PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

ADVANCED RESEARCH AND INVENTION AGENCY BILL

Fifth Sitting

Thursday 22 April 2021

(Morning)

CONTENTS

Clauses 3 to 7 agreed to.
Schedule 2 agreed to.
Clauses 8 and 9 agreed to.
Schedule 3 under consideration when the Committee adjourned till this day at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor's Room, House of Commons,

not later than

Monday 26 April 2021

The Committee consisted of the following Members:

Chairs: Judith Cummins, Mr Philip Hollobone, Esther McVey, † Derek Twigg

† Baker, Duncan *(North Norfolk)* (Con)
Bell, Aaron *(Newcastle-under-Lyme)* (Con)
† Blackman, Kirsty *(Aberdeen North)* (SNP)
† Butler, Dawn *(Brent Central)* (Lab)
† Crosbie, Virginia *(Ynys Môn)* (Con)
† Fletcher, Mark *(Bolsover)* (Con)
† Flynn, Stephen *(Aberdeen South)* (SNP)
† Furniss, Gill *(Sheffield, Brightside and Hillsborough)* (Lab)
† Hunt, Jane *(Loughborough)* (Con)
† Mayhew, Jerome *(Broadland)* (Con)
† Metcalfe, Stephen *(South Basildon and East Thurrock)* (Con)
† Onwurah, Chi *(Newcastle upon Tyne Central)* (Lab)
Owen, Sarah *(Luton North)* (Lab)
† Richardson, Angela *(Guildford)* (Con)
† Solloway, Amanda *(Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy)*
† Tomlinson, Michael *(Lord Commissioner of Her Majesty's Treasury)*
† Zeichner, Daniel *(Cambridge)* (Lab)

Sarah Ioannou, Seb Newman, *Committee Clerks*

† attended the Committee

Public Bill Committee

Thursday 22 April 2021

(Morning)

[Derek Twigg *in the Chair*]

Advanced Research and Invention Agency Bill

11.30 am

The Chair: Order. We are now sitting in public and the proceedings are being broadcast. We now continue our line-by-line consideration of the Bill. The selection and grouping list for today's sitting is available in the room. As Members are aware, the selection and grouping list shows the order of debate on amendments, clauses, schedules and new clauses. The decisions on each follow the order of consideration, which is reflected in the way in which the amendments are marshalled on the amendment paper. A Member who has put their name to the leading amendment in the group is called first. Other Members are then free to catch my eye to speak on all or any of the amendments within the group. A Member may speak more than once in a single debate.

At the end of the debate on a group of amendments, new clauses and schedules, I shall call the Member who moved the leading amendment or new clause again. Before they sit down, they will need to indicate if they wish to withdraw the amendment or seek a decision. If any Member wishes to press any other amendments, including grouped new clauses and schedules, they need to let me know.

Clause 3

Ambitious research, development and exploitation: tolerance to failure

11.31 am

Chi Onwurah (Newcastle upon Tyne Central) (Lab): I beg to move amendment 19, in clause 3, page 2, line 20, at end insert—

"(2) On or before the date that an annual report is laid before Parliament in accordance with paragraph 15(4) of Schedule 1, the Secretary of State must lay before Parliament, and publish, a statement containing the required information about details of funding and ARIA's tolerance to failure.

(3) In this section, the required information about ARIA's tolerance to failure is—

(a) how this section has been interpreted by ARIA during the relevant financial year,

(b) the number and value of projects funded by ARIA which have been terminated or disbanded on the grounds of failure during the relevant financial year, and

(c) details of ARIA's funding in the relevant financial year and its proportion of Government research and development expenditure.".

This amendment would require the Secretary of State to make an annual statement regarding ARIA's tolerance to failure.

It is a great pleasure to serve under your chairship, Mr Twigg. Before I speak to amendment 19, I want to say that that in the intervening time between the previous sitting and today, I have managed to break my foot, which was truly an achievement, given that all I was doing was running. If I am not as quick to rise as I would otherwise be, I hope you will be forgiving, Mr Twigg. The Minister said on Tuesday that the Advanced Research and Invention Agency might contribute to being able to "Beam me up, Scotty!" That would have been highly desirable as I tried to make my way into this place this morning. I am sure we wish ARIA luck in that. I am grateful to everyone for their indulgence as I deal with my new-found injury.

Amendment 19 would require that the Secretary of State makes an annual statement about ARIA's tolerance to failure, in order to provide greater oversight and responsibility. It is very much in keeping with all the amendments that the Opposition have tabled. It is a constructive amendment that seeks to ensure that ARIA's mission, when it has one, and its workings are understood by the public in general and that we have the right oversight to ensure that ARIA is not in any way subject to or tainted by the sleaze that is all too common and evident in the current Government's procurement dealings with their mates. We believe that it is right that ARIA should be given operational independence from Government. We support the idea of specifying that it has a high tolerance to risk and failure, but the challenge is to establish what that tolerance is and to ensure that it is scrutinised properly and that there is public understanding of it.

We believe that ARIA should have a high-risk appetite, but we need greater clarity in order to understand how that appetite will be determined, calibrated and explained, and how Ministers will be accountable for ARIA's failure and success with public money. That is critical and it was a theme of the evidence sessions that, if we are to maintain public support, we must be open and honest about ARIA's tolerance to failure.

Daniel Zeichner (Cambridge) (Lab): My hon. Friend is making a very good introduction to today's proceedings. I express my sympathy to her for having to stand up and sit down; I will not make her do it too often.

The evidence sessions brought some of this out, but does she agree that attitudes to failure in our country are very different from those in America in particular, which is where we are learning lessons from in establishing the agency? Given that, does she also agree that this is a particularly important amendment? The British attitude towards failures is not very tolerant; we do not necessarily view them as being positive. There is a risk here because unless we get this right, it will be difficult for those establishing the agency to be able to explain what they are doing to a wider audience.

The Chair: Ms Onwurah, if it becomes uncomfortable standing, please remain seated.

Chi Onwurah: Thank you, Mr Twigg. I will do that. I thank my hon. Friend the Member for Cambridge for expressing his sympathy. It is always a pleasure to give way to his interventions because he makes such excellent points. Indeed, his point about the differences in culture was brought out in the evidence session, particularly by Professor Glover from the Royal Society of Edinburgh, who said that

"the biggest challenge might be—this will help in engaging with citizens—being up front right at the very beginning that we expect failure, and that failure is part of the measure of success for an agency like ARIA, because if you were not taking any risks, you would not get any failure. The challenge is that, culturally in the

UK, and quite differently, I think, from North America, we see failure through an emotional lens, not a scientific lens, whereas I think the opposite is the case in North America. We need to think about that. In a way, just talking about it and saying that that is the case makes it easier for people to understand that we need to fail in order to get the big rewards."—[*Official Report, Advanced Research and Invention Agency Public Bill Committee,* 14 April 2021; c. 61, Q58.]

