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Public Bill Committee

HIGHER EDUCATION AND RESEARCH BILL

Fourteenth Sitting

Tuesday 18 October 2016

(Afternoon)

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Saturday 22 October 2016

The Committee consisted of the following Members:

Chairs: Mr Christopher Chope, Sir Edward Leigh, Sir Alan Meale, † Mr David Hanson

† Argar, Edward *(Charnwood)* (Con)
† Blackman-Woods, Dr Roberta *(City of Durham)* (Lab)
† Blomfield, Paul *(Sheffield Central)* (Lab)
† Chalk, Alex *(Cheltenham)* (Con)
† Churchill, Jo *(Bury St Edmunds)* (Con)
† Evennett, David *(Lord Commissioner of Her Majesty's Treasury)*
† Howlett, Ben *(Bath)* (Con)
† Johnson, Joseph *(Minister for Universities, Science, Research and Innovation)*
† Kennedy, Seema *(South Ribble)* (Con)
† Marsden, Gordon *(Blackpool South)* (Lab)
† Milling, Amanda *(Cannock Chase)* (Con)
Monaghan, Carol *(Glasgow North West)* (SNP)
† Morton, Wendy *(Aldridge-Brownhills)* (Con)
† Mullin, Roger *(Kirkcaldy and Cowdenbeath)* (SNP)
† Pawsey, Mark *(Rugby)* (Con)
† Rayner, Angela *(Ashton-under-Lyne)* (Lab)
† Smith, Jeff *(Manchester, Withington)* (Lab)
† Streeting, Wes *(Ilford North)* (Lab)
† Vaz, Valerie *(Walsall South)* (Lab)
† Warman, Matt *(Boston and Skegness)* (Con)

Katy Stout, Glenn McKee, *Committee Clerks*

† attended the Committee

Public Bill Committee

Tuesday 18 October 2016

(Afternoon)

[Mr David Hanson *in the Chair*]

Higher Education and Research Bill

2 pm

The Chair: Welcome back for what I regret to inform Members will be the final sitting of the Committee. I remind Members that we finish at 5 pm precisely, which means we have to deal with any matters outstanding before then.

Clause 85

UK research and innovation functions

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): I beg to move amendment 180, in clause 85, page 52, line 21, at end insert

"but must be exercised in such a way as to be for the benefit of England, Scotland, Wales and Northern Ireland."

This amendment would place a general duty on UKRI to discharge its functions under section 85 for the benefit of the UK as a whole.

The Chair: With this it will be convenient to discuss the following:

Amendment 181, in clause 88, page 54, line 4, at end insert—

"having regard to the economic policies of the UK Government, the Scottish Government the Welsh Government and the Northern Ireland Executive"

This amendment would ensure the specific duty of Innovate UK will be to have regard to the economic policies of the devolved administrations.

Amendment 326, in clause 89, page 54, line 33, after "appropriate" insert—

"including relevant bodies in the devolved administrations"

This amendment allows Research England to coordinate with its devolved counterparts.

Amendment 182, in clause 91, page 55, line 16, at end insert—

'(4A) Before exercising his powers under subsection (4), the Secretary of State must consult the Scottish Government, the Welsh Government and the Northern Ireland Executive and have regard to their views in respect of any proposed research and innovation strategy."

This amendment would place specific duty on the Secretary of State to consult the devolved administrations before exercising his powers in relation to a research strategy in section 91(4).

Amendment 184, in clause 94, page 56, line 24, at beginning insert "Subject to subsections (4A) and (4B),"

See explanatory statement for amendment 183.

Amendment 183, in clause 94, page 56, line 34, at end insert—

'(4A) In giving direction to UKRI, the Secretary of State must act in the best interests of all constituent parts of the United Kingdom and, before giving such direction, must consult—

(a) the Scottish Government,

(b) the Welsh Government, and

(c) the Northern Ireland Executive

on research and innovation policies and their priorities.

(4B) Before giving any direction to UKRI under subsection (1), the Secretary of State must seek agreement to the terms of that direction from—

(a) the Scottish Government,

(b) the Welsh Government, and

(c) the Northern Ireland Administration."

This amendment would ensure the Secretary of State takes account of the views of devolved administrations, including different research and innovation policy, before giving direction to the UKRI.

Amendment 185, in clause 96, page 57, line 14, at end insert—

'(3) In exercising functions under this Part, the Secretary of State must act in the best interests of England, Scotland, Wales and Northern Ireland, having consulted—

(a) the Scottish Government,

(b) the Welsh Government, and

(c) the Northern Ireland Executive

before exercising these functions."

This amendment would place a duty on the Secretary of State that in exercising their functions in relation to UKRI they must consider the needs of the entire UK and consult the Ministers of the devolved jurisdictions

Roger Mullin: What a pleasure it is to see you, Mr Hanson —my favourite Chair—[Hon. Members: "Ah!"]—for a Tuesday afternoon.

The Minister is such a reasonable person that I am sure he is keen to accept amendments 180 to 185. They would place a duty on the Secretary of State that in giving direction to UK Research and Innovation regarding research priorities, it is incumbent upon UKRI and the Government to ensure that the needs of the entire United Kingdom are met and to consult with Ministers in all the devolved jurisdictions.

