 2008–09, driven by the additional Grant-in-Aid requested for RfR1 (*see* section 3.2/3.3 above) and an increase of £554.065 million on the 2008–09 Spring Supplementary Estimate.

12. Contingency Fund Advance

12.1 The footnote in Part I of the Main Estimate refers to the advance of £77,000 from the Contingencies Fund to enable the Department to recruit the Chief Executive Officer of the proposed new Skills Funding Agency. The additional funding will enable the successful candidate to take up their position as early in the transition year (2009–10) as possible.

Annex A

EXPLANATION OF KEY TERMS AND GLOSSARY OF ABBREVIATIONS

Departmental Expenditure Limit (DEL)

DEL spending forms part of Total Managed Expenditure (TME). It includes expenditure which is generally within the department's control and can be managed with fixed three-year limits, such as the costs of its own administration and payments to third parties.

Annually Managed Expenditure (AME)

AME is a Treasury budgetary control. AME spending does not fall within the Departmental Expenditure Limits. It is generally less predictable and controllable than expenditure in DEL. In DIUS, AME is primarily demand led expenditure on student loan payments.

Request for Resources (RfR)

DIUS has 2 RfR's:

— RfR1: To help build a competitive economy by: creating opportunities for everyone to develop their learning and skills and creating excellence in science, research and innovation.

— RfR2: Increasing scientific excellence in the UK and maximising its contribution to society.

RfR2 covers the ring fenced Science Expenditure. Expenditure within this area cannot be reallocated across to other areas of expenditure. RfR 1 contains expenditure on all other departmental activities.

Virements

The use of savings on one or more sections or subheads to meet excesses on another section or subhead within the same Request for Resources (RfR) of an Estimate.

Departmental Unallocated Provision (DUP)

A Departmental contingency reserve, established in SR's or CSR's, which can be accessed, where necessary, by means of a Main or Supplementary Estimate.

End of Year Flexibility (EYF)

A mechanism that enables the Department to plan the use of resources over Spending Review years and therefore carry forward unspent provision in the Departmental Expenditure Limit in one year to subsequent years.

Voted and Non-Voted Expenditure

Voted Expenditure is that which has been approved in Main or Supplementary Estimates ("Vote"). Non-voted expenditure has not been through this Parliamentary process. Voted expenditure comprises the Requests for Resources and voted Capital expenditure. Most of DIUS's non-voted expenditure is the resource and capital expenditure by NDPBs. The grant-in-aid (cash) which the department pays to NDPBs is within the Vote.

COINS

Coins is a Treasury database holding departmental public expenditure data (outturn and plans) for a run of years.

Non Departmental Public Body (NDPB)

Public bodies which are outside of Departments but usually funded by a Department through the mechanism of grant-in-aid eg the Higher Education Funding Council for England and the Research Councils. Construction Skills, Engineering Construction Industry Training Board and Film Industry Training Board are NDPB's which are partly funded by levies which they raise from industry.

Other Abbreviations

DCLG	Department for Communities and Local Government
DCSF	Department for Children, Schools and Families
DELNI	Department for Employment & Learning Northern Ireland
HE	Higher Education
HEFCE	Higher Education Funding Council for England
LA	Local Authority
NIACE	National Institute of Adult Continuing Education
PCSPS	Principal Civil Service Pension Scheme
SSE	Spring Supplementary Estimate
TSB	Technology Strategy Board
WSE	Winter Supplementary Estimate

Letter from the Rt Hon John Denham MP, Secretary of State for Innovation, Universities and Skills, to the Chairman of the Committee

Thank you for your letter of 29 April on value-for-money savings.

The priorities referred to in Table 6.1 of the Budget 2009 Red Book relate to the achievement of £118 million of efficiency savings by the Research Councils during the first three-quarters of 2008–09. In accordance with the Haldane Principle, the way in which these savings are achieved are for the Research Councils, rather than DIUS, to decide. The research priorities for each Research Council can be found in their individual Delivery Plans.

The Research Councils have told us that they have revised their plans for value-for-money efficiencies for CSR07 which has resulted in the collective target for 2010–11 increasing from £243 million to £349 million. The details of how these targets will be achieved are a matter for the Research Councils and the outcomes will be reported in the normal manner in the Departmental Annual Report.

As I made clear in the budget Debate, the additional £106 million savings by Research Councils in 2010–11 will remain within the Science and Research Budget ringfence. The majority of Government Departments have had to hand back their efficiency savings to Treasury rather than reinvest them in this way.

The Research Councils will decide how those savings will be spent. They have already discussed priorities at a conference on 6 April. On 18 May, the Research Councils announced the five areas where the £106 million will be reinvested (http://www.rcuk.ac.uk/news/090518.htm). The five areas are: green economy, life sciences, digital economy, high-value manufacturing systems and services and cultural and creative industries.

I understand Paul Drayson discussed this with your committee when he appeared before them on 18 May.