That goes to my hon. Friend's point and to the heart of this amendment. We have a cultural difference here in the UK. As someone who has worked in technology in the UK, France and the US, it is very noticeable to me that in the US, for example, a failure is a mark of experience from which one will go on to succeed better, whereas here a failure is intoned in negative headlines and comments.

I am sure the Minister will agree that in order for ARIA to have public support we need to change that culture. By seeking an annual statement on ARIA's tolerance of failure, our amendment would make a significant contribution and help the public understand the importance of failure. When ARIA fails, there will be headlines saying that public money has been wasted. Certain newspapers, and perhaps even certain politicians, may say that. Would there not be support for both ARIA and the Secretary of State, whoever that may be, if the successes of this high-risk agency were mapped and placed in the context of the failures from which they directly stem?

Our amendment will provide details of the funding provided to high-risk research compared with public investment in wider science and research, so that the public can better understand the proportion of research funding going to this high-risk, high-reward investment. Without public buy-in, it will be very difficult to ensure long-term support for ARIA. Indeed, a consistent theme of the science community's response to public funding is that it needs to be long term. The amendment would help to ensure that ARIA is not disabled, as it were, at the first failure. We recognise, and this was said in the evidence sessions, that there is a very high probability that ARIA will have a high number of failures, even if the level of failure is difficult to predict.

We want the Minister to be responsible for ARIA's failures. Although the agency must act independently, this is public money, so there needs to be parliamentary and ministerial accountability for it. In particular, we do not want to see ARIA's chief executive, whoever that may be, politically abandoned at the first failure. The amendment would help to ensure that accountability and wider understanding are there from the very beginning.

Dame Ottoline Leyser of UK Research and Innovation said:

"In that domain, where you have a very high probability of failure—that is what high risk means—but also an extraordinary probability of amazing levels of transformative success, it is a dice roll. The total number of projects will be relatively small, so it is very hard to predict an absolute number or proportion that one would expect, and one should not need to—that is what high risk, high reward means.—[*Official Report, Advanced Research and Invention Agency Public Bill Committee,* 14 April 2021; c. 12, Q7.]

We understand that we cannot predict the levels of failure, but by measuring and reporting on them, and by ensuring that there is a wider public understanding of them, we can help to begin cultural change, as well as ensure the long-term support for high-risk, high-reward research, which ARIA so fundamentally needs.

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Amanda Solloway): May I start by saying what a pleasure it is to serve under your chairmanship, Mr Twigg? I wish my colleague the hon. Member for Newcastle upon Tyne Central well. In fact, I was just reflecting that if we were on the Star Trek Enterprise, we could have beamed her up and Dr McCoy could have sorted her out.

Chi Onwurah: I thank the Minister for her very kind remarks. I probably should have said earlier that the NHS, and the Royal Free Hospital, which treated me, showed all the support, kindness and innovation that Bones in "Star Trek" would have done.

The Chair: We need to come back to the business now.

Amanda Solloway: I add my appreciation for the NHS as well. I welcome the debate so far and look forward to continuing the discussion on this important Bill.

As part of the discussion on amendment 19, I will draw on two comments about failure in research that we heard in last week's evidence sessions. The first is Bob Sorrell's point that, compared with the US,

"there is a definite culture in the UK that failure is something that you hide under the carpet".

He went on to say that ARIA

"is about establishing a culture in which we can accept failure and move on."—[*Official Report, Advanced Research and Invention Agency Public Bill Committee,* 14 April 2021; c. 76, Q79.]

My worry is that the amendment, which requires the publication of a statement containing information regarding ARIA's tolerance to failure, just misses the point. Focusing on the number and value of project failures versus successes as an annual output risks creating the wrong mindset, and risks losing sight of the ambitious multi-year goals.

It is also the case that assessing the failure of programmes and projects on an annual basis might have the effect of limiting risk-taking over the longer term. A high-potential project might qualify as a failure after one year, even though it may deliver great results over the longer term.

The second comment was made by Professor Dame Ottoline Leyser, who questioned how we will know that ARIA has succeeded, and what one would expect the percentage failure to be. She said:

"There is also serendipity…to factor in. If you set yourself a fantastic target of solving a particular problem or producing a particular new product and you fail to do that, none the less, along the way you might discover something extraordinary that you can apply in another field."—[*Official Report, Advanced Research and Invention Agency Public Bill Committee,* 14 April 2021; c. 12, Q7.]

Although ambitious research goals might not ultimately be achieved, ARIA will generate value from failures and should therefore embrace failure, and there is value in knowing what does not work, as well as in the successes.

11.45 am

ARIA will also be a great convenor of talent that would not otherwise be brought together. It is through the serendipity that value arises, which would not be captured by the information that the hon. Lady's amendment would require. I therefore urge her to withdraw the amendment.

Chi Onwurah: I thank the Minister for her remarks. We agree on the need for ARIA and for high-risk, high-reward research, but perhaps we differ on whether the publish share an understanding of that need. There are also, unfortunately, the realities of the environment in which we live: our culture does not have a high tolerance of failure. We truly believe that it is incumbent on us as parliamentarians and leaders to take what steps we can to help transform the situation and to not leave ARIA alone, so that we can all better understand the role that failure will play.

I am reluctant to detain the Committee. This was meant to be a constructive amendment, but if it has not met with the approval of the Minister, I am happy to beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That the clause stand part of the Bill.

Amanda Solloway: It is absolutely vital that ARIA operates at the cutting edge of science and technology, and I have consistently heard from the scientific community that ARIA must tolerate the risk of failure to succeed. This idea gets to the very heart of what ARIA is about and on Second Reading there was also cross-party support for it, too.

ARIA will set highly ambitious research goals, which, if they are achieved, will bring about transformative scientific and technological advances, and those advances could also yield significant economic and social benefits. It follows that, as these goals are expected to be highly ambitious, it is likely that only a small fraction of them will be fully realised as originally intended, which will necessarily require a high tolerance of failure. For example, it might be that when some failures are judged over a longer time horizon, they will lead to unexpected successful outcomes. Clause 3 allows ARIA, in exercising its functions, to give particular weight to ambitious research, development and exploitation, which carry a high risk of failure.

I will just say a few words about failure. Although ambitious goals might not ultimately be achieved, ARIA will generate value from project failures. For example, a particular goal may not prove technologically viable, but in pursuing it scientists may happen across another promising technology or develop a new method of data collection. There is also value to be had in knowing what does not work, as well as in the successes.

ARIA is also expected to be a convener of high-calibre individuals and organisations from across the public and private sectors, which otherwise might not have been brought together. However, ARIA is not just about ambitious research goals. Clause 3 also allows ARIA to take greater risks in the form of the support it provides, including the use of innovation funding mechanisms. For example, clause 3 provides ARIA with the potential to take equity stakes in start-up ventures for the purpose of developing and exploiting scientific research.

