

# Science and Technology Committee

## Oral evidence: [Role and Priorities of UK Research and Innovation Interim Chair](#), HC 671

Wednesday 12 October 2016

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Members present: Dr Tania Mathias (Chair); Victoria Borwick; Jim Dowd; Chris Green; Carol Monaghan; Derek Thomas; Matt Warman

Questions 1 - 63

### Witnesses

Sir John Kingman, Interim Chair, UK Research and Innovation, and Rebecca Endean, Director, Science and Research, Department for Business, Energy and Industrial Strategy.

Written evidence from witness:

- [Department for Business, Energy and Industrial Strategy](#)



## Examination of witnesses

Sir John Kingman and Rebecca Endean.

**Q1 Chair:** I welcome our witnesses, Sir John Kingman and Rebecca Endean. I apologise for keeping you waiting for a few minutes. Before we ask questions, I would appreciate it if you would introduce yourselves with a brief background. Sir John, could you say how you came to be appointed as the first chair of UK Research and Innovation?

**Sir John Kingman:** I should say at once that my credentials for this role are definitely not scientific. I have spent most of my career in the Treasury, in the course of which I worked over a very long period on science and innovation policy and funding, both public funding for science but also on issues like R and D tax credits and wider issues around the innovation environment. I think I worked on five spending reviews for science and numerous Budgets.

I was asked by the former Chancellor of the Exchequer, George Osborne, whether I would be the interim chair with the specific remit to set up the new organisation. A permanent chair will be appointed by the Government from April 2018. My role is to get the organisation to a point where it can function, be effective and be seen to add value. In the short term, I am very focused on recruiting the chief executive, who will be a full-time person of strong scientific standing.

**Q2 Chair:** Thank you. Rebecca Endean, can you give your background in this role?

**Rebecca Endean:** I am the director of research and innovation transformation in the Department. My specific job is to support John and Ministers to set up the new organisation, get the requisite legislation and make sure that the organisation is ready to go from April 2018.

**Q3 Chair:** Thank you. Sir John, to begin with, could you tell us the core objectives, if you have them—you have been in place since May—and the deadlines to achieve them?

**Sir John Kingman:** The purpose of the organisation goes back to a report done for the Government by Paul Nurse. It is very important to say at the outset that Paul Nurse did not in any sense describe a broken system, but a system in which the Government spend roughly £6 billion a year on research and innovation through nine different bodies. The questions he raised were not really about whether or not those organisations were fundamentally effective but about strategic prioritisation across the system. He also highlighted a particular issue around the funding of interdisciplinary research. Much of the most exciting science now is interdisciplinary. While the research councils have worked hard on this agenda, the risk is that the organisational silos could cause some of the most interesting work to fall between the cracks.



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The purpose of the new organisation, when we put it in place, will be to have a small strategic organisation that sits over the existing bodies with, I hope, an intelligent perspective on prioritisation among them, but that also presents a degree of challenge to them about the effectiveness with which they are allocating their resources and collaborating with one another, including Innovate UK and the commercialisation of research.

Q4 **Chair:** How will you know whether that is successful?

**Sir John Kingman:** I think we will be successful if we are seen to add value. It is very important that we do not allow the organisation to build itself into an unnecessary bureaucracy. The existing organisations are there and there is no need to throw them up in the air. I want to make sure that around the chief executive is a small high-quality team that can act almost as a kind of intelligent shareholder in the nine funding bodies.

Another challenge, also referred to in Paul's report, is about integrating and making sure we have efficiency in the back-office functions, for want of a better expression, of the nine bodies. There are already ambitious plans for more efficiency and bringing things together, and it is a question of making the most of that.

Q5 **Chair:** How will you know whether you are achieving that interdisciplinary objective? Are there any measurements?

**Sir John Kingman:** We will need to think carefully about how our performance is objectively measured, but fundamentally it will be quite clear. This is a well-observed community of intelligent participants. Either we will be adding value or we will not be adding value. I hope and believe that we can add value.

Q6 **Chair:** You will have a lot of friendly critics, but they might be using different measurements, which is why I was curious about how you will be evaluating it.

**Sir John Kingman:** To be clear, at the moment the organisation consists of me two days a week. It comes into existence in April 2018. My focus at the moment is building the organisation. I agree that part of that will be to think hard about how objectively to assess whether we are adding value, but some of that will inevitably be subjective. You are right: if we are making a difference, I do not expect to be in a place where every decision we make is agreed with by everybody, but I think we need to be very alive to whether our decision making is respected.

Q7 **Chair:** This arguably could be called one of the most important jobs in the 21st century in the UK. You said you are there two days a week. Is it correct that after this appointment you took up the chairmanship of Legal & General? For such an incredibly important job, do you think two days is adequate?