The Scottish, Northern Irish and Welsh Governments must have a formal role in providing input to the UK Government. Too often, the needs of Scotland, Northern Ireland and Wales are forgotten. Allow me to give two examples related to the Bill—neither of which, I hasten to add, arose out of malice. My hon. Friend the Member for Glasgow North West and I noticed a few days before oral evidence sessions were due to start that every major institution in Scotland had been omitted from the list of those being called to give evidence. I know the Minister, and I know the Whip. They are reasonable people. I know they did not exclude us out of malice, but that omission demonstrated that we were an afterthought in a Bill Committee where they knew there would be representation from Scotland. For Scotland to be treated as a mere afterthought shows the need at times to put into legislation the right to be consulted. Being an afterthought is just not good enough.

Let me give another example. Later today, we will discuss an amendment relating to post-study work visas—a matter that has been raised many times by Scottish Members in this House and by the Scottish Government as it is of great concern to us and of great importance to our economy and our universities. What happened a few short weeks ago? Suddenly, the UK Government announced a pilot that involves no university in Scotland, Wales or Northern Ireland, nor any consultation with the Governments in the devolved Administrations. That is another example of us not being treated with any respect whatsoever. The amendment calls for formal recognition in the Bill that we will not be consigned to the role of a mere afterthought at the whim of this or any other Government.

The Scottish research sector has different priorities from much of the rest of the UK, and there is a concern that those priorities will be missed within the new UK-wide research body. For example, Scottish higher education institutions have been pioneers in research collaboration since the establishment of the first research pools in 2004. One of the key principles behind research pools was that they should support research excellence "wherever it is found", which is sometimes in relatively small research groups in less research-intensive institutions. We are concerned that initiatives to encourage collaboration between mere institutions can sometimes exclude such pockets of excellence through, for instance, threshold criteria dependent on scale. Scotland's higher education sector, as the Minister will know, is worth more than £6 billion to our economy, and we must ensure that that continues. As it stands, the Bill has the potential to harm Scotland's world-renowned research.

The Minister and his Government need to ensure that devolved Administrations have an equal say and that their voices are heard within UKRI to ensure that this Bill will be of no detriment to any part of the United Kingdom. It is also critical to be able to take account of the different economic and social priorities of devolved Administrations. Mention was made of Brexit this morning—by the Minister, if memory serves me correctly—and it immediately brought to mind not the example of Scotland but that of Northern Ireland, where there are going to be particular challenges, not least in how cross-border trade, cross-border research collaboration and the movement of people will be handled. That presents a context in Northern Ireland that is not present in any other part of the United Kingdom. Its voice needs to be heard as well. Not to have proper input on these and other matters would potentially be not only disrespectful, but damaging. In Scotland our drive for innovation and growth and our highly distinct social agenda need to be factored in. I have no confidence that that will be possible without ensuring that a statutory duty is placed in the Bill. I beg to ask leave to move the amendment.

Gordon Marsden (Blackpool South) (Lab): I wish to elaborate on my Scottish colleague's comments, first by saying that you are my favourite Chair of all time, Mr Hanson, and not just for Tuesday—at least until someone else comes along and makes me a better offer.

Amendment 326 would allow Research England to co-ordinate with its devolved counterparts. I am very much in tune with the sentiments just expressed by the hon. Gentleman: nobody likes to be treated as an afterthought, though sometimes people are pleased just to be noticed. In these circumstances, the hon. Gentleman has put forward a powerful case. It is not a question of omission by design, we hope, but it is certainly omission by amnesia, to put it kindly. Rightly, he did not just put the case for Scotland, which he is bound to do, but referred to the situation in Northern Ireland. Those of us who can just about remember back to that steamy day of Second Reading, before the summer recess, will remember that there were representations from Northern Ireland Members on the Bill, not just about issues such as the teaching excellence framework and the future for Northern Irish students, but on some of the border issues. Since then those issues have come further to the fore.

It is a question of looking back as well as looking forward. The reality is that Research England will be inheriting, and will be challenged to perform on, the existing system. At the moment, the UK's dual support system underpins an excellent research base. As Committee members probably know, it consists of two complementary streams: one targets specific discipline areas; the other is a block grant to institutions. Currently the former is disbursed by the seven research councils and the latter through the Higher Education Funding Council for England and its devolved counterparts, the Scottish Funding Council, the Higher Education Funding Council for Wales and the Department for the Economy in Northern Ireland.

As we heard this morning from the Minister, the proposed reforms will bring the seven research councils and the England-only research functions of HEFCE in the form of Research England—if the Committee has not been lost by this point, it will be shortly—into UKRI. The Scottish Funding Council, the Higher Education Funding Council for Wales and the Department for the Economy in Northern Ireland will remain sitting outside UKRI. Therefore, as the hon. Member for Kirkcaldy and Cowdenbeath rightly pointed out, it would be helpful to probe how UKRI will work with institutions in Scotland, Wales and Northern Ireland in providing strategic oversight of UK research.