That approach also extends to funding research and development that is untested and untried, and not necessarily peer-reviewed, which is a clear dividing line between ARIA and other public research and development funders, such as UK Research and Innovation. For ARIA to be a fruitful addition to the R&D funding landscape, it must be able to pursue truly ambitious targets and to support them in a novel and sometimes risky way. It must not be scared of failure, and clause 3 seeks to enable that mindset and approach.

Chi Onwurah: We recognise that clause 3 is essential to enabling and empowering ARIA and ARIA executives in tolerating failure. That is part of ARIA, and the clause has our support.

On the exercising of functions in the Bill, following our debate on an amendment debated in the previous sitting, the Minister kindly sent me a letter about how the Secretary of State might consider removing the chair from their position. I thank the Minister for her comments that set out the way in which the chair might be removed. I point out that our amendment would have given powers to remove an executive member and the Bill only gives powers to remove a non-executive member, which is the issue we were concerned about.

Question put and agreed to.

Clause 3 accordingly order to stand part of the Bill.

Clause 4

Grants to ARIA from the Secretary of State

Question proposed, That the clause stand part of the Bill.

Amanda Solloway: Clause 4 creates a power for the Secretary of State to fund ARIA. The Committee will be aware that the Government have committed to funding ARIA with £800 million up to financial year 2024-25. The clause allows the Secretary of State to attach conditions to the grants made to ARIA, which will be set out in the framework document and funding delegation letter, which are agreed between my Department and ARIA. The documents will be drafted and agreed with ARIA's senior leadership team ahead of ARIA becoming operational in 2022.

The documents will complement the Bill, setting the broad parameters within which ARIA can operate and ensuring appropriate use of public money. It is a requirement for arm's-length bodies of Government Departments to have these arrangements in place. I will be exceptionally mindful that we do not tie ARIA up in knots with endless Government approval processes, as that would run counter to what ARIA is about, but some parameters must be put in place to safeguard the use of public money.

For example, I have spoken about the importance of providing ARIA's high-calibre programme managers with the freedom to experiment with a toolkit of funding methods in a way that best suits the programme goals and that does not always fund the usual suspects. As the policy statement sets out, that may include the use of inducement prizes, grant-prize hybrids and seed grants, taking equity stakes and so on. Some of ARIA's activities could be subject to delegation levels, which limit the amount of a single type of activity, for example. The ability to attach conditions to grants paid by the Secretary of State to ARIA will set the appropriate framework within which ARIA can then freely determine its activities and funding choices without ministerial interference.

Clause 4 is as significant in what it does not say as in what it does. Unlike the corresponding clause in the Higher Education and Research Act 2017, clause 4 does

not include a direction-making power regarding the allocation or expenditure of ARIA. This is important because the funding decision-making power should rest with ARIA, not Ministers. Clause 4, in allowing ARIA to be funded, is essential to its functioning and should stand part of the Bill.

Chi Onwurah: As the Minister said, clause 4 enables the Secretary of State to make grants to ARIA. It is clearly essential—what is the point of an agency that is not able to receive funds? While we do not oppose the clause, however, we are concerned about the general tone and language in the discussion of the way in which grants and funding will be made available to ARIA.

The Minister talked about not burdening ARIA with bureaucracy. At this time, there are a number of investigations into accusations of sleaze and the inappropriate ways that funding has been made available to the mates of different Secretaries of State. Funding and procurement have been carried on through WhatsApp groups, rather than through the normal procurement procedures, for example. I believe that the clause would have benefited from setting out more robustly the importance of the procedures, which are to be agreed, as well as the importance of what the Minister calls "bureaucracy" in enabling and ensuring trust, which is so very important for this agency.

In the debate on Tuesday, the Minister talked about a "different model of trust" for ARIA. I put on the record that the Opposition believe strongly that it is not the model of trust that is wrong, but the way in which it is being followed or implemented by this Government. We believe that the current model of trust needs to be supported in relation to ARIA and in all funding and procurement decisions.

Question put and agreed to.

Clause 4 accordingly ordered to stand part of the Bill.

Clause 5

National Security Directions

Chi Onwurah: I beg to move amendment 20, in clause 5, page 2, line 33, at end insert—

"(4) The Secretary of State must, in relation to each financial year—

(a) prepare a report in accordance with this section, and

(b) provide a copy of it to the Intelligence and Security Committee of Parliament as soon as is practicable after the end of that period.

(5) Each report must provide details of—

(a) any directions made under this section in the relevant financial year, and

(b) the nature of the national risks posed which triggered the making of the directions."

This amendment would require the Secretary of State to prepare and provide to the ISC an annual report on any directions made under this section.

It is a great pleasure to move this amendment, which proposes an essential addition to the Bill. It would require the Secretary of State to prepare and provide to the Intelligence and Security Committee of Parliament an annual report on any direction made under the clause. I remind the Committee that clause 5 states that

"(1) The Secretary of State may give ARIA directions as to the exercise of its functions if the Secretary of State considers it necessary or expedient in the interests of national security. (2) The power to give directions under this section includes power to vary or revoke a direction. (3) ARIA must comply with a direction given under this section."

We in the Labour party are very clear that we are the party of national security—*[Interruption.]* Would anybody like to intervene? Let me say it again: we are the party of national security, and we believe that it is vital that decisions taken by the Government reflect our national security interests. That is clearly in the interests of the nation. The first duty of any Government, of any colour, is to keep our nation secure, and we are very pleased that the Bill recognises the importance of national security. Indeed, we are often concerned that, at times, it seems that this Government place business interests, particularly foreign investment, ahead of national security.

Obviously, national security is an important consideration, but the issue and the challenge here is that, under the Bill as drafted, those directions cannot be subject to adequate parliamentary scrutiny. I am reluctant to remind the Committee again, but the Government are in the midst of a cronyism scandal. The Bill places power and responsibility in the hands of the Secretary of State, with little ongoing accountability generally. Part of our constructive approach to the Bill is to try to ensure that there is appropriate scrutiny provision throughout the Bill, particularly given that it was drafted before the cronyism scandal that has had such an impact on the public's trust in procurement, funding and other decisions taken by this Government.

12 noon

It is essential that the directions that the Secretary of State gives be subject to scrutiny, but how will that be possible under the Bill as it stands? A Select Committee does not have the intelligence clearance to discuss matters of national security. I hope that it is in order for me to remark that I have had the good fortune to work on the National Security and Investment Bill and the Telecommunication (Security) Bill as they have come through Parliament in the last few months. In both Bill Committees, we discussed the issue of a Secretary of State taking decisions on grounds of national security. By definition, those decisions would not be able to be subject to scrutiny, because only the Intelligence and Security Committee of Parliament has the intelligence clearance to scrutinise such decisions. By enabling that scrutiny, we want to correct the oversight of giving to the Secretary of State powers that are not subject to scrutiny.