**Sir John Kingman:** It is very important to be clear about what I am here for and what I am not here for. I am not competent to be the brains of



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the operation in terms of actual scientific decision making, and I do not think that will ever be the role of the non-executive chair of UKRI. The non-executive chair is there to ensure that the organisation is delivering—I hope I am competent to do that—and specifically to make sure that by April 2018 we have an organisation that is credible and able to do its job.

Q8 **Chair:** The two days are adequate.

**Sir John Kingman:** I believe so. I think the most important job by a mile is that of the chief executive. We have just gone out to recruit a chief executive. I am very excited by the emerging field for that post. It is a very prominent role; it is also a very challenging role to do well.

Q9 **Chair:** Was it your intention in May to be in October before appointing that post?

**Sir John Kingman:** Without wanting to seem flippant, by the standards of Government recruitment we are not doing at all badly on speed.

**Chair:** We deal only with good standards on this Committee.

**Sir John Kingman:** Quite right too, if I may say so. I think Rebecca will attest to that at every stage I have been kicking the process to make sure we have someone in place quickly, partly because anyone we recruit to the role is going to be doing a very serious job already. Therefore, even at the point at which we appoint someone we will need to extract them from wherever they are.

The organisation does not actually start to make decisions—in a sense, it does not start to have live ammunition—until April 2018. We have a little bit of time, but we have a lot to do.

Q10 **Chair:** You will definitely be staying until 2018.

**Sir John Kingman:** I have committed to do this role until April 2018. From then on it is entirely up to the Government who does it.

Q11 **Chair:** Is it right that you were chair of UK Financial Investments for only a year?

**Sir John Kingman:** I was chief executive of UK Financial Investments for a year, that is correct; but I have made a very clear commitment to do this role until April 2018.

**Chair:** That is greatly appreciated.

Q12 **Carol Monaghan:** Sir John, the Government have said that the formation of UKRI is designed to give the constituent bodies “a strengthened unified voice.” How are you going to ensure that that actually happens?

**Sir John Kingman:** I hope I am already starting to ensure that happens, in the sense that since I was appointed some very big things have



happened in the real world—the Brexit vote and effectively a change of Government—as well as my focus on setting up the organisation and being very engaged with the Business Department, the Treasury and No. 10 in putting the case for science and innovation being at the heart of the industrial strategy that the new Prime Minister has said she wants to put in place. One of the reasons for setting up the organisation is that for the first time in the UK we will have a body whose job it is to speak for the whole research and innovation mission, which is one of the great national strengths of this country. It is clearly an important job. It also speaks to the kind of chief executive we need to recruit. We need to find someone who, as well as their scientific credibility, is able to talk outwards to the wider world: the political world, the business community, the media, Parliament and so on. This needs not to be an inward-facing organisation.

**Q13 Carol Monaghan:** One of the other strengths of UK science is our research councils, which have had strong voices in the past, but there is no provision in the Higher Education and Research Bill for the executive chairs of the research councils to have seats on the board of UKRI. The worry is that the board becomes isolated from the constituent councils. How will that be avoided?

**Sir John Kingman:** To go back to my analogy of UKRI as the shareholder, we need to be very concerned about the quality of people we appoint to run the nine constituent bodies. Those are very important jobs. On the Chair's point about how we should be judged, one of the ways is whether we attract high-calibre people to those roles. I believe we can do that.

In relation to the Bill and the question of who sits on the UKRI board, it is very important to remember that the role of UKRI in relation to the research councils is to hold them to account. If the board of UKRI consisted of the heads of the research councils, you would have a complete muddle in the governance structure, because you would have the people being held to account holding themselves to account.

By the way, I am very confident that we will have a very high-calibre board at UKRI. It is clear that there is a great deal of interest among very serious people from the scientific and wider communities in being on that board. I think we can have a fantastic board.

**Q14 Carol Monaghan:** There is also a lot of interest in the devolved Administrations in having a position on that board, something which is not happening at the moment through the Higher Education and Research Bill. I sit on the Bill Committee. Originally, no witnesses were called to give evidence to that Committee from the devolved Administrations, and it was something that I and my colleague pushed for. Maybe it was an oversight, but if we are creating a new body—UKRI—that manages to forget about big chunks of the UK, how can we ensure that those big chunks of the UK have a serious impact when decisions are being made, if they do not have a seat on the board of UKRI?



**Sir John Kingman:** There is a very important point here. First of all, I certainly do not forget about the devolved Administrations. I am in Scotland next week, I think, seeing a number of Ministers and others. The structure of UKRI is a bit complicated. You have the research councils whose remit, as you will know, is UK-wide, as is Innovate UK's; you have the research slice of the Higher Education Funding Council, which is an England-only body, but which has very important relationships with the funding bodies in the devolved Administrations; and then there are bodies like Scottish Enterprise, which are pretty active in the innovation space. It is quite clear that you need a rich web of relationships with what are very important stakeholders, because you have very important research institutions in all the devolved Administrations.