I say gently to the Minister that the hon. Member for Kirkcaldy and Cowdenbeath has made it fairly clear—I support his view, and if I was a Member from one of the devolved Administrations, I would feel the same—that on this occasion simply rehearsing the line that we can be assured that UKRI will take such things into account is not going to be adequate, either practically or symbolically. If the Minister is in any doubt, since we have mentioned Scotland and Northern Ireland, I am now going to mention Wales and quote the written evidence that the Committee received from Universities Wales about three or four days ago. I refer to the section about UKRI governance and operation. Very much in the same spirit as the hon. Member for Kirkcaldy and Cowdenbeath, Universities Wales says:

> "In the past the legislation has relied heavily on the Secretary of State and the Research Councils to act in the interests of the UK as a whole. With the increased divergence as a result of devolution, however, we question whether this will continue to be effective in appropriately reflecting devolved policy and interests. We welcome the UK Government's proposed amendment"—

that is referred to as new clause 3, which we will come to—

> "to enable joint working between relevant authorities where this is more efficient or effective. We would like the legislative framework to be strengthened, however, so that it not only facilitates joint working but ensures"—

I think there is a difference—

> "that interests of devolved nations are catered for appropriately. In particular we agree with Universities Scotland that the legislation as a minimum must ensure there is appropriate representation on UKRI's Council and on the Councils' boards. The legislation must also include appropriate duties for UKRI and the Secretary of State not only to consult with devolved administrations but also to have due regard to devolved policy."

That is the nub of it, and that is what we have tried to embody in amendment 326, which would give Research England the facility to co-ordinate with its devolved counterparts. That is the basis on which we have a great deal of sympathy with the amendments tabled by the hon. Member for Kirkcaldy and Cowdenbeath.

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): I will not join the auction of flattery, Mr Hanson; I feel that it is unnecessary, and I am sure you do not appreciate it. I am, however, glad to have the opportunity to assure Members, in particular those from Scotland, that I share their desire to ensure that the UK operates for the benefit of the whole of the United Kingdom.

Scottish and other devolved institutions are a vital part of our vibrant research base and have not been overlooked carelessly or by any other kind of omission in our preparations for these reforms or for the Committee. I know that it feels like a lifetime ago that we were sitting in Portcullis House listening to oral evidence, but I point out to the hon. Member for Kirkcaldy and Cowdenbeath that representatives of UK-wide bodies were invited to give evidence to the Committee, including Research Councils UK, Innovate UK and Universities UK. Those bodies all represent the totality of the United Kingdom, including institutions in Scotland, Wales, Northern Ireland and England.

I understand that all parties were invited to make submissions about who should give evidence before the Committee. We put forward a number of suggestions, as did the official Opposition. Relatively late in the day, Members from the Scottish nationalist party asked for additional people to be invited to give evidence, and we were delighted to accommodate Universities Scotland, the Royal Society of Edinburgh and the Scottish Funding Council to round out the evidence that we had already requested from those other representative bodies of the entirety of the United Kingdom. There was no omission. We were delighted to make time in the Committee's proceedings to accommodate further Scottish voices, and we welcomed them, as we welcome them now.

Roger Mullin: I never suggested that there was any malice, but there was scope to have Scotland properly represented. The Scottish National party—I see there is still scope for education there, since the Minister does not know the name of the party that I represent—was not invited by the Government to give any suggestions about who should be invited, so I think it is fair to characterise it as an afterthought.

2.15 pm

Joseph Johnson: I thank the hon. Gentleman for his further clarification. I am always happy to be educated by him in lots of ways, but on this matter we will have to disagree. We gave opportunities to the Committee to submit names to give evidence before it. As I said, we had already invited significant representations from UK-wide bodies and were delighted to accommodate the further suggestions his party made. I think we have to move on.

Turning to amendments 180 and 181, the research councils and Innovate UK, within UKRI, will continue to fund excellence wherever it is found in the UK. UKRI has the ability to work with the devolved bodies and a statutory duty to use its resources in an efficient and effective way, meaning it will look for all opportunities to collaborate. It is also important than Innovate UK can operate independently to spot opportunities and to provide the right access to finance conditions for economic growth. To improve its understanding and response to economic policies in the devolved Administrations, Innovate UK will be appointing full-time regional managers in Glasgow, Cardiff and Belfast. That means that UKRI and its councils will have to consider the whole of the UK, ensuring that the current co-operation will continue.

Turning to amendment 326, on Research England consulting relevant bodies in the devolved Administrations on grant conditions, block funding of universities for research—so-called quality-related funding—is a devolved matter. It is therefore not appropriate to require Research England to consult its devolved equivalents, just as the devolved funding bodies are not required to consult HEFCE now. Our approach mirrors that taken in the Further and Higher Education Act 1992. Of course, that does not mean HEFCE has operated in isolation—in fact, HEFCE works closely with its devolved equivalents, such as the Scottish Funding Council, on areas like the research excellence framework. A Government amendment ensures that Research England can continue that joint working in the future.