The reports that we are proposing would be annual, coinciding with the financial year, and would provide Parliament with an accurate and periodic update on the impact of these measures on our national security. The Bill allows the Secretary of State to take decisions in the name of national security, but without any obligation to inform or liaise with the ISC. If the Minister objects to the way that the report would be required, we are quite happy to discuss other ways in which the ISC can provide the appropriate scrutiny.

The Department for Business, Energy and Industrial Strategy does not have a long-standing tradition of implementing national security measures. It was only very recently, with the National Security and Investment Bill, for example, which has yet to complete its stages in the House, that BEIS was given the powers to look at mergers and acquisitions and so on based on national

security. We believe that experienced and qualified oversight is needed. If the Minister is reluctant to support the amendment, I would like to hear from her how the Secretary of State's powers will be scrutinised.

Duncan Baker (North Norfolk) (Con): I thank the hon. Lady for giving way. I am intrigued by the amendment, because on the one hand, the Opposition were very keen with amendment 15 that ARIA's mission be to drive the net zero agenda; on the other hand, this amendment would require the Secretary of State to report to the ISC. Can she explain where she thinks a report on the potential for net zero to the ISC would be necessary and what it would achieve?

Chi Onwurah: I thank the hon. Gentleman for his intervention, which I hope does not reflect a lack of understanding of the ways in which science research and our national interest work. On national security, a direction could be given to ARIA not to work in nuclear energy with a Government whose interests did not align with our own, for example. That is quite a relevant example, because we know that, rather than investing in it themselves—even though interest rates are so low at the moment—the Government have welcomed, and even encouraged, investment in our nuclear energy by the Chinese. Some kind of direction might well be given on that basis. There are many ways in which climate change is essential to our national security, so I do not think that example was very well chosen.

More generally, if the hon. Member is asking how trade-offs between national security and other priorities should be made, which is a very important question, we have already said that we believe in national security, and national security should always be the priority. However, when such a direction is made for reasons of national security, which we support, the fact is that we will not know why it was made. Perhaps that is right, because if it is an issue of national security, those concerns should not be shared publicly; none the less, somebody needs to scrutinise them. I hope everybody on this Committee will agree that someone in Parliament should be scrutinising decisions on national security, particularly when those decisions are taken by the Secretary of State for Business, Energy and Industrial Strategy. As I have already said, neither the Department nor the Secretary of State has long experience of making national security decisions.

Daniel Zeichner: I fully take the point made by the hon. Member for North Norfolk, but we Opposition Members have a degree of prescience in being able to predict the way that votes in this Committee might go. We anticipated that the Government might not accept our suggestion about giving ARIA this mission. Does not that the lack of a mission create this further problem? If we had had that clear mission around climate, this would be far less of an issue.

Chi Onwurah: Once again, my hon. Friend raises an excellent point, and indeed he brings together the themes of our amendments. He is right to say that if ARIA had a clear mission, there would be better understanding of the kinds of decisions and trade-offs that might well need to be made, and we could have a much better informed discussion around that. However, the fact is that we have neither a mission for ARIA, nor any opportunity to scrutinise the national security directives that might be made in the interests of addressing climate change, but also might be made in the interests of ensuring that we have oil drilling rights, or that we continue to fund minerals extraction around the world in order to support other research objectives. It is clear to us that we need to have this scrutiny.

As I indicated, there have been a number of debates on Intelligence and Security Committee scrutiny of other Departments, including in relation to the National Security and Investment Bill and the Telecommunications (Security) Bill. In those cases, despite that Committee being keen to scrutinise national security decisions, the Government have shown a great reluctance to allow parliamentary scrutiny of issues of national security. Some believe—I am not one of those cynical people—that this is because the Government are not happy with Parliament's choice of Chair of the ISC. I am loath to believe that the Government would be so petty when it comes to such an important matter as national security, so I hope the Minister will clarify how we will have appropriate scrutiny of national security decisions made by the Secretary of State, as set out in this Bill, and why the ISC is not the right vehicle for that.

I will finish with two brief quotes in support of the amendment. In the National Security and Investment Bill Committee, we had the great privilege of taking evidence from Richard Dearlove, former head of the British Secret Intelligence Service.

He said:

> "My view would be that the annual report has as much transparency as possible, but you are probably going to require a secret annexe from time to time. It is a bit like the reports of the Intelligence and Security Committee, which I dealt with frequently as chief. They and we were keen that they should publish their reports, but there comes a point where it is not in our national interest that some of this stuff is put in the public domain."

—[*Official Report, National Security and Investment Public Bill Committee,* 24 November 2020; c. 21, Q23.]

That is the case here as well.

My right hon. Friend the Member for North Durham (Mr Jones) has said:

> "I do not want to give the impression that the ISC is looking for work, because I have been a member for a number of years and we are busy with a lot of inquiries—I have three or four hours' reading every week looking through reports from the agencies. However, it is important that the ISC can at least look at the intelligence that lies behind decisions."—[*Official Report, Telecommunications (Security) Public Bill Committee,* 21 January 2021; c. 143.]

That is all that we are seeking to achieve through this amendment.

Amanda Solloway: Amendment 20 would require the Secretary of State to provide a report to the Intelligence and Security Committee at the end of each financial year detailing directions made by the Secretary of State to ARIA in the interests of national security and the national security risks that triggered the directions.

The Government take very seriously their duty to protect the national security of the country and its citizens. The ISC plays a valuable role in providing scrutiny and expertise in respect of its functions, as set out in the Justice and Security Act 2013 and the statutory memorandum of understanding. However, that remit does not extend to oversight of BEIS work.

I do not see any reason why such a report should be necessary. No such arrangements exist with UKRI through the Higher Education and Research Act 2017. Instead, the organisation has robust national security arrangements in place to ensure that appropriate action is taken. Similar arrangements will be put in place as ARIA becomes operational, and we are speaking with the relevant parts of Government to make sure that that is the case.

The clause reflects the fact that, while ARIA will be free from ministerial interference, we will always act on our responsibility to protect our national security. Information made known to the Secretary of State will be fed into the wider work of the Government to protect UK R&D from national security risks as appropriate. I see no case for ARIA to report on that to the ISC. I urge the hon. Lady to withdraw her amendment.

Chi Onwurah: I thank the Minister for her comments, but she has not responded to the underlying and constructive aim of the amendment, which is to ensure that the ISC has sight of intelligence and security decisions.

She makes a comparison with UKRI. This agency is about high-risk, high-reward research, which we are told will be transformative. During many of our National Security and Investment Bill Committee debates, the point was raised that the nature of national security threats is changing and, as we heard numerous times in evidence, has moved, and is moving, very much into the technological domain. The question whether or not we play a leading role in artificial intelligence, for example, is an issue of national security, as are our cyber defences, which I am sure any chief executive of ARIA would be keen to look at. The agency needs the kind of intelligence scrutiny that only the Intelligence and Security Committee can give. On that basis, I would like to press the amendment to a vote.