As to the board, there is a debate for Ministers about the extent to which they want, as it were, automatic representatives of any community on it, as opposed to going out and looking for a board that is simply a very strong board. From the perspective of chairing it, I would rather not have a board that is simply representatives. I want a board that is very strong in its own right. Ultimately, it will be up to the Government and Parliament to decide on the question of representatives of particular areas.

Q15 **Carol Monaghan:** But do you understand the concerns of Scottish higher education and research when the structure of that board is being considered?

**Sir John Kingman:** I fully understand that. Scottish stakeholders have every right to want to be fully engaged in the work of UKRI, and to feel fully engaged, because we are funding very important institutions and work in their country. If a feeling were to get about that we were somehow neglecting any of the devolved Administrations, it would be a total failure on our part.

Q16 **Jim Dowd:** Can I look beyond what Carol mentioned just now to the steps you are taking to develop the structure of UKRI at management level? Could you briefly describe that?

**Sir John Kingman:** I do not want to take irrevocable decisions about the structure until the new chief executive is in place, because it will be their organisation, but in outline there are probably three bits to it. First, there are the nine bodies that will transition into the new structure and will remain bodies in their own right, with their own boards, missions and budgets and so on. You have the bit I referred to earlier as the small strategic brain—I used the analogy of a shareholder—that sits over and above them. Then you have a bunch of functions that are common to all nine. They will include important support functions, but they might well include other things that are very relevant to the scientific mission, including the collecting of data, evaluation and those sorts of things. In a sense, you have three buckets: the funding bodies; the strategic brain; and a group of essentially support functions. Does that answer your question?



Q17 **Jim Dowd:** If that is what you see it as, it does. What is Deloitte's role in all this?

**Sir John Kingman:** Rebecca should add something, but the Department, quite rightly, wants to be in a position when the new chief executive arrives where we have clearly fleshed out the key choices about the shape of the organisation, and the critical path to get there. There are all sorts of things you need to do. I think Deloitte has been retained by the Department, essentially, to help develop that.

**Rebecca Endean:** It is essentially to work with us and all the existing CEOs to look at the options. The detailed design of the organisation is subject to parliamentary process. We have to go through the parliamentary process and appoint the CEO. Essentially, we want to be at a point where, when we have achieved those hurdles, we have well thought-out proposals for what the organisation should look like.

Q18 **Jim Dowd:** Some of the constituent bodies are concerned about the structure of the organisation because of the lack of clarity in the Bill. First, are you aware of that, and, secondly, what have you done to address those reservations?

**Sir John Kingman:** You refer specifically to the structure. Is this the debate about whether, for example, Innovate UK is in or out of the structure?

Q19 **Jim Dowd:** Structures, priorities, processes and funding.

**Sir John Kingman:** As a general matter, my observation would be that when Paul's report was originally put out there were a lot of questions in the sector about what was the right thing to do. I am not saying those concerns have completely gone away, but I believe that they have greatly receded. The process of our engaging with stakeholders has reassured people to some extent. In particular, there was a fear that the endgame was that we were headed for one enormous bureaucracy that tried to do everything, and in getting from here to there we would throw everything up in the air and create a lot of uncertainty. I have been crystal clear, as have Ministers, that that is not what Paul calls for; his report does not make a case for that. I do not believe it is necessary, or that there is any case for it, and I have been consistent in what I have said about that. As a result, if you look at the feedback on the Bill, for example from the Royal Society, other national academies, key stakeholders like the Wellcome Trust and so on, there is a great deal more support for the concept than there was. I also think the fact of Brexit has slightly changed opinion in the sector.

Q20 **Jim Dowd:** Only slightly?

**Sir John Kingman:** It has affected all sorts of things in the sector, for sure, as in many other parts of national life. It has also affected attitudes to UKRI, because people can see that having a body that can speak for the importance of this mission is in the sector's interest.



Q21 **Jim Dowd:** Do you believe there is a lack of clarity in the Bill? If you do, does that provide you with more freedom to design the structures of UKRI, or is it a shortcoming?

**Sir John Kingman:** Rebecca may want to comment because she is in charge of the Bill, but I do not see any lack of clarity in the Bill. On the sector's key concerns the Bill provides a lot more legislative protection than there has ever been in the past. I am thinking particularly of the dual support system, in which I am a firm believer. Personally, I think the Bill is quite an important step forward for the sector.

**Rebecca Endean:** On the things that are really important to the sector, there will be nine separate councils with individual autonomy and decision making in relation to their discipline areas. That is very clearly specified in the Bill. Ditto the precise functions of Research England in terms of providing one half of the dual funding system—the block funding grant—and the balanced funding provision where, for the first time ever, Ministers will need to have due regard to the fact that both sides of the dual funding system should be balanced. Those are all important principles, and it is quite good to get them laid out in the Bill for the first time ever.

