



House of Commons
Innovation, Universities,
Science & Skills Committee

**UK Centre for Medical
Research and Innovation:
Government Response to
the Committee's First
Report of Session 2007–08**

Third Special Report of Session 2007– 08

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The Innovation, Universities, Science & Skills Committee

The Innovation, Universities, Science & Skills Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Innovation, Universities and Skills.

Current membership

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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 www.parliament.uk/ius
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: Dr Lynn Gardner (Clerk); Glenn McKee (Second Clerk); Edward Waller (Second Clerk); Dr Christopher Tyler (Committee Specialist); Dr Joanna Dally (Committee Specialist); Ana Ferreira (Committee Assistant); Camilla Brace (Committee Secretary); and Jonathan Olivier Wright (Senior Office Clerk).

Contacts

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Third Special Report

On 23 January 2008 the Innovation, Universities & Skills Committee published its First Report of Session 2007–08, *UK Centre for Medical Research and Innovation* [HC 185]. On 19 March 2008 the Committee received a memorandum from the Government which contained a response to the Report. The memorandum is published as an appendix to this Report.

Appendix: Government response

The Government welcomes this report and agrees with the Committee's findings that the UK Centre for Medical Research and Innovation (UKCMRI) should have substantial benefits for the public as well as British science. The Prime Minister stated in December 2007: "We strongly support plans to create Europe's leading centre for medical research in the heart of London. It will maintain Britain's position at the forefront of global medical research, strengthen the UK economy and, through its links with the NHS, has huge potential to change patients' lives."

The Government agrees in particular with the Committee's observations that UKCMRI would:

- Encourage scientists and researchers to tackle and overcome the biggest healthcare issues we face both in the UK and in the developing world;
- Address Sir David Cooksey's recommendations for action to ensure that the UK can reap the full economic, health and social benefits of public investment in health research.
- Make the UK and London a focus of international excellence in health research.
- Ultimately help us to improve the quality of life for people.

The Project is still at an early stage, and, as the Committee recognises, a number of key issues have yet to be resolved. The Government will require MRC to develop comprehensive science and business cases for its involvement in the Project, and that its eventual design offers good value for money in respect of the public funding involved.

Recommendation 1. We are at a loss to understand the rationale for the behaviour by the Treasury in changing the application of the rules with regard to the MRC's Commercial Fund and request an explanation. (Paragraph 5)

The Treasury did not change the application of the rules with regard to the MRC's Commercial Fund. In discussions between the Treasury and the DTI during the spring of 2007, it became apparent that the long-standing arrangements for the MRC Commercial Fund were not in accordance with the Government's public expenditure rules. This was due to a genuine misunderstanding.

As a consequence, the MRC did not have the authority to spend the cash surplus it had accumulated. It was important to put that right and in a way which did not affect the CSR07 settlement for the Science Budget reached in March 2007.

Under the agreement reached between the department and the Treasury, the MRC will now be allowed to gain access to a large part of the Commercial Fund accumulated cash surplus – resources that it would otherwise not have the authority to spend.

The MRC is paying £92m of the accumulated income of the Commercial Fund into the Government's Consolidated Fund. Under the Government's budgetary rules MRC did not have the authority to spend this money. As a result of the decision, the MRC will be able to spend £106.9m of the accumulated income in the Fund and have access to £153.4m of Commercial Fund income in CSR07.

This change to the Commercial Fund was taken into account when the Science Budget allocations to MRC for the CSR period were decided. These were announced on 9 October 2007, and involve the MRC's funding increasing by over 30 per cent to £707m in 2010/11.

Recommendation 2: 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)

The Government and MRC recognise the close interest that the Committee has in this Project and will provide further information as the Project progresses, however we do not think it is sensible to produce quarterly reports for the Committee irrespective of whether there have been material developments, as this risks creating a bureaucratic burden on what is already a complex project. This proposed approach will avoid confusion over the proper roles and accountability responsibilities of DIUS, MRC, the Consortium and the Project Team.

Paragraph 5 of the Committee's report refers to the "earmarking" of £140 million for the UKCMRI from the Large Facilities Capital Fund (LFCF) of the Science Budget. No earmarking of monies from the LFCF for this project has yet been made. Nor were funds from the LFCF earmarked for the MRC's earlier plans to relocate the National Institute of Medical Research to the former site of the National Temperance Hospital. DIUS Ministers will be taking decisions in due course on the earmarking of LFCF funding (including for the UKCMRI Project) in the light of the advice received recently from Research Councils UK on the priorities for LFCF funding, and on the development of a clear business case for the Project.

March 2008

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