Turning to amendments 182 to 185, on the Secretary of State consulting the devolved Administrations before taking key decisions that will have an impact on UKRI, the Government work closely with the devolved Administrations now and UKRI will continue to work with them. However, we would not seek to bind UKRI into a restrictive process of consultation. Legislation must remain sufficiently flexible for the Government and for UKRI to react quickly to emerging issues, as the research councils acted earlier this year to promptly commission research into the Zika virus.

The amendments also require the Secretary of State to act in the best interest of all parts of the UK. As a UK Government Minister, I assure the Committee that that is already the case. That was recognised by the former vice-chancellor of the University of Dundee, Sir Alan Langlands, in the evidence he gave last month:

> "Even given the dynamics of devolution and the fact that essentially we are dealing with four different financial systems and four different policy frameworks, the one thing that has stuck together through all this has been the UK science and research community. The research councils, HEFCE and, indeed, BIS have played a hugely important part in that.—[*Official Report, Higher Education and Research Public Bill Committee,* 6 September 2016; c. 26-27, Q40.]

I agree with Sir Alan. The research community functions remarkably well across the UK political landscape, not least because the UK Government and the devolved Administrations work together to make it do so. Therefore, recognising that the Government share the hon. Gentleman's concern in ensuring that UKRI effectively serves the whole of the UK, I ask that he withdraws amendment 180.

Roger Mullin: I thank the Minister genuinely for his responses. I will not put the amendment to a vote, but I make two observations. I do not think establishing mere regional managers in Glasgow, Cardiff and Belfast, if I recall his statement correctly, are in any way sufficient to guarantee the type of high-level involvement that is being sought. There are examples—I gave one related to the post-study work visa pilot—of where decisions have already been taken by the UK Government without proper consultation of the devolved Administrations. I therefore beg to differ with the Minister on those two points, but I also beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Paul Blomfield (Sheffield Central) (Lab): I beg to move amendment 310, in clause 85, page 52, line 21, at end insert—

"(2A) The functions conferred by paragraphs (a) – (e) of subsection (1) may be carried out in partnership with other funding bodies".

This amendment allows other funding bodies to work with the UKRI.

The Chair: With this it will be convenient to discuss the following:

Government amendments 111, 272, 273, 114 and 115.

Government new clause 3—*Joint working*.

Government new clause 17—*Advice to Northern Ireland departments*.

Paul Blomfield: It goes without saying what an enormous pleasure it is contribute to this debate under your chairmanship, Mr Hanson. We are all aware of the significant amount of research done in the UK that is co-funded through partnerships with other organisations, and particularly those in the charitable sector. For example, the British Heart Foundation spends £9.1 million on projects with the local research council, and the Association of Medical Research Charities provides £1.4 billion of research funding overall.

As one of the primary roles of UKRI is to "facilitate, encourage and support research" within the sciences and many other fields, amendment 310 seeks to ensure that research funded by other funding bodies, and particularly charities, can continue unaffected by the creation of UKRI. At the moment, the Bill does not fully explain how collaborations and partnerships will occur when UKRI is established. It is unclear whether contracts will be formed directly with UKRI or whether that function will be delegated to research councils, in which case partnerships may become more complicated and time-consuming to establish.

It was surprising that in the Government's document outlining the case for the existence of UKRI and their recently issued document on UKRI's visions, principles and governance, there is no mention of charities, let alone any description of how charities are supposed to work with Government once UKRI is formed. I appreciate —I am sure the Minister does as well—that a whole range of charitable organisations are concerned about the lack of clarity and the potential impact on research. The Royal Society, the Association of Medical Research Charities and the British Heart Foundation raised significant worries in their written evidence to the Committee. When charities with such strong contributions to make to research say they are concerned in this way, we need to stop and listen.

Ensuring a simple and clear process for charities to jointly fund research with Government is, I am sure we all agree, important. The vice-chancellor of the University of Leeds, Sir Alan Langlands, whom the Minister has regularly quoted, explained in his oral evidence to the Committee why this clarity is necessary:

"At the moment in HEFCE, there is funding related to charity support, support for research degrees, and businesses research and innovation. All those things need to be resolved. It needs to be very clear between UKRI and the Government who is doing what in those areas."—[*Official Report, Higher Education and Research Public Bill Committee,* 6 September 2016; c. 28, Q42.]

Professor Borysiewicz of the University of Cambridge also raised concerns about how charitable bodies will continue to fund research, saying:

"one has to remember that of the research funders in the UK, UKRI merely looks after the Government component side of the funding. For instance, 30% of funding sits with the charitable sector. What is important with UKRI, which is fine as is currently laid out, is that the support and the safeguards proposed in relationship to Research England are also very good. It has to be a body that takes into account the whole of the United Kingdom in its purview. It also has to work closely with other funders and other organisations that have a say in this important area".—[*Official Report, Higher Education and Research Public Bill Committee,* 6 September 2016; c. 37, Q25.]

That demonstrates the concerns within the charity sector, and I hope the Minister will respond to the issues raised through the amendment by giving some reassurance.

Joseph Johnson: I thank the hon. Member for Sheffield Central for raising these concerns on behalf of the hon. Member for City of Durham. The Government are keen, like the hon. Gentleman, that UKRI should be able to collaborate with any organisation if doing so would result in better outcomes. As I will make clear shortly, there are specific instances where it is necessary to put powers on the face of the Bill to allow joint working with the devolved Administrations and with the office for students. However, in all other instances I can reassure the Committee that UKRI will not need specific provision to be able to work jointly with other bodies.