Q22 **Jim Dowd:** Can I ask you to continue to refer to it as UKRI and ensure it remains like that rather than the hideous acronym it might otherwise become?

**Sir John Kingman:** I completely agree with you.

**Chair:** It is a good warning.

Q23 **Derek Thomas:** Can I take you back to the recruitment of the CEO? You are asking for someone with knowledge of the entire UK research funding landscape, experience in each research area and familiarity with the Innovate UK model. Does he or she exist? Can you talk a bit more about the process of securing the right person?

**Sir John Kingman:** I am very confident that the right person exists. We are at the long list stage in the process, so we have a good sense of the field. I am not going to talk about individual candidates for obvious reasons but, as you would expect, some very heavyweight individuals, both from this country and internationally, are interested in the job, which is as it should be. It is a fascinating job in the second most important scientific nation on earth, with the opportunity to shape a very interesting new organisation, so it is not surprising that we have attracted a very strong field.

You asked about the process. It is a classic public appointments process. There is a panel consisting of myself, Paul Nurse, Ann Dowling and Gareth Davies from BEIS.

Q24 **Derek Thomas:** Once that person is in post and they have their feet under the table, how does your role change? How do you see your role





evolving?

**Sir John Kingman:** In one sense it does and in another it does not. My job description will remain the same, which is fundamentally that I am accountable, subject to the will of Parliament, for the organisation being in place and competent to do its job from April 2018, but I am non-executive and I am not myself a scientist. Therefore, we are looking for a very serious CEO. At the moment, as well as working with colleagues in Government on the set-up, I am doing a great deal of engagement with stakeholders, as you would expect. I expect to continue to do a fair amount of engagement with stakeholders, but I also expect the chief executive to do a lot of that as well. There is a lot to do.

Q25 **Derek Thomas:** We referred briefly to the decision on 23 June. You started in May before that decision, but how do you think you have had to change focus since the vote to leave the EU on 23 June?

**Sir John Kingman:** In one sense, nothing has changed. The task of setting up the organisation remains on paper the same, but I think it has changed my role. First, there has been what an economist would call an exogenous shock—quite a big one—to the science world, and there has also been a change of political leadership. As you would expect, I have been spending a significant part of my time engaging with colleagues in Whitehall, both on Brexit-related issues and on ensuring that, for want of a better phrase, the new Government buy into the importance of this agenda for our country and economy. Personally, I think that argument is so strong it makes itself. It is quite clear to me that as an independent country outside the European Union we need to think very hard about our national strengths, and our science base would be on any shortlist of the really big strengths of this country. I have been very encouraged by the receptiveness of No. 10, the Treasury and obviously Ministers in BEIS to that line of argument, and I think you have seen that in very important things the Prime Minister has said. In the Chancellor of the Exchequer's speech to the Conservative party conference, he had a lot to say about science, so the early signs are very encouraging.

Q26 **Chair:** Have you had direct dealings with the current Prime Minister about your role?

**Sir John Kingman:** No, but I have had significant and extensive dealings with her staff.

Q27 **Chris Green:** It is good to hear about the relationship between you and Government, the approach following the Brexit decision and the good progress that has been made. On the other hand, if you look at the scientific community as a whole, it was quite a shock. The community as a whole almost universally expected and voted to stay within the European Union for various reasons. How much progress has been made, perhaps not from the Government and the policy-facing side but from actual scientists themselves? How much have they accepted the decision of the British people, and how much are they looking forward to the



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change in circumstances and perhaps using it as an opportunity to look at the things about the EU they did not like? As negotiations come up, what progress can be made?

**Sir John Kingman:** I fully agree that it was a major shock to the sector, as indeed to some other sectors. I am sure there are many scientists who personally did not agree with the decision. The question you asked was: do they accept the result? I am sure they accept the result. The scientific community is very concerned to ensure that the shape of the policy environment that comes out of Brexit is one that supports the strength of the sector, where there are important issues about freedom of movement of people, for talented researchers coming to this country; access to European research funding; and European research partnerships.

I stress that the Government have said enormously positive and important things about each of those issues. The scientific community will rightly be concerned to know the detail, much of which will no doubt depend on wide negotiation. I think that UKRI, even in its nascent form, absolutely needs to be part of those conversations, working with colleagues in BEIS, and that is the case. There will be a lot of detail, particularly on precise arrangements about visas, all the research funding issues and so on.

Q28 **Chris Green:** One aspect we ought to be a little cautious about is that what the scientific community might address to Ministers in the negotiations could be pretty much, "This is what we have at the moment and we'd rather like to keep it." If you can keep it as it is as far as possible, that would be fine, but I think there is an opportunity for change.

**Sir John Kingman:** I apologise. I did not answer that part of your question. There are some potential opportunities. Sir John Bell, the Oxford medic, wrote a rather good article the other day in which he correctly pointed out that there are areas of regulation and legislation currently set at European level that are not necessarily great for British science. He cited regulations for clinical trials on stem cells.