26 May 2009

The UK Centre for Medical Research and Innovation (UKCMRI)

PROGRESS REPORT FOR THE HOUSE OF COMMONS INNOVATION, UNIVERSITIES AND SKILLS COMMITTEE, JULY 2009

1. Introduction

In the Innovation, Universities and Skills Committee's First Report of Session 2007–08 (23 January 2008), *UK Centre for Medical Research and Innovation*, the Committee's second recommendation was:

> "We expect to receive quarterly updates, beginning in March 2008, on the development of the project with particular reference to the concerns highlighted [in the Report] from the MRC and DIUS and would much welcome similar briefings from the other partners".
>
> (Paragraph 13)

It was subsequently agreed by the Science Minister that DIUS and the MRC would submit progress sreports on UKCMRI to the Committee every six months. This is the third such report. (Previous reports were submitted in July 2008 and January 2009).

Certain of the negotiations are commercially sensitive and/or may directly involve staff of the organisations, and the information provided to the Committee naturally has to take this into account.

2. Programme Governance

The governance of the UKCMRI Programme is through a Steering Group at the strategic level, and via a Programme Delivery Committee (PDC), at a tactical level; the latter directs the work of a number of work streams and project boards. A Scientific Planning Committee (SPC) chaired by Sir Paul Nurse advises on the Steering Group on scientific strategy and on the organisation of science in the building. The Steering Group chaired by Sir David Cooksey comprises the CEOs of the four consortium members and the chairs of the PDC and SPC. This governance structure will be modified during the next three months in preparation for the creation of a Special Purpose Vehicle (SPV), as the corporate entity charged with the delivery of the programme. The significant changes are the replacement of the Steering Group by a Board of Trustees/ Directors, and the replacement of the PDC by an executive committee.

3. The Building

Work on the design of the building is continuing: the Project Steering Group has agreed a conceptual design and this is being developed. RIBA Work Stage C will be signed in the near future. A number of advisory groups, comprising staff from the four sponsors, have been set up to help brief the design team. The Science Planning Committee is regularly updated on progress.

Andrew Smith, formerly a director at EC Harris (Cost and Project Management Consultants) was appointed Construction Director and started work on 25 May. The OJEU process for procurement of a main contractor will commence in the next few weeks, for the main contractor to be appointed in the 1st Qtr 2010.

4. Planning and Public Relations

Representatives of the consortium have continued dialogue with Camden Council. A planning application will be submitted in November. A full community consultation is currently underway, building on ongoing dialogue with local politicians and community groups, as well as key stakeholders and third parties. This includes an exhibition designed to inform the local community and provide the opportunity for feedback.

A leaflet for distribution to local households is attached (Annex 1) along with a recently updated booklet outlining the UKCMRI project (Annex 2).

Senior staff from MRC head office, including myself, take part in ongoing discussions and engagement with NIMR staff at Mill Hill through, for example, all-staff Q&A meetings at the Mill Hill site.

5. Final Outline Business Case (FOBC) and Major Projects Review Group (MPRG)

The FOBC was submitted to DIUS in February and a review by the MPRG was completed on 31 March 2009. During the dialogue that followed these events, it was agreed that some further, minor amendments should be make to the FOBC. These have been completed and the FOBC is now with the Treasury for consideration by Ministers. The Full Business Case is on target to be ready in thee 4th Qtr of 2009, allowing sufficient time for the consideration and final authority to be granted by the 1st Qtr 2010, thereby clearing the way for work on site to begin in the 2nd Qtr 2010.

Leaflet for distribution to local households.[15] **Annex 1**

Annex 2

UK Centre for Medical Research and Innovation: Information on the vision to create a world-leading centre for science and innovation in London.[16]

16 July 2009

Letter from Lord Drayson, Minister for Science and Innovation, to the Chairman of the Committee

When John Denham gave evidence to your Committee on 20 May he agreed to consider again your request to release in confidence to the Committee the letters which the Government sent to the Research Councils in 2007, in relation to the allocation of funding as part of the Comprehensive Spending Review settlement.

We have now done so. Our commitment to make the next spending review more consultative than before is clear. We shall have specific discussions with key stakeholders about the broad strategic choices faced by the Government during the allocations process, and Councils will all be engaging with their own communities about their own strategic priorities. Much work on this is already underway, with a number of Councils consulting on updates to their current strategies.

[15] Not printed.
[16] Not printed.

That said, as the Government explained in its original response to the Committee's report on the allocations, it does regard the process of discussions between Councils and Government on specific allocations, leading up to Ministerial announcements on allocations, as properly conducted in private, on the same basis as discussions between Departments and the Treasury during Spending Reviews. This promotes candid discussion and a robust appraisal of options. Contemporary disclosure of such discussion, or knowledge that subsequently they would be subject to specific scrutiny, would inhibit effective preparation of advice to Ministers. This is a well understood distinction in terms of good governance, recognised for example in Freedom of Information legislation.

The right obligation on Government and Research Councils is to provide clear explanation of decisions on strategic priorities, which we seek to do through publication of the Government's Allocations Booklet and the Delivery Plans of each Council. For the next review we shall aim to improve the quality of both these publications.

19 July 2009