12.15 pm

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 9.

Division No. 14]

AYES

Blackman, Kirsty	Furniss, Gill
Butler, Dawn	Onwurah, Chi
Flynn, Stephen	Zeichner, Daniel

NOES

Baker, Duncan	Metcalfe, Stephen
Crosbie, Virginia	Richardson, Angela
Fletcher, Mark	Solloway, Amanda
Hunt, Jane	Tomlinson, Michael
Mayhew, Jerome	

Question accordingly negatived.

Question proposed, That the clause stand part of the Bill.

Amanda Solloway: Clause 5 creates a power for the Secretary of State to give directions to ARIA regarding the exercising of its functions that are considered necessary or expedient in the interests of national security. It is right that ARIA is free from too much ministerial oversight. However, when it comes to questions of national security, Ministers may intervene to prevent risk to the UK's national security interests.

The necessary and expedient threshold of clause 5 offers adequate protection and limits the possibility of ministerial overreach, owing to a more broadly defined power. The direction-making power with which ARIA must comply can be general—for example, a direction not to conduct research in conjunction with partners from a particular jurisdiction that poses a threat to the United Kingdom's national security—or specific: for example, a direction to terminate a specific contract.

Subsection (2) states that the directions include the

"power to vary or revoke",

which is to say that directions can be altered or withdrawn depending on how the national security risk develops or subsides.

I would like to take this opportunity to assure the Committee that my team are working hard to ensure that ARIA is set up with national security risks front of mind. That ranges from reducing the risk of cyber-attacks, to ensuring that ARIA is plugged to the appropriate Whitehall national security networks. This work complements a direct-making power in the Bill.

Chi Onwurah: As I have said, Labour is the party of national security.

Jerome Mayhew (Broadland) (Con): The hon. Lady has said on a number of occasions that Labour is the party of national security. I would be very interested to hear her views about what date it became the party of national security. If my memory serves me right, Sir Richard Dearlove, to whom the hon. Lady has referred approvingly, said that the former leader of the Labour party, the right hon. Member for Islington North (Jeremy Corbyn), was a personal risk to national security, particularly if he ever got the keys to No. 10. He said:

"Do not even think of handing this politician the keys to No10."

If that was the Labour party's approach under his leadership, at what stage did it change its mind about national security?

Chi Onwurah: I am really disappointed in the hon. Gentleman for trying to make our national security an issue of party politics, and in particular for quoting a supposed critique of politicians by our intelligence service from previous years. I do not think that such comments have a place in this debate. We have elected leaders. I could go into a long list of quotations about our current Prime Minister and the concerns that he raises in many people's minds, including from when he was Foreign Secretary.

The Chair: I think we should stick to the business at hand.

Chi Onwurah: I recognise that, Mr Twigg, but let us be clear. When I say that we are the party of national security, it is also what the shadow Secretary of State for Defence and my party leader say. That is a statement, and I really do not think it was appropriate of the hon. Member for Broadland to try to undermine the unity on both sides of the House with regard to the importance of national security. I fear that that is what he was trying to do.

[Chi Onwurah]

As I was saying, Labour is the party of national security and believes strongly in the importance of the Secretary of State's ability to give directions informed by national security. However, I feel that the Minister has yet to set out how those directions will be scrutinised. That remains a significant concern for the Opposition if we are to be sure that those directions are really driven by our national security interests and if we are to give the scrutiny that ensures continuing public confidence. However, given the importance of national security, we will clearly not be opposing clause 5.

Question put and agreed to.

Clause 5 accordingly ordered to stand part of the Bill.

Clause 6

INFORMATION

Kirsty Blackman (Aberdeen North) (SNP): I beg to move amendment 27, in clause 6, page 2, line 38, at end insert—

"(2) ARIA must provide relevant Select Committees of the House of Commons and the House of Lords with such information as the Select Committees may request."

This amendment is intended to allow relevant parliamentary Select Committees to access information in order to scrutinise the value for money provided by ARIA.

I will not say a huge amount about the amendment, which pretty much speaks for itself. As ARIA is not subject to freedom of information, I think it incredibly important that there should be a commitment from the Minister that ARIA will provide information to Select Committees if they request it. If the Minister will stand up and say that ARIA will of course provide information to Select Committees, I will withdraw my amendment post haste.

Amanda Solloway: Amendment 27 would require ARIA to provide information requested by relevant Select Committees in both Houses. Sufficient measures are already in place to ensure that Select Committees have access to information that would allow them to scrutinise the work of Government Departments and public bodies.

I agree that Select Committees play an important role in examining the work of arm's length bodies, and I am grateful for the interest and insight that the Science and Technology Committees in both Houses have had into ARIA so far. However, the Osmotherly rules provide guidance for how Government Departments and public bodies should interact with Select Committees. They are clear that the members of arm's length bodies should be as helpful as possible in providing accurate, truthful and full information when giving evidence, taking care to ensure that no information is withheld that would not be exempted if a parallel request were made to the body under the Freedom of Information Act 2000. I believe that that is sufficient to ensure co-operation and a constructive relationship between ARIA and relevant Select Committees, as it is for other bodies such as UKRI.

On scrutiny of ARIA's value for money, as was set out in discussions on schedule 1 the National Audit Office can conduct value-for-money assessment in the usual way. I wanted to address a comment made by the hon. Member for Newcastle upon Tyne Central on Tuesday about the role of the National Audit Office in scrutinising the work of ARIA. I do not agree that the safeguard is very limited; in fact, value-for-money assessments are rigorous and robust, and provide the basis for the Public Accounts Committee's hearings and reports. I therefore believe that the right arrangements are in place for Select Committees to scrutinise the work of ARIA. That is in line with standard practice. I hope that the hon. Member for Aberdeen North will withdraw her amendment.

Kirsty Blackman: I thank the Minister for her statement. She has made it clear that she expects ARIA to comply and not withhold information necessary for Select Committees. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That the clause stand part of the Bill.

Amanda Solloway: Clause 6 focuses on the Secretary of State's information rights with respect to ARIA. The Secretary of State may request information relating to his or her functions—for example, information required to determine the Government's funding of ARIA, to make national security directions, or for the appointment or removal of board members. It is important that the Secretary of State has the information that he or she requires to perform relevant functions.

The information rights remain limited compared with the other arm's length bodies of Government Departments. The Bill does not allow the Secretary of State to request ARIA's strategy or delivery plan, for example, as the Higher Education and Research Act 2017 does with respect to UKRI. A limited set of information rights is an important feature of maintaining ARIA's independence from Government, and it also helps the body to be an agile organisation that can focus on high-risk, high-reward research.