Q29 **Chair:** For this Committee, the question is whether you are involved with that in your current role.

**Sir John Kingman:** I fully accept the responsibility to do everything I can to make sure that any downsides of Brexit are limited and any upsides are maximised.

**Chair:** That is a very nice phrase.

Q30 **Matt Warman:** Like Carol, I am on the Bill Committee. Obviously, it is a split Bill between BEIS and DFE, and UKRI sits in one and the Office for Students sits in the other. Does that feel sensible or workable, and how are you going to make it work?



**Sir John Kingman:** I am sure it can be made to work. I say that because I have already done a lot of work with and had conversations, meetings and discussions with HEFCE and colleagues in DFE. That is partly because I am taking on part of HEFCE, but also critically because, as you imply, the two organisations need to work incredibly closely together. The OFS will have responsibility for the financial health of the sector, but those institutions are all massively affected by decisions that we will take. There are also very important issues about the talent pipeline. I have an organisation that in a sense is responsible for the health and wellbeing of the research ecology in this country, which consists of people. Those people do not just do postgraduate degrees, for which I have some responsibility. We care about the flow of people coming out of schools and all of those issues. By the way, it was always the case that BIS, as it then was, had to work very closely with DFE on the schools issues.

Q31 **Matt Warman:** Although some things will come back to DFE under the restructuring.

**Sir John Kingman:** That is correct. All the engagement I have had with HEFCE on student-related issues has been incredibly constructive and open. We have very regular meetings, so in the real world I am not worried about this relationship working. If it ever broke down, that would be a very serious problem, but Ministers can and do have the power under the Bill to compel us to fix it.

Q32 **Matt Warman:** Are there any advantages from the split?

**Sir John Kingman:** I am afraid that is not a question to which I have given any thought. Can I take notice of that question?

Q33 **Matt Warman:** I feel I have done well in that case. One of the other things that the Bill does is prioritise the reward for high teaching quality, which I think everyone would agree is a good thing. Is there a risk that we decouple research from teaching, and what is UKRI's role in stopping that happening?

**Sir John Kingman:** We simply have to work very closely with the OFS. In the old world there was no one to work closely with the then OFS, because there was no UKRI; you had a bunch of research councils. I would argue that we are one stage further in that at least UKRI exists, but we need a common view, particularly on the issue of the talent pipeline, but also on the institutional strengths and weaknesses, which will definitely be about both teaching and research. If that relationship starts to fray for any reason—a personality reason or whatever—we would have a problem. I see no reason to believe that should be the case, and it certainly is not the case at present.

Q34 **Matt Warman:** On the objective of interdisciplinary work, Lord Stern's REF review recommended that we should encourage it. I think that is obvious. How do we do that practically, and what have you started to do, or what do you anticipate UKRI doing to make that a reality?



**Sir John Kingman:** If I go back to the analogy of the shareholder who holds the funding bodies to account, we still have strong funding bodies in their own right, but they are held more to account by UKRI for their effectiveness. I would like the heads of the funding bodies to be clear about how their performance will be judged by us, and in turn how that will affect their future budgets. One of the things you absolutely want them to demonstrate is that they are working collaboratively and proactively with the other funding bodies to make sure that the very exciting areas of science that cross the boundaries get the attention and funding they need.

There is also a separate question. Paul Nurse recommended that there should be a pot of money, of resource, specifically for interdisciplinary work, and that may well have a role to play. However, we need to be careful. To be fair, over time the research councils have got better at the interdisciplinary point. By setting up a fund at the centre, I do not want to create any risk that the individual councils say to themselves, "Oh, it's interdisciplinary; that's over there and it's not our problem." We need to be quite careful about that point, but a fund of some sort, which is bid into in some way by the councils, could have a role to play. It will not be the only answer.

Q35 **Matt Warman:** Do you think that fund would encourage the integration of the Innovate UK bid with the research councils as well?

**Sir John Kingman:** Yes. Innovate UK is different from the research councils in the sense that it cuts across all the research councils and needs to work with all of them. It already works with all the research councils, and I think that has got somewhat better over time. By putting Innovate UK in the new structure you avoid any risk. The world is simply not divided between the pure pursuit of knowledge in universities over here and exciting innovation in companies over there. There is a very interesting and important territory in the middle where both Innovate UK and the research councils are rightly active. We want to see them become more active, and that is one of the things we will be holding them to account for.

Q36 **Chris Green:** In UKRI the scientific element will be incredibly strong relative to the Innovate UK side. How do you make sure that the Innovate UK side is strong enough and has a big enough voice within UKRI?