Through clause 96, UKRI must look to be as efficient and effective as possible. In many instances, collaboration with other funding bodies will further its ability to achieve this aim. That will be supported by UKRI's supplementary powers under paragraph 16 of schedule 9. The UK research base is internationally renowned for being highly collaborative and has a strong track record in successful partnerships with other funding bodies. I am therefore confident that not only are such opportunities possible, but that they will be actively sought as part of UKRI's normal practice.

Government amendments 111, 114 and 115, new clause 3 and new clause 17 relate to joint working. Higher education and block funding of universities for research—so-called quality-related funding—are both devolved matters, but this has not meant that HEFCE has operated in isolation. In fact, HEFCE works closely with its devolved equivalents, such as the Scottish Funding Council, on areas such as the research excellence framework. The office for students and UKRI will take over HEFCE's responsibilities for funding teaching and research and it is very important that such effective joint working can continue. That is why we, in consultation with the devolved Administrations, have prepared new clause 3, which enables the office for students, UKRI, the devolved funding bodies and Ministers, to work together where it enables them to exercise their functions more effectively or efficiently.

In addition to the new joint working clause, I have also tabled new clause 17, which gives the OFS and UKRI powers equivalent to the existing power for HEFCE to provide advice to the Northern Ireland Executive, as set out in section 69(3) of the Further and Higher Education Act 1992. This is an important power to preserve, as there is no funding council in Northern Ireland, where they have instead found it more effective

[Joseph Johnson]

to rely on advice and support from the English and Welsh funding councils, such as on quality reviews, on terms that all parties agree.

Amendments 272 and 273 are minor and consequential amendments that ensure that any references to UKRI predecessor bodies within the Government of Wales Act 2006 are corrected. I therefore ask the hon. Gentleman to withdraw amendment 310.

Paul Blomfield: I thank the Minister for his assurances on the issue and beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 85, as amended, ordered to stand part of the Bill.

Clause 86 ordered to stand part of the Bill.

Clause 87

Exercise of functions by science and humanities Councils

Joseph Johnson: I beg to move amendment 257, in clause 87, page 53, line 11, leave out "Economic and other".

This is a drafting amendment to simplify the way the field of activity of the Economic and Social Research Council is expressed.

The Chair: With this it will be convenient to discuss Government amendments 258 to 260, 268 and 269.

Joseph Johnson: These amendments are all directed at updating the way in which the fields of activity of specific councils are reflected in clause 87(1). They ensure that the descriptions of the fields of activities for the research councils are as clear and accurate as we can make them. These are technical amendments that we have agreed with the research councils to ensure that clause 87 properly reflects their respective fields of activities.

Amendment 268 replaces the term "in relation to" with the term "into", which is the more conventional terminology used in other provisions in part 3. The change in wording does not affect the meaning of the provisions. The policy intent—that UKRI may provide research services—remains unchanged. Amendment 269 replaces "social science" with "social sciences" in clause 102 to make it consistent with the wording in clause 87, and to better reflect the diversity of disciplines within the social sciences.

These two minor drafting amendments seek to ensure that the language used throughout the Bill is consistent.

Amendment 257 agreed to.

2.30 pm

Amendments made: 258, in clause 87, page 53, line 15, at end of entry in second column insert

"aimed at improving human health".

This amendment provides that the Medical Research Council's field of activity is limited to medicine and biomedicine which is aimed at improving human health.

Amendment 259, in clause 87, page 53, line 16, leave out "Earth sciences and ecology" and insert "Environmental and related sciences".

This amendment provides that the field of activity of the Natural Environment Research Council is environmental and related sciences.

Amendment 260, in clause 87, page 53, line 18, after "physics" insert ", space science, nuclear physics".—*(Joseph Johnson.)*

This amendment provides the field of activity of the Science and Technology Facilities Council includes space science and nuclear physics.

Clause 87, as amended, ordered to stand part of the Bill.

Clause 88

Exercise of functions by Innovate UK

Gordon Marsden: I beg to move amendment 324, in clause 88, page 54, line 8, after "relate" insert

"to maintain its focus on assisting businesses and".

This amendment seeks clarification that Innovate UK is intended to maintain its business facing focus as a Council of UKRI.

The clause is relatively brief on the exercise of functions by Innovate UK. Brevity is not always a bad thing, but we have tabled the amendment because we seek strong clarification of whether Innovate UK is intended to maintain its business-facing focus as a council of UKRI. I remind the Committee that the White Paper stated that its

"business facing focus would be enshrined in future legislation, which would replicate the functions in Innovate UK's current charter."

I am not a betting man, but if I were I would put money on the likelihood that, when I sit down and the Minister rises, he will look at me more in sorrow than in anger and refer me to the note published this month, "Higher Education and Research Bill: Innovate UK", with its sub-heading, "What do the reforms mean for Innovate UK?" I shall not deprive him of the pleasure of reading substantial chunks of it to us, but I will just quote it. I do not know whether the Minister wrote it himself.

