

Innovation, Universities, Science & Skills Committee

House of Commons London SW1A 0AA

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From Phil Willis MP, Chairman

The Rt Hon John Denham MP
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25th June 2008

SCIENCE BUDGET ALLOCATIONS

The Committee has considered the Government's Response to its Report on the Science Budget Allocations and has a number of concerns. One general point is that the Government has, on several occasions, answered on behalf of the Science and Technology Facilities Council (STFC), rather than let it speak for itself on recommendations that are specifically relevant to it. Incidences where this has happened are noted below in a point-by-point consideration of the Response. We have written to STFC separately to ask for responses where we feel they would be helpful.

Conclusion 4, para 28

The Government has rejected our recommendation that documents prepared for bilateral negotiations between the Government and the Research Councils should be published as a matter of course. The reason given is, to paraphrase, that some information is commercially confidential and that the openness would put at risk "candid discussion and robust appraisal" during the allocation process. The first of these concerns did not prevent the release of the documents under the Freedom of Information Act and therefore should not prevent DIUS from releasing them as a matter of course. Commercially confidential information could always be removed prior to release. The second concern simply does not hold: we did not ask to see transcripts of discussions, but documents relating to the discussions. Further, keeping the negotiations confidential opens the Government up to accusations that it has inappropriately influenced the decisions that Research Councils take.

Conclusion 6, paras 38–40

We welcome the Government's willingness to make a statement on the Haldane Principle. It is not clear why the Government goes on to discuss peer review in this section, since peer review was not mentioned in recommendation 6 or its preceding text and was discussed later in the report. Be that as it may, the Government's assertion that we criticised "the outcome of STFC's peer review process" and "those researchers who have undertaken it" is an inaccurate paraphrasing of the serious concerns we raised in relation to STFC's peer review system and decisions made by STFC. We did not criticise the outcomes of STFC's peer review. Specifically:

- (a) on the International Linear Collider, we did not comment on the scientific justification for withdrawal, but raised some concerns that had been put to us during the inquiry;
- (b) on Gemini, we did not consider the merits of STFC's decision, but the way it went about making its decision, or as it turned out, indecision, public;
- (c) on solar-terrestrial physics, we questioned Professor Mason's explanation for the withdrawal of funding, and suggested that STFC renege on that decision until its community had been properly consulted.

Neither did we criticise the members of the peer review panels. On the contrary, we acknowledged that STFC's peer review committees "have a difficult job to do" and that "we do not doubt the integrity of the individuals who make up those Committees" (p 32 of our report).

Conclusion 7, para 45

In response to our suggestion that the Government has failed to protect both the existing and planned research base by allocating insufficient funds to cover FEC and the new bodies, the Government has responded that: "the cross-Council programmes and research with the new bodies, are just as much Research Council activities, as any other [punctuation sic]." We have two concerns. First, we did not mention the cross-council programmes in this context. We said that insufficient funds were allocated to cover *FEC and the new bodies*.

Second, the new bodies were specifically created to promote the translation of research into wealth, which has been supported by this Committee. It is clear from our report and the Government's response that these new bodies are partially supported by a reallocation of money away from the existing research base towards translation. For example, the Government says in its response that "It is the role of Government to encourage the research base regularly to assess and adjust funding to take into account shifting priorities" and "It would not be appropriate to adopt an approach that only funded new initiatives after all existing activity is maintained" (para 43 of the response). This is precisely our concern. The Government has repeatedly reassured the science community that basic science will not be cut because of the increased emphasis on translation. The Government appears to have changed its stance.

Conclusion 8

The Government welcomes our recognition that STFC was formed without a budget deficit, but dismisses the fact that, in the words of Keith Mason, “the baseline budget allocation to [CCLRC ...] was not fully raised to compensate for the running costs of Diamond and ISIS Target Station II” (para 37 of the report). To dismiss this observation on the grounds that Research Councils are only permitted to plan according to a flat cash settlement is not acceptable for two reasons. First, the building of Diamond and ISIS TS2 are national facilities, built with the blessing of the Government. The real running costs of these facilities have been known for a long time and CCLRC’s baseline budget allocation should either have been set to rise to meet the requirements of the new facilities or the Government should have raised concerns about CCLRC’s ability to fund the projects in the future. Second, STFC has inherited a shortfall in CCLRC’s *projected* budget. The fact that STFC did not inherit an existing budget deficit does not negate either the problem nor the Government’s responsibility for the budgetary shortfall.

Conclusion 10

We have asked STFC for a response to Conclusion 10.