**Sir John Kingman:** That has been a source of concern. Those who care about Innovate UK and its distinct mission have rightly wanted to be persuaded that the risk you describe will not occur. I am very committed to the distinct mission of Innovate UK. I happened to be involved at the outset in the creation of the organisation when it was called the Technology Strategy Board. The reason I thought it was a good thing at the time, and still do, is that, if you look objectively at the UK's strengths and weaknesses, our production of brilliant academic papers is stronger than our innovation performance. Innovate UK has come on in leaps and



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bounds. I completely agree, as do Ministers, that Innovate UK is not somehow the commercialisation bit of the research councils. It has a different function, a different culture and a different, for want of a better expression, customer base.

We now have very regular meetings of the research council heads and the head of Innovate UK. Ruth McKernan now attends those meetings. What she brings to them is fantastic. She brings a different attitude of mind, a different knowledge breadth and different experience. It is, candidly, a breath of fresh air, and a good source of challenge in the room. I am feeling very confident. If for any reason it were to be decided that Innovate UK should be out, we would end up with a weaker ecology than we could otherwise have.

**Q37 Chris Green:** Of course, Business, Energy and Industrial Strategy will have an interest in this area, making sure that the Innovate UK side prospers. Do you have a view on that?

**Rebecca Endean:** Obviously, industrial strategy is a very high priority—the key priority for the new Department and for our Ministers. UKRI can play a key part in delivering any industrial strategy. I agree that having Innovate UK in UKRI makes it a much stronger body to support Ministers in that aim.

**Q38 Chris Green:** On the flip side, there is going to be a great deal of focus on innovation-ready research, or a pull towards, “What can we do to support business and get these products into the market as soon as we can?” Could that lead to a reduction in focus on the basic research where we are so fantastic at the moment?

**Sir John Kingman:** The right answer is to make sure that we have enough resource for the whole agenda so that we are able to do all the things you have just listed. I do not mean that flippantly. Given the strengths we have in this country, it would be a real pity if we were not, for want of a better expression, punching our weight at every stage in the chain—it is not quite a chain, but you know what I mean.

**Q39 Chair:** How will UKRI achieve that?

**Sir John Kingman:** By putting its case vigorously and, I hope, lucidly and persuasively. As part of the conversations I have been describing about the formation of the industrial strategy we have already been doing that.

**Q40 Chris Green:** Might social sciences perhaps get a little less attention in UKRI?

**Sir John Kingman:** If some of my colleagues from the social sciences were here, they would vigorously point out that their work makes its own direct economic contribution in a service-based economy in all sorts of ways. They would also point out, correctly, that they make an important impact in other ways, for example through better policy and other things.



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In this country, we are very lucky to have extraordinary universities—really extraordinary. In any table of the world’s top universities, UK universities are extraordinarily well represented given the size of the country. We would not be able to have such strong institutions if we said to ourselves that we were not going to bother with the arts and humanities or whatever. World-class faculty would not want to come and research and teach in those institutions. I am completely committed to making sure we fund excellent research in all those areas.

- Q41 **Victoria Borwick:** That almost covers my first point, about improving our collaboration, which is excellent. I think our only other query is about the allocation of funding for research independently of Government, which is one of the principles. You explained to us at the beginning that you set up your structure in order that it would function in that way. Perhaps you would touch on that. Secondly, how do you think the focus on industrial strategy is shaping up?

**Sir John Kingman:** On the first point, we have this thing called the Haldane principle. You cannot find it in Haldane’s report. I looked for it and it is not in there, but that is all right because David Willetts wrote it down. It is a very sensible set of principles. Every Government I have worked for has supported the Haldane principle and lived by it. The Haldane principle does not say that Ministers shall have no involvement. Ministers have always taken decisions on the allocation of funds between the councils; they have also always been involved in very big capital decisions. That will not change under this Bill. What will change is that UKRI is firmly established with a remit to advise Ministers on all those questions, which is a new feature of the scene that I think implicitly strengthens the Haldane principle.

- Q42 **Victoria Borwick:** Do you think you will be sufficiently independent?

**Sir John Kingman:** You will have to judge us by what we do, but if we are not sufficiently independent the community will not be slow to point out that fact. We will need to have a strong board that is the conscience of that principle, and rightly so.

On your question about industrial strategy, for the reasons I gave earlier, an industrial strategy that did not have research and innovation at its heart, given the strengths we have in these areas, would not be a good and convincing one. Based on the conversations I have had with Greg Clark and others, that is very much where Ministers are. An industrial strategy will have to have all sorts of other things in it, quite rightly so. As I have said in various newspaper articles and so on, having a Government who say they want a new industrial strategy is a massive opportunity for the science and innovation communities to embrace this wholeheartedly and put their case, and that is what we are doing.

- Q43 **Victoria Borwick:** Excellent. Finally, I want to go back to the question of loans rather than grants, which is a tricky point. Obviously, how those are set up and structured will have a different impact. Could you talk to



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us about the discussions, and whether the savings will be moved more towards replacing other funding grants? From previous personal experience of seeing other businesses, sometimes the way the Treasury structures some of these repayments—as you know yourself—means that it is not necessarily the best way forward.