I remind the Committee that this is not the extent of the information provided by ARIA. As we have discussed with respect to schedule 1, for example, ARIA must also send a copy of its statement of accounts and annual report to the Secretary of State, to be laid before Parliament. It is also in the gift of the Secretary of State to oblige ARIA to make other types of information available—via the framework document, for example—as a condition of funding under clause 4. Clearly, it is important to strike a balance between transparency in the use of public moneys and not operationally overburdening a small organisation.

The clause also sets out stipulations regarding the handling of information. Disclosure of information by ARIA under the clause does not breach any obligation of confidence owed by ARIA, and does not, for example, require a disclosure of information should it contravene data protection legislation. I hope that hon. Members agree that the information rights set out in the clause are important to allow the Secretary of State to carry out their functions effectively.

Chi Onwurah: I thank the Minister for summarising clause 6. The theme of many of our amendments has been the importance of communication, information, understanding ARIA and its mission, and accountability, so we support the requirement for information to be

provided by ARIA to the Secretary of State as appropriate. The duties in the clause seem entirely appropriate, but I have a couple of concerns that I hope the Minister will either respond to or perhaps write to me about.

Clause 6(3) states:

"A disclosure of information required under this section does not breach—

(a) any obligation of confidence owed by ARIA, or

(b) any other restriction on the disclosure of information (however imposed)."

Perhaps this is something that I should already understand, but I am not clear whether commercial confidentiality would come under subsection (3). If ARIA were funding, as I hope it will, a high-risk, high-reward and sensitive project, would that be excluded on the grounds of commercial confidentiality? There is no requirement for the information that ARIA provides to the Secretary of State to be published or shared more broadly, so I would hope that commercially confidential information could be shared.

Subsection (4) states:

"This section does not require a disclosure of information if the disclosure would contravene the data protection legislation."

Clearly, if disclosure contravened data protection legislation, it would be illegal, so I am somewhat confused about a requirement on ARIA not to break existing laws. I am happy for the Minister to write to me to say under what circumstances there might be a need to share information, the disclosure of which would contravene data protection legislation. I can only think that it might involve personal information, which suggests that the Secretary of State would ask for personal information. Earlier, we discussed the gender pay gap and disclosing information on that. Did the Minister think that that might contravene data protection legislation if, for example, only women worked for ARIA?

Those are my concerns, and I would be obliged to the Minister if she wrote to me about those questions, but we will not oppose the clause standing part.

12.30 pm

Question put and agreed to.

Clause 6 accordingly ordered to stand part of the Bill.

Clause 7

Transfer schemes

Question proposed, That the clause stand part of the Bill.

Amanda Solloway: The clause introduces schedule 2, which contains provisions about schemes for transfer of staff, property, rights and liabilities to ARIA. It is very straightforward.

Question put and agreed to.

Clause 7 accordingly ordered to stand part of the Bill.

Schedule 2

Transfer schemes

Question proposed, That the schedule be the Second schedule to the Bill.

Amanda Solloway: The schedule allows the Secretary of State to make one or more property or staff transfer schemes to ARIA. The permitted transferors are the Secretary of State or UKRI. The supplementary powers are standard and mirror those in, for example, the Higher Education and Research Act 2017. The principal purpose of clause 7 and schedule 2 is to ensure that important assets and personnel can be transferred from BEIS or, if required, UKRI, as ARIA is set up. For example, the chief executive officer and chair may be temporarily contracted to BEIS before ARIA becomes operational. It is administratively convenient to be able to use the power to transfer those staff to ARIA. Paragraph (4) provides that

"A staff transfer scheme may make provision which is the same as or similar to the TUPE regulations."

That means that employers' rights of transfer remain the same.

Alternatively, in the ARIA set-up phase, contracts may be entered into for an office lease or seed funding, which could be transferred to ARIA without contract novation. That means that the benefit and burden of the contract can be assigned to ARIA without having to obtain a third-party agreement. It is an important provision that may be needed to make ARIA operational.

Question put and agreed to.

Schedule 2 agreed to.

Clause 8

Power to dissolve ARIA

Kirsty Blackman: I beg to move amendment 38, in clause 8, page 3, line 21, at end insert—

"unless they are made under subsection (7)".

This amendment ensures that ARIA cannot use its significant resources to fund weapon development.

The Chair: With this it will be convenient to discuss amendment 37, in clause 8, page 4, line 4, at end insert—

"(7) The Secretary of State must immediately dissolve ARIA if it uses any of its resources to support weapon development.".

This amendment ensures that ARIA cannot use its significant resources to fund weapon development.

Kirsty Blackman: It is important to consider the amendments together as one is consequential on the other. They would ensure that ARIA cannot use its significant resources to fund weapon development, and would provide the mechanism of the Secretary of State immediately dissolving ARIA were it to use any of its resources to support weapon development as an addition to the clause on dissolving ARIA. It is no secret that we in the SNP are not particularly keen to continue to be part of either the UK or the UK Parliament, but while we are contributing to ARIA and while some of our tax money is going to ARIA—while this money is being spent in our name—we do not want it to be spent on weapons or the development of weapons.

We have been very clear that we will not have nuclear weapons in an independent Scotland. We stand in opposition to them. For that reason, like many people in my party, I am a long-time member of the Scottish Campaign for Nuclear Disarmament. The decisions the UK Government have taken on the renewal of those weapons and on spending money on nuclear weapons have been some of the very worst things that they have

[Kirsty Blackman]

done in the name of the people of the UK. I do not want to sit on a Bill Committee that creates an organisation which has no set purpose, but which could entirely fund weapon development with the money that it is allocated. It could entirely fund research into technologies with which I fundamentally disagree.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): I completely understand the hon. Lady's principled position on this issue. Does she not accept that, if the amendments were to pass, they would hamper the ability of the Secretary of State to activate clause 5 and direct ARIA towards working in our national security in a time of crisis? I fully accept that it would not be a good idea for ARIA to set its sights on developing new weapons, but we should not take its ability to do that away when we as nation may need it.

Kirsty Blackman: I thank the hon. Member for his characteristically sensible intervention. However, I feel so strongly about this that I think it is important that ARIA is excluded from doing that. There are other means that the UK can use to fund weapon development. I do not think ARIA should be one of them.

We are particularly concerned because of the lack of transparency and the issues that there have been around the use of weapons and the use of UK resources on weapons. We have said that we want the UK to immediately halt all military support and arms sales to regimes that are guilty of violations of human rights and international humanitarian law. The UK Government have not done so. Our concerns are well founded, which is why we have tabled what is quite an extreme amendment in comparison with others we have seen.

This is a subject of much moral debate. We will not ever accept the use of lethal autonomous weapons. Our concern is that, as they are on the cutting edge of technology, ARIA may consider looking at those weapons. I do not want that to be done in the name of the people I represent; they certainly do not want it done in their name.