The end of the first paragraph states:

"We are very clear that Innovate UK will retain its current business-facing focus. Innovate UK will not become just the commercialisation arm of the Research Councils."

Those are fine words, but you will know, Mr Hanson, that, in the words of the old proverb, fine words butter no parsnips. If I were to continue that metaphor I should say that, if I were a cynical person, which I am not, the mere emphasis given in the note would remind me of another old saying, that "the louder they protested their honour, the faster we counted the spoons". On this occasion we should like to examine some of the cutlery, if I may pursue the analogy.

I refer the Minister back to the evidence session with the chief executive of Innovate UK. I thought that what she said was revealing. Her evidence was measured and confident and she was overall in favour of what was going ahead, but she put down some substantial caveats. I will remind the Minister of what she said. I asked her whether there were things with Bill that concerned her about the the financial tools. She said:

"There are three areas in particular on which we need to be absolutely sure that the intent and what was in the White Paper is still there in the Bill. The first of those is the business experience of the board and the Innovate UK champion, which is very clear in the White Paper. As I understand it, that is possible and

enabled through the Bill, but I think that the balance of business and research experience is very broad and could be tightened up a bit."

She then said, about the financial tools:

"We are keen to be able to use things such as seed loans and equity, and other councils within UKRI have dipped a toe into that."

She went on:

"We need to be absolutely clear, in how the Bill is finalised"—

whether this is the finalised version remains to be seen—

"that we ensure we have as much flexibility as the research councils have had and some of our enterprise partners have. We work very closely with Scottish Enterprise, which uses more financial tools than we currently have, and Enterprise Northern Ireland. We want to move at speed and to empower companies to grow in scale and be really competitive, but we must ensure we have the flexibility to do that and not slow down our clock speed. I think there is a bit of work to do looking at that in more detail."

Then when talking about institutes and research, she again said:

The Bill gives us the great opportunity to look across the whole spectrum…At the moment, as I understand it, if Innovate UK wanted to create an institute and employ researchers to do the work that businesses need, we absolutely could. I am not sure, within the letter of the Bill, that we are still going to be able to do that. I think that probably needs to be looked at."—[*Official Report, Higher Education and Research Public Bill Committee,* 8 September 2016; c. 80-81, Q125.]

When I looked again at the transcript of that session and at what Ruth McKernan, the chief executive, said on that occasion, it reminded me of a little exchange between the Minister and I in the following session when we had the opportunity to put him in the box. In fact, he volunteered himself to the box for some cross-examination by the Committee. On that occasion, I pressed him rather strongly—he was not best pleased to be pressed and certainly gave a spirited response—on the subject of the reports of the House of Lords Science and Technology Committee. At the risk of inflaming the Minister further and perhaps getting him removed him from Lord Selborne's Christmas card list, I will repeat a summary of the findings, but not the lot because I do not want the Minister to blow a gasket:

"We have serious concerns about the integration of Innovate UK into UK Research and Innovation. With the exception of the Government itself, none of our witnesses gave an unqualified welcome to the proposals. We do not believe that the Government has consulted effectively with Innovate UK's stakeholders to achieve buy in for this proposal. The Government's case for integration appears to be based on a flawed linear model of innovation where Innovate UK functions as the commercialisation arm of the Research Councils."

The Minister has, of course, been keen to address and refute that.

There was a long letter from Lord Selborne and a reply from the Minister that was not as long but was substantial, and I think they probably agreed to disagree. The fact remains, however, that those concerns also remain. The Minister must do a slightly better and specifically more focused job if he is to reassure not just members of this Committee but the range of people he has prayed in aid during other sittings of this Committee—new providers, funds coming in, private equity and all the rest of it.

These other names will not easily go away and I want to quote three or four from the evidence session to which Lord Selborne referred. He quoted Dr Virginia Acha of the Association of the British Pharmaceutical Industry, who said:

"I would be concerned if Innovate UK were brought under the same decision-making approach that a research council would be brought under, because they are making very different decisions."

Professor Luke Georghiou said:

"There is real concern about the huge disparity between the size of the budget between the existing research councils and Innovate UK, summed up by concern that Innovate UK's influence would be dwarfed and its impact distorted. That was how members summed up the risks to us."

Mr David Eyton, who spoke to the Lords Committee, said:

"Effectively"—

Innovate UK

"is the start-up in the context of"

the research councils.

"It is 10% of it; the other 90% is very stable. It is comparatively new and needs to really motor. Will it get the management attention and focus, which requires the quite different skills for governing innovation ecosystems from governing science? That is also the question for that body: the balance of skills on the governing body."

Finally, but obviously not least, we have what Dr McKernan said to the House of Lords Committee on that occasion. She might have used slightly different terminology—not least because the Minister was there and in courtesy to him—but she said:

"There are also risks that I have not gone into."