**Sir John Kingman:** You are absolutely right. This is a perfectly sensible thing to do. A number of other countries do it. One should see it as one arrow in the armoury, but definitely not the only one. There is almost certainly a place for them, but there is a big test to get their design right so that they achieve their objectives.

Q44 **Victoria Borwick:** Sometimes the repayment terms are prohibitive and crippling.

**Sir John Kingman:** Indeed. All of that is being worked through as we speak, and needs to be, because we need to get them out of the door. I am not personally designing these things, but I am very interested in their success. If for any reason they do not achieve their objective, we need to be honest and clear about it and talk to the Government about the implications.

Q45 **Victoria Borwick:** If we decided to invest in something as a loan and, sadly, it did not succeed, presumably we would have to write it off.

**Sir John Kingman:** When I talk about designing these, there are critical choices about the interest rate terms. Is there any equity-type element? What are the repayment requirements if, as you say, the idea does not work? All of that will need to be worked through. To be fair, this is not the UK branching out into completely virgin snow that no one has ever trodden in. Other countries use these products, but I completely agree with you that, if we do not get the design right, they will not work.

Q46 **Victoria Borwick:** As you say, the equity point is realistic; it may work and that is wonderful, but it may not work, and the potential risks are phenomenal and may deviate from what presumably is the objective, which is to support innovation.

**Sir John Kingman:** I would put it slightly differently. It is perfectly reasonable for the Government to extend the armoury and say that loans can have a place in our support architecture for innovation. There are critical choices to be made about how to design them, and they will either work or not work. We will have to judge by experience.

Q47 **Victoria Borwick:** Do you think it is going to be one flavour, or will there be different options? Would that be a possibility?

**Sir John Kingman:** I do not know yet. Clearly, if flexibility helps to make them effective, they need to be flexible.

Q48 **Victoria Borwick:** I am a little concerned that the end result of having a loan is that it makes people risk averse.



**Sir John Kingman:** That is certainly possible and is one of the things that has to be factored into the design.

Q49 **Chair:** On the question of design, is it you, the CEO or the board who will be getting down to the details of it?

**Sir John Kingman:** Strictly speaking, Innovate UK will be developing these products, because, unlike UKRI, it exists as a body and has staff and so on.

Q50 **Chair:** Where is your role?

**Sir John Kingman:** As you can imagine, I am taking an interest, because I am going to inherit this new form of support for innovation, and I have a degree of experience and financial sector literacy, I hope. I am taking an interest; I am not directly responsible at this moment.

Q51 **Victoria Borwick:** The point is that it was seen as a flagship idea. I am very concerned, because it has not necessarily worked elsewhere. It is quite important, and it may be something the Committee comes back to in future. There is a potential risk of its not achieving what I think the Government may wish it to achieve.

**Sir John Kingman:** I absolutely cannot disagree. This is a new evolution in UK policy, and either we will get it right or we won't. It is incumbent on us to get it right.

Q52 **Chair:** Sir John, when you say you will have to get it right or not, will that be during your time as interim chair?

**Sir John Kingman:** Yes, I think; I forget when we are—

**Rebecca Endean:** Colleagues in the Department are still working on the detailed design of the new products.

**Sir John Kingman:** I think it will be in my time.

Q53 **Matt Warman:** I want to go back to ministerial involvement, although obviously it is linked. Paul Nurse recommended a ministerial committee, which makes me feel slightly queasy but might not make Ministers feel slightly queasy. The Government have gone for the Council for Science and Technology instead, which makes me feel a lot less queasy. Where have we ended up so far on that, and what do you think it will look like when it is finally fleshed out?

**Rebecca Endean:** As we said in the White Paper, we have revamped the Council for Science and Technology and, most importantly, we have injected high-level membership. Charles Roxburgh, second permanent secretary in the Treasury, Gareth Davies and Sir John himself are now active members of the committee. I think they met last week and discussed industrial strategy. We agreed that another ministerial committee was possibly not the best way of achieving the aim of ensuring that the best scientists are actively engaged in making Government policies of the day, and hopefully the new CST is going to do that.





Q54 **Matt Warman:** Does that mean it is named people? When you refer to the best scientists of the day, is it fluid enough for different topics to be discussed by the best relevant people?

**Rebecca Endean:** At the moment, the CST is comprised of all the heads of the academies, but they draw on expertise from across the whole scientific community as appropriate, so they will look at different subjects. If it is robotics, they will bring in people who know. Their role is to engage with good brains, look into the future and work out what are the key technologies we should be thinking about going forward.

Q55 **Matt Warman:** In many ways, there is less change than there might seem to be.