Conclusions 12, 13, 14 and 15

On the matter of the relationship between the Haldane Principle and regional policy, the Government appears confused. The Government clearly has a regional policy (or should have a regional policy), since it has repeatedly stated that it wants “to strengthen science investment at Daresbury” (para 64 of the response). This desire leads the Government to have a “specific vision” for STFC to fund science at Daresbury (para 63 of the response). Whether or not this is a breach of the Haldane Principle, it is a clear breach of Government policy, that “Public funding of research at a national level, through the Research Councils and funding bodies, is dedicated to supporting excellent research, *irrespective of its UK location*” (Science and Innovation Investment Framework, 2004–14, p 146, para 9.52, our emphasis). In other words, according to its own guidelines, and arguably the Haldane Principle, the Government should not be putting pressure on Research Councils to put money in one place or another (as it has done by repeatedly voicing a desire to see world-class science facilities at Daresbury and by outlining its “specific vision for the Daresbury Campus [to be] a partnership between STFC [and others]”); that is for Research Councils to decide on the basis of the science. However, the Government is clearly and rightly determined that Daresbury should have a bright future. We therefore urge the Government to reconsider our recommendation that it produce a White Paper on Regional Science Policy as a basis for discussion as a matter of urgency.

On paras 66 and 67 of the response, we are concerned that Government is speaking for STFC. We have asked STFC for a response to these conclusions.

Conclusion 16

We are concerned that the Government has spoken for STFC on this matter. We have asked STFC for a response.

Conclusion 17

We are concerned that the Government has spoken for STFC on this matter. We have asked STFC for a response.

Conclusion 23, paras 94 and 96

In paragraph 94 of the response, the Government argues that “a decision to withdraw from a particular project on the grounds that it no longer remains a priority [cannot] justifiably be described as putting into question the UK’s reliability as an international partner”. Which decision is the Government referring to? It may be that if STFC had only pulled out of the International Linear Collider it would have had little impact on the UK’s international reputation. (Although we did raise serious concerns about the manner in which the decision was taken; for example, according to Professor Peter Main of the Institute of Physics, the European leader of the ILC project, who is based at Oxford University, was not given any opportunity to present his case before the project was terminated [see para 50 of the report].) However, the clumsy way in which the Gemini project was handled (outlined on page 24 of the report) does raise questions about STFC’s competency in handling international subscriptions.

In paragraph 96, the Government supports STFC over Gemini, stating that “STFC has never issued formal notice to withdraw from the project”. This may strictly be true, but we point the Government to paragraph 53 of our report, in which we quote STFC: “While we sincerely regret the need to withdraw from Gemini, the current circumstances leave us no choice.” In the same statement, STFC also said that “We will [...] be taking steps to issue formal notice to withdraw” (www.scitech.ac.uk/PMC/PReI/STFC/Gemini-Update.aspx). This has not happened and STFC has paid the UK’s 2008 contribution.

Conclusion 29, para 110

The Government suggests that our decision to highlight the reduced share that AHRC received in this science budget allocation was “unhelpful and misleading”. The Government justifies this conclusion on two grounds: that AHRC has a far lower requirement for non-cash and capital compared to other Councils, with which we agree; and that the level of near cash that AHRC received, having taken account of funding for FEC, was comparable to other Research Councils, with which we do not agree. AHRC received the smallest near cash increase relative to FEC in percentage terms of all the Research Councils—in fact, AHRC, like EPSRC, did not receive a near cash increase big enough to cover FEC.

It may be debatable whether our comments were “unhelpful”—unhelpful to whom?—but they were not “misleading”: AHRC did receive a reduced share of the science budget.

We are concerned by the tone of parts of the Government’s response. For example, the Government labels our report as “unhelpful” three times and in doing so, takes some of our conclusions out of context. This response was produced well within the two-month deadline. We believe that a longer period of consideration may have resulted in a more thoughtful and well-founded response to our report.

We would appreciate a response to each of the points we have raised above by Friday 11th July.

Phil Willis

Chairman

The Rt Hon John Denham MP

Secretary of State for Innovation,
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Department for
**Innovation,
Universities &
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8 July 2008

Dear Phil

SCIENCE BUDGET ALLOCATIONS

Thank you for your letter of 25 June in which you made a number of observations on the Government's response to your Committee's report on the Science Budget allocations. I have a great respect for the Committee and its report and can assure you that it was given careful consideration before our response was submitted. I recognise that the Committee would have preferred the Government to agree with more of its recommendations but, rather than entering into a detailed correspondence with the Committee on matters about which we are not in agreement, I would prefer to let the Government's response stand.

You commented that the Government on some occasions responded to recommendations on behalf of STFC. Several of the Committee's conclusions were relevant to the responsibilities of both Government and Research Councils. We therefore regarded it as helpful to the Committee to draw together the views of the STFC and Government on occasions where this was appropriate, leaving it on others for the STFC alone to respond. This is the process we have followed in previous responses to Select Committees where the Government and Research Councils have relevant responsibilities.

Yours
JD

JOHN DENHAM