She was talking about the possibility of funding from other Departments being diminished. She continued:

"There are some other areas of mitigation where I still have concerns…We manage about £300 million of funds in partnership with other government departments, for example the Aerospace Technology Institute through BIS"—

with which I am familiar, because there is a BAE Systems site at Warton near my constituency in Blackpool. I am familiar with the work that BAE Systems has done previously with Innovate UK and the Aerospace Technology Institute. Dr McKernan went on to say that Innovate UK does a lot of work with the Department of Energy and Climate Change and the Department for Culture, Media and Sport. She continued:

"It is really important to safeguard those relationships and not feel the need to create something else because we have created"—

these are her words, not mine—

"a fracture in putting Innovate UK within UKRI."

The Minister may feel that that is slightly overstating it and overegging the pudding, but I hope that I have done enough to show him that that succession of concerns, considerations, worries and so on will not easily be assuaged simply with a paragraph saying that the Government will allow Innovate UK to retain its current business focus. I think that people out there in the groups that I have described want something a little more substantial.

The Royal Society's position statement on this subject sums up the issue. It says:

"There has been considerable debate about whether or not Innovate UK should be part of UKRI. On balance, the Society believes the potential benefits of creating an organisation with an integrated overview of UK research and innovation infrastructure, assets and expertise outweigh the risks of a more fragmented structure, and that Innovate UK should be part of UKRI. It is

[Gordon Marsden]

essential that in creating UKRI, however, that Innovate UK's unique business-facing focus and links to its customer base are not put at risk."

That is where we stand today. The jury is still out on that and on the assertions with which the Minister hoped to placate Lord Selborne, and we would be interested to hear a little more chapter and verse to assuage our concerns.

Joseph Johnson: I thank the hon. Gentleman for the opportunity to comment on Innovate UK. We need to ensure that research and innovation come together at the heart of our industrial strategy. I set that out in my letter to Lord Selborne, which the hon. Gentleman referred to, about Innovate UK's future inside UKRI, and again in the factsheet that we published for the benefit of the Committee on 12 October.

To fully realise our potential, we need to respond to a changing world, anticipate future requirements and ensure that we have the structures in place to exploit for the benefit of the whole country the knowledge and expertise that we have. I believe that we can do that most effectively by bringing Innovate UK into UKRI. That view is now shared by bodies such as the Royal Academy of Engineering and the Royal Society, which have recognised, as the hon. Gentleman rightly said, that the benefits of integrating Innovate UK into UKRI outweigh the risks.

Those two bodies are not alone. In other parts of her testimony, Ruth McKernan herself said:

"The establishment of UK Research and Innovation, including the research councils and Innovate UK, recognises the vital role innovation plays and further strengthens the UK's ability to turn scientific excellence into economic impact."

Alternatively, I can again point hon. Members towards the evidence given by Professor Sir Leszek Borysiewicz of Cambridge University, who said:

"The addition of Innovate UK is welcome, because it means that industry and the translation to industry has skin in the game at the very basic level."—[*Official Report, Higher Education and Research Public Bill Committee,* 6 September 2016; c. 22, Q30.]

I recognise that the hon. Member for Blackpool South raised additional concerns in his remarks and with his amendment, which I will come to now.

2.45 pm

Let me reassure the Committee that I agree with the hon. Gentleman's sentiments about the importance of Innovate UK maintaining its business-facing focus. These are not just warm words from us in the Government. I recognise that Innovate UK has a distinctly different mission and culture from the research councils and from Research England. This is a good thing and must be protected. Innovate UK is not, and will not become, the commercialisation arm of the research councils.

Innovate UK is this country's principal innovation agency and it is business led. These key characteristics will not change; however the commercialisation of research is important and the Nurse review highlighted the need to address the UK's historic weakness around commercialisation. UKRI will help businesses identify possible research partners and will mean that research outputs are better aligned with the needs of business. This can be very powerful. Collaborative projects supported by Innovate UK with two or more academic partners have twice the economic return compared with those with no academic partners.

That is why the Bill protects Innovate UK's distinctive business-facing focus and autonomy in delivering its functions. Innovate UK will continue to develop new projects and programmes, working with companies to de-risk, enable and support innovation that will help the UK economy to grow. This is vital. We have made strong commitments to this effect in the White Paper and in my response to Lord Selborne, which the hon. Member for Blackpool South has in front of him, and I am happy to reiterate those today.

Innovate UK's current functions will be enshrined through this legislation and UKRI has a duty to ensure that such functions must be exercised by Innovate UK to increase economic growth. It will retain its separate budget, set out via a grant letter from the Secretary of State. The Secretary of State will appoint both academic and business representatives to the UKRI board, and will be able to nominate a member of the UKRI board who will lead in promoting and championing innovation and business interests. I think this is the tightening up of those characteristics of the board that the hon. Gentleman had in mind with his remarks. I hope these assurances demonstrate that we want Innovate UK to continue to go from strength to strength, and UKRI to be an organisation that supports this. However, the Bill already makes Innovate UK's business-facing role clear.

Gordon Marsden: I wanted to pick up the point that Dr McKernan made, which is highly relevant in the context of the debate we have just had about devolved areas. She made the point—her view was challenged by others, I think—that Scottish Enterprise and Enterprise Northern Ireland had "more financial tools" than Innovate UK had. Does the Minister share her concerns about that? If he does, what capacity is there in this new structure for Innovate UK to be able to match the flexibility she referred to?