**Rebecca Endean:** Yes, but hopefully it will be more effective. We and Ministers value quite highly getting that input; for example, if we care about disruptive technologies of the future, what should we should look at? At the moment, we think that the re-engineered CST is working very well.

**Sir John Kingman:** It is not for me to define industrial strategy, but I would be surprised if the council did not have a named role as part of that.

Q56 **Matt Warman:** On the interdisciplinary side of this stuff, UKRI will hold the global challenges research fund. How is that fund going to interact with the different research councils? Who is ultimately in charge?

**Rebecca Endean:** We have allocated the global challenges research fund to all the individual councils. One of the issues we have with the current structure of the research councils is that they can act only in accordance with their own royal charter, which means that they can spend money only in relation to the specific disciplines they can achieve. In the Bill, hopefully, we have built in a little more flexibility; for example, UKRI could hold the global challenges fund centrally, if that is what the new board and new CEO want to do, but we have also made sure there is a provision that will enable one council to act on behalf of others, so you could charge one of the individual councils to deliver multidisciplinary funds. You could do the same thing as we do at the moment, which is that we allocate it to the councils and they work together to do joint calls. The Bill gives us more flexibility than we have at the moment in terms of how we structure those things.

Q57 **Matt Warman:** Do you anticipate UKRI being the holder of that fund?

**Rebecca Endean:** As currently, we would expect the vast majority of the global challenges fund to be disbursed through the research councils. We also took a chunk of it and gave it to HEFCE for quality-related funding, so that kept the balance between the two sides of the dual funding system. We would normally also look to the academies and the learned societies, because they produce very useful programmes, especially early career fellowships and work with other countries. We would still want



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them to be involved with the global challenges fund, even though the primary driver and the primary holder of it would be UKRI.

Q58 **Chair:** Can I go back to the dual support funding stream? The Higher Education and Research Bill stipulates a reasonable balance of funding. Will you be reporting on the spending within UKRI on each element of funding? Will that be transparent?

**Sir John Kingman:** I am not completely sure I understand your question. We will advise Ministers on the balance. Ministers are required to take our advice—sorry, I misspoke. I should have said that Ministers are required to listen to our advice—they are not required to agree with it—on the balance. That is a new principle, but I am not certain whether that answers your question.

Q59 **Chair:** How will you be reporting on it? Do you just tell Ministers?

**Sir John Kingman:** The dual support system is an incredibly important part of the structure, because it means we are not totally dependent on the wisdom of the funding bodies as to what are the best things to fund. The institutions have a significant body of funding and can choose how to spend it. That has important implications for the sustainability of the system as a whole. We will want to report on the state of the balance. We will be very interested in sustainability. When I was involved in science funding years ago, I remember that the biggest single issue was that the whole sector was overtrading; essentially, it was doing more research than it could afford, and the consequence was that we were badly running down the infrastructure of the system. At the time, we had to gather a lot of facts on the state of buildings and so on. UKRI will be the holder of that analysis; it will be the conscience of that analysis and, partly because I have been through that experience, I will be very concerned that we do it properly.

Q60 **Chair:** Do you worry that incorporating Research England into a UK body could result in a disproportionate bias towards the English part of the remit?

**Sir John Kingman:** No, I do not. I think I am correct in saying that at the moment Scottish research institutions are net beneficiaries compared with English ones of UK research funding, because they are very good, and that is fine. As I said to your colleague earlier, if UKRI as a UK institution lost the confidence of the devolved Administrations about the objectivity we were bringing to our decision making, I would expect us to be rightly criticised.

Q61 **Chair:** I want to go back to an earlier point. You seem very comfortable in the role, and you have answered all our questions. If you were doing it five days a week, would that be advantageous for UKRI and things happening next year rather than in 2018?

**Sir John Kingman:** I do not think it is appropriate for a non-executive of an organisation like this to work five days a week. The consequence



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would be that people would seriously question whether the chief executive was really the chief executive or more of a chief operating officer. That would be inappropriate, partly because, although I know the area, I am not a scientist.

Q62 **Chair:** When is the earliest you will have the chief executive in place?

**Sir John Kingman:** Ultimately, it is in the gift of Ministers. I very much hope that we can announce the identity of the chief executive before Christmas. It is not a promise, but that is what I hope and expect. Depending on where they come from, there will be a period when we have to extract them, although even then I hope we can still involve them. They can start hiring people and the organisation will start to feel a bit more real.

Q63 **Chair:** I hope you would be happy to come back to the Committee if we have relevant scrutiny, perhaps with that chief executive.

**Sir John Kingman:** Of course.

**Rebecca Endean:** Obviously all those appointments are subject to the Royal Assent of the Bill. We would not want to presume on Parliament.

**Sir John Kingman:** That is an important point.

**Chair:** Absolutely. But it is interesting to see how far you are. Thank you very much for coming to the Committee. We appreciate it.