

Science, Innovation and Technology Committee

Oral evidence: Innovation showcase, HC 523

Tuesday 27 January 2026

Ordered by the House of Commons to be published on 27 January 2026.

[Watch the meeting](#)

Members present: Dame Chi Onwurah (Chair); Emily Darlington; George Freeman; Kit Malthouse; Samantha Niblett; Dr Lauren Sullivan; Freddie van Mierlo; Daniel Zeichner.

Question 49

Witness

I: Sir Mike Ferguson, Regius Professor of Life Sciences, University of Dundee.

Examination of witness

Witness: Sir Mike Ferguson.

Chair: Welcome to the Select Committee's innovation showcase. The Committee wants to understand how the UK supports innovators and what more can be done. Each week, one member of the Committee selects an innovator to share their story. This week, Dr Lauren Sullivan selected our innovator. I hand over to Lauren to introduce him.

Q49 **Dr Sullivan:** Lovely, thank you, Chi. It is my great pleasure and privilege to introduce Mike—I know him as Mike. Professor Sir Mike Ferguson was my PhD supervisor. At the time, he was building just one building at the University of Dundee. Having left there, he has continued to build a couple more buildings for life sciences, as well as doing other amazing things. Last night, he presented a public lecture, the Leeuwenhoek Prize Lecture, at the Royal Society. It provided a golden opportunity to bring him here to ask what more Government can do to unlock growth in life sciences—I know you have things to say on that—as well as how we can keep more spin-out companies in the UK. Thank you for coming; I am looking forward to hearing you.

Sir Mike Ferguson: Thank you very much, Lauren. It is a privilege to be here. I am Mike Ferguson, Regius Professor of Life Sciences at the University of Dundee. The university is unusual in that it is one of the top universities in the UK for biology and life sciences, by many criteria which I won't bore you with. One of its real USPs is that it is also very entrepreneurial and translational, by which I mean that it not only does fundamental discovery science, without which you have nothing, but it has also developed mechanisms—what I call translational engines—for taking innovative discovery science through towards societal benefit. That is often, though not always, through commercialisation and the formation of new spin-out companies and so on.

We have been extraordinarily successful at creating high-value, highly invested spin-out companies. One frustration is that we have been part of what I call a levelling-down agenda, where those companies have then ended up in the south of England, in Oxford and Cambridge. That was historically due to a lack of appropriate estate in Dundee. We have fixed that now by building an incubator building, Innovation Hub, to keep our companies close. By doing that, we hope to get more regional economic benefit in economically stressed parts of the country, so that is all fine.

The issue I would like to bring up today, if I may, is what we can do as a nation to increase the success rate of producing high-value, highly invested life sciences, biotechnology and biopharmaceutical companies. I think there are two key bottlenecks. The first and most acute one, and ironically the cheapest to fix, is in the area of what I call proof of concept, or taking an innovation and converting it into an investable asset.



HOUSE OF COMMONS

Let me just replay to you what my conversations with venture capital usually go like. We will bring up a national or, very often, international venture capital organisation to look at our opportunities for investment into commercialising into spin-out companies. We may put five or six opportunities in front of them, and they may say, "Oh, we like No. 1 and we like No. 3; come back when you have done A, B and C for No. 1 and X, Y and Z for No. 3." Everybody looks at each other and says, "Well, who's going to fund that?" There is a bit of a Mexican stand-off here. The public sector expects the private sector to do that and they don't, and vice versa.

I am talking about trivial sums of money here. Something that might be £20 million to £30 million-worth of prior UKRI and charity investment ends up stuck on the shelf going nowhere for the sake of a quarter of a million pounds to do some key proof-of-concept experiments or business analysis. Roughly, we should spend about 1% of R&D budget on that problem. I would like that to be an additional 1% rather than taking it away from the rest, but either way, unless and until we do that, we will underperform in terms of taking first-rate science, which the UK is very good at in life sciences, and getting it off the blocks and into a position where it is properly invested.

If you do not get that proof-of-concept money and it is not properly invested at the right level, one of two things happen: either it does not go anywhere at all, or it gets underinvested. Unlike tech, life sciences is expensive. If you get angel investors who come in and underinvest, you just end up with zombie companies at best. They are not terrible things but they do not really move the needle for UK prosperity. I suggest that the Government look closely at this issue of proof-of-concept funding. It should be non-dilutive public sector funded, in my opinion. If one does that, I would say you will get at least a fortyfold to sixtyfold return on that investment. That would include foreign direct investment, because a lot of the venture capital for life sciences spin-outs comes from overseas. There is a lot to like about that opportunity.

If I have a moment more, the other bottleneck is that, once you have got high-growth companies developed, obviously they need to go through rounds of investment—seed, investment series A and series B, etc. At the moment, there is also a lack of capital in the UK system for scaling these companies to get them to a large series B or series C. This is probably a topic that you will have discussed separately so I will not labour the point, but liberating money from UK pension accounts into funding innovative opportunities in a spread-betting way such that the returns to the pension funds are almost guaranteed is essential. At the moment, we have a lot of capital sitting around doing nothing for the UK economic benefit in terms of creating the new companies of the future which we must have if we are to prosper as an innovation and science-led nation. Thank you very much.

Chair: Thank you. That really resonates with some of the inquiries that



HOUSE OF COMMONS

the Committee has undertaken, particularly on regional innovation and growth, which showed up many of the issues you have just raised. It is great to have your real-life experience in that. Thank you very much for joining us today for our innovation showcase. Thank you, Lauren, for bringing him.