The Minister has told us about the memorandum of understanding that will be in place between BEIS and ARIA. We have already touched on the issues of ethical investments that ARIA may or may not make. If the Minister was willing to make a statement about the ethical nature of investments ARIA will make and the direction that may be put into that MOU—we do not have as much information as we would like on the MOU—that might give us some comfort on the direction that ARIA may take. The lack of a mission for ARIA means that it is open to the possibility that this situation could arise, and that is a big concern of ours.

Amanda Solloway: Amendments 37 and 38 challenge so-called dual-use research—research that is intended for benefit, but might be misapplied by a third party to do harm. The ways in which that could be done will not always be easy to predict, and given the possible benefits of the intended civilian application, it would not be right to close the door to any research that might fall into that category.

I assure the hon. Member that, alongside the Bill, my team is working hard to ensure that ARIA is set up with such risks at the front of people's mind, including regarding how ARIA is equipped to perform due diligence on potential research partners to minimise risk. It would not be right to dissolve ARIA immediately if it had taken all necessary precautions to minimise the inappropriate use of its research, which would be the effect of the amendments.

Clause 5 will allow the Secretary of State to give directions to ARIA relating to the exercise of its functions when that is necessary or expedient in the interests of national security. That would apply, for example, if ARIA worked with a researcher in another jurisdiction on the development of a technology that could be used by another country for nefarious ends such as weapons development. In that event, the Secretary of State could direct ARIA to cease the contract or research. Under schedule 1, the Secretary of State is able to remove members from office on national security grounds.

I emphasise that while we have learned from DARPA in creating ARIA, ARIA differs from DARPA in several ways, principally because it is not set up with a focus on defence or weapons development. I urge the hon. Member to withdraw the amendment.

Kirsty Blackman: I thank the Minister for her statement. I listened to it closely, and it did give some comfort about the possible direction of ARIA. Given what she said, I do not intend to press the amendment to a Division, but we will keep a close eye on what happens. When we scrutinise ARIA, we will examine whether it uses significant portions, or indeed any, of its resources to fund weapons development, especially in countries where there is concern about use for nefarious purposes—not that weapons can generally be used for a particularly good purposes—and with regard to lethal autonomous weapons. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That the clause stand part of the Bill.

Amanda Solloway: Clause 8 allows the Secretary of State to make provision by regulation for the dissolution of ARIA

"ten years after the date on which this Act is passed."

Before making such regulations, the Secretary of State will be required to consult ARIA and other persons he or she considers appropriate, who could include the recipients of ARIA funding or other experts in the field. That will ensure that those leading ARIA at the time will have the opportunity to contribute to the decision. As is set out in clause 11, regulations under clause 8 are subject to the affirmative procedure in each House of Parliament.

We recognise that ARIA is a new body that will take time to get up to scale and demonstrate success. Its exclusive focus on high-risk, programme-led research requires patience, so it should not be evaluated on short -term outcomes. The Commons Science and Technology Committee and the R&D sector at large have welcomed the long-term, patient approach that has been set out for ARIA, and the dissolution grace period is designed to take account of that. There is no obligation to exercise the dissolution power after 10 years, and the Government are, of course, optimistic that clause 8 will not be needed. However, we recognise that ARIA represents a new way of funding research so, as a matter of good administration, we have provided for a power to dissolve ARIA in the event that it is not successful.

Question put and agreed to.

Clause 8 accordingly ordered to stand part of the Bill.

Clause 9

CONSEQUENTIAL AMENDMENTS

Question proposed, That the clause stand part of the Bill.

Amanda Solloway: Clause 9 introduces consequential amendments to schedule 3, which we will go on to discuss. It has no other effect, and I hope that hon. Members agree with its necessity.

Question put and agreed to.

Clause 9 accordingly ordered to stand part of the Bill.

Schedule 3

CONSEQUENTIAL AMENDMENTS

12.45 pm

Chi Onwurah: I beg to move amendment 21, in schedule 3, page 13, line 37, leave out paragraph 11.

This amendment would remove ARIA's exemption from the Public Contracts Regulations 2015.

Amendment 21, which stands in my name and those of my hon. Friends, is a key amendment that will ensure that ARIA merits and deserves the confidence of the public at this time of great debate about sleaze and cronyism. The amendment would remove ARIA's exemption from the Public Contracts Regulations 2015. As drafted, paragraph 11 of schedule 3 excludes ARIA from the definition of a "contracting authority" under the 2015 regulations; as a consequence, ARIA is exempted from the usual public procurement rules. The Opposition do not understand why ARIA's exemption from those rules is justified. Indeed, we are truly concerned that exempting it in this way opens a side door to sleaze in science.

Dawn Butler (Brent Central) (Lab): My hon. Friend is absolutely correct in her presentation: we fail to understand why ARIA is exempt from the Public Contracts Regulations 2015. The Government are embroiled in the PPE and VIP lane scandals. It has been exposed that companies were put into the VIP lane by mistake—for example, PestFix was awarded £32 million. For ARIA to be exempted from any regulation risks this exploding to a larger extent with £800 million of public funds.

Chi Onwurah: I thank my hon. Friend for her intervention, and she is absolutely right. It would be a cause for concern at any time to exempt an agency of this importance and public funding from procurement rules, but it is particularly worrying when the Government are already embroiled in a cronyism and procurement scandal.

In support of the point that my hon. Friend made, Transparency International—a well-known and reputable organisation—found that, of 1,000 procurement contracts signed during the pandemic and totalling £18 billion of public money, one in five had one or more of the red flags commonly associated with corruption. Is that not a figure of which we should be absolutely ashamed? That has happened within the existing rules, and the Minister proposes to exempt ARIA from those rules.

In her letter to the Chair of the Science and Technology Committee on 2 March 2021, the Minister explained that the Bill will

"provide ARIA with an exemption from Public Contracts Regulations so that it can procure services, equipment and works relating to its research goals at speed, in a similar way to a private sector organisation."

We have several concerns about that explanation. What assessment has the Minister made of the ways in which private sector organisations procure services? Has she compared this with the success or otherwise of Government procurement processes for PPE during the covid crisis? Is she saying that private sector procurement is more effective, more honest and fairer; or is it simply quicker?

What the exemption is for is also a concern. The Minister implies that it is for services, equipment and works relating to ARIA's research goals. Is it for equipment, services and works, or is it actually for research? Will ARIA be considered to be procuring research? We had been led to understand that it would a funder of research and development, not a body conducting its own research in a lab, so what actual procurement needs will it have, beyond office space and office equipment? There are months and months before ARIA is operational, so what will it need to procure at speed, or is the intention to enable ARIA to procure research without oversight? What is the justification for not having appropriate oversight for its procurement of research?

We absolutely understand, and support, providing ARIA with additional flexibility in terms of its funding activity, but the benefit of exempting ARIA's procurement of goods and services is not clear. We suggest that ARIA's procurement needs are not different from those of other Government funding bodies. We hope that the Minister will explain why that is the case. In terms of safeguards, the Government are proposing that in a future framework agreement BEIS will require ARIA to appoint an independent internal auditor to report its procurement activities. It is therefore going to have an internal bureaucracy, as the Minister puts it, rather than be subject to the procurement rules that have been developed, debated and put in place over time.

Will that framework agreement set out procurement rules for ARIA? Otherwise, what is the auditing requiring compliance with? How can we audit if there are no rules to benchmark against? Without safeguards, we have significant concerns about the risk of sleaze. What is to prevent ARIA from buying its office equipment from a mate of the Secretary of State or of the chief executive? Can the Minister say which of the regulations she objects to? The Public Contracts Regulations 2015, for example, state that a person awarded a public contract must

"be linked to the subject-matter of the contract."

Does she object to that? What will prevent ARIA from operating effectively?

In the evidence sessions, we heard a number of times, including from Professor Glover, that there is a need for openness and transparency. David Cleevely said:

"The more open you are about what you are doing, the less easy it is to hide the fact that you have let particular contracts and so on, so there ought to be a mechanism within the governance structure of the agency to do that."—[*Official Report, Advanced Research and Invention Public Bill Committee,* 14 April 2021; c. 75, Q78.]

[Chi Onwurah]

The Minister is removing such mechanisms as there already are. We heard that having rules and regulations in place was part of the culture of DARPA, on which this agency is supposedly based, with one of its directors, Dr Highnam, saying:

"Honour in public service is top of the list."—[*Official Report, Advanced Research and Invention Public Bill Committee,* 14 April 2021; c. 39, Q32.]

Stephen Metcalfe: Did we not also hear from Director Highnam how DARPA benefits from other transaction authority and the flexibility that comes outside of the standard Government procurement process?

Chi Onwurah: We heard from Dr Highnam repeatedly of the importance of rules and regulations. He spoke specifically of a culture in which the process was not considered bureaucracy and a barrier but part of enabling DARPA to meet its obligations. I say to the hon. Member for South Basildon and East Thurrock, for whom I have a great deal of respect, that the flexibility that DARPA benefits from in being able to procure research is not outside the United States procurement requirements. Dr Highnam made it clear that they benefit from providing extraordinary results while being open and following the highest standards in public service.

I hope that the Minister will agree to leave ARIA with public procurement rules that provide some measure of trust, particularly in the middle of the current cronyism scandal.

Angela Richardson (Guildford) (Con): It is a pleasure to serve under your chairmanship, Mr Twigg.

If procurement rules for the traditional R&D granting used by UKRI do not apply, we need to understand that ARIA, like DARPA, will work differently. There will be some granting, but others will be commissioned and contracted to conduct research. If ARIA often procures R&D services, they could be within the scope of procurement regulations, so it is important to have the exemption. My hon. Friend the Member for South Basildon and East Thurrock made a good point when he referenced the evidence that DARPA deputy director Dr Highnam gave last Wednesday about how DARPA benefits from other transaction authority and has flexibility outside the standard Government-contracting standards. Those flexibilities exist in the US and it is important that ARIA has a similar flexibility.

The exemption places freedom in the hands of the leaders and programme managers. In that model, those programme managers will be recruited to run ARIA as an independent body. ARIA's procurement will be at arm's length from Government and Ministers.

Importantly, in paragraph (14) to schedule 1, the Government have made a commitment to ensure that ARIA internally audits its procurement activities. The upfront flexibility that the exemption affords will be balanced by reporting at a later point. It is clear that the need for agility does not negate ARIA's accountability.

Stephen Flynn (Aberdeen South) (SNP): I will briefly highlight our view of amendments 21 and 22. We are considering perhaps some of the daftest things that the UK Government have proposed in my short time in the House. I cannot quite believe that we are in a situation whereby public contracts and freedom of information are simply brushed to one side by a Government. I am interested by the argument that we should follow DARPA's example in procurement practices, but not when it comes to having a mission. The Government seem to have picked the worse of the two options, and that is bizarre.

The shadow Minister rightly covered the matter in detail. Last week, one of the expert witnesses said that transparency fosters trust. Why would any Government not want the trust of Parliament and the people?

Amanda Solloway: The amendment would omit the extension of obligations on contracting authorities for the purposes of public contracts regulation that the Bill affords ARIA. I will take the opportunity to explain to hon. Members why the extension is so important.

I will make three points. First, ARIA is expected to commission and contract others to conduct research in pursuit of its ambitious goals. ARIA will often be procuring those services, and that commissioning and contracting is a fundamentally different way of funding R&D from traditional grant-making, where procurement rules do not apply.

1 pm

Secondly, that way of funding research is core to DARPA's approach, the successful US model we have learned from in designing ARIA. There has been some confusion on that point. As Dr Peter Highnam made clear in his evidence to the Committee, DARPA benefits from what he described as "other transaction authority", which offers flexibility outside standard US Government contracting standards. For ARIA to take the innovative new funding approach that is so fundamental to its objectives, I believe that it will benefit from similar flexibilities here. For ARIA, the public procurement rules could prevent a critical investment being made at speed or at all. We will therefore provide that exemption so that ARIA may procure services, equipment and works relating to its research goals at speed, in a similar way to a private sector organisation.

Finally, there has been some discussion in Committee about trust in Government. I will therefore stress that that exemption places freedom into the hands of ARIA and the leaders and programme managers who will be recruited to run it as an independent body. That independence, as I have been clear throughout, is essential.

Stephen Flynn: I am very much in favour of freedom, for want of a better phrase, but does the Minister not understand the concerns that the public will have about transparency on such a key amount of public money? That is something the Government have an awful track record on at this moment in time. Does she not understand the public's view?

Amanda Solloway: I make reference to all the methods that we have in place to ensure that we are transparent in the running of ARIA. As I have been clear about throughout, independence is an essential feature of ARIA. Its procurement will therefore be at arm's length from Government and Ministers. I hope that this debate has demonstrated the necessity of such an arrangement and that the hon. Member for Newcastle upon Tyne Central will withdraw her amendment.

Chi Onwurah: I thank the Minister for her response, but I do not feel reassured and I do not think that the public will feel reassured. I will therefore press the amendment to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 8.

Division No. 15]

AYES

Blackman, Kirsty	Furniss, Gill
Butler, Dawn	Onwurah, Chi
Flynn, Stephen	Zeichner, Daniel

NOES

Baker, Duncan	Metcalfe, Stephen
Crosbie, Virginia	Richardson, Angela
Fletcher, Mark	Solloway, Amanda
Mayhew, Jerome	Tomlinson, Michael

Question accordingly negatived.

Ordered, That further consideration be now adjourned. *—(Michael Tomlinson.)*

1.3 pm

Adjourned till this day at Two o'clock.