Joseph Johnson: We want Innovate UK to have significant flexibility in the range of financial mechanisms and financial tools it has at its disposal. That is one of the reasons why we are developing the new non-grant innovation finance products at the moment, to complement the important and popular grant finance products that it has at its disposal. The Bill sets out the activities that UKRI as a whole can pursue, and activities where it needs advance permission from the Secretary of State, such as establishing a joint venture. All these restrictions and activities will apply equally to all councils in UKRI, not just to Innovate UK. The restrictions replicate the current situation that applies to Innovate UK and to the research councils. We are not looking at placing undue restrictions on the councils once UKRI is created, but the Secretary of State will need to be assured that certain activities are in line with HM Treasury rules and delegations, as I am sure he will understand, such as the "Managing public money" guidance issued by the Treasury. Once it comes into being, UKRI will be managing a budget of more than £6 billion, so we need to ensure that those kinds of control are in place.

The Bill already makes clear Innovate UK's business-facing role, not only through directing its focus on increasing economic growth, as set out in clause 88, but through specifically ensuring that it has regard to benefiting persons carrying on business in the UK. Although I agree with the sentiment behind amendment 324, I believe that its aims are already addressed in the Bill and I therefore ask the hon. Gentleman to withdraw it.

Gordon Marsden: I am grateful to the Minister for running through those scenarios in some detail, and particularly for expanding on the potential financial instruments. It is fair to say that there is nothing more that he can do at this stage. The proof of the pudding will be in the eating, and of course the proof of the pudding will perhaps also be demonstrated by the nature of the board that is eventually set up. With that in mind, I am happy to beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 88 ordered to stand part of the Bill.

Clause 89

Exercise of functions by Research England

Gordon Marsden: I beg to move amendment 325, in clause 89, page 54, line 13, at end insert—

'(1) Research England may—

(a) provide non-hypothecated funding to eligible higher education providers for the purpose of supporting basic, strategic and applied research; and

(b) support knowledge exchange and skills provision."

This amendment would allow Research England to fund eligible higher education providers to support basic, strategic and applied research and to support knowledge exchange and skills provision.

This, too, is a probing amendment. We have spoken slightly in brackets, in the context of its implications for the devolved Administrations, about Research England, but this is an important clause because it starts to spell out—obviously, in the Bill there is a limit to the amount that Ministers might wish or be able to spell out—some of the issues and concerns about how funding will be separated, assessed and actioned. We tabled the amendment in an attempt to tease out just what some of the things in clause 89 might mean.

The particular set of emphases in the amendment is one that the representations that I have had from members of the scientific community and various societies show they are keen on and anxious about. The Minister referred earlier to the various types of research assessment, and of course that will include taking on quality-related research assessment for the UK and funding for England. QR funding is generally highly valued because it can provide stable levels of funding over the period between research assessment exercises in a way that means the university can deploy it at its discretion. Of course, there is always a balance to be achieved in this respect. In the original debates about the research assessment exercises in the late 2000s, the issues of QR, how micromanaged it should be and how flexible it should be were hotly debated, and no doubt they will continue to be hotly debated in the future. However, I think that there is a general acceptance and general view that QR funding provides a valuable baseline of support for facilities and research operations.

Without wishing to sound like a Jeremiah, I might say that the mixture of factors that HE institutions in this country will have to face over the next three to four years—highly variable factors to do with the implications of Brexit and what does or does not come out of that—and the general financial climate in Government make it important that there should be an element of funding to provide a baseline of support for facilities and research operations. QR gives universities the opportunity to support emerging research areas and new appointees.

I remember debating these issues in Select Committee in respect of the REF, and this was always the discussion. Which came first: the chicken or the egg? The point was made that, certainly under the old research assessment exercise, it was difficult for new, cutting-edge disciplines that had genuine merit and genuine academic reference, and all the rest of it, to break into the structure. QR still plays a valuable role in that respect. Supporting emerging research areas and new appointees is important as well, because there was a time not that long ago—perhaps five, 10 or 15 years ago—when it was extremely difficult for young academics in their 30s or 40s to come through in new research areas and to develop institutes and things of that nature, particularly but not exclusively on the science side, in universities.

For all those reasons, most people out there in the HE environment believe, like I do, that QR is an important element of funding, and it would help to enshrine that purpose in law. We have suggested a mechanism. Again, this is a probing amendment. If the Minister is minded to consider it and does not like the terminology, we would be happy for him to take it away. It is important to give reassurance to the academic community about the role of QR, on which there is relatively little in the Bill.

Joseph Johnson: I thank the hon. Gentleman for the opportunity to explain further the key role that Research England will play within UKRI. Research England's function of providing funding for research within higher education institutions will form one part of the dual support system in England. It will take on HEFCE's responsibility for issuing block grants to universities for the purposes of research, based on the research quality of those institutions.

The integration of HEFCE's research and knowledge exchange function within UKRI is also critical to achieving greater strategic co-ordination across the research funding landscape. Professor Quintin McKellar, vice-chancellor of the University of Hertfordshire, said:

"I am very comfortable with the creation of UKRI. It seems that bringing together the major funders for what you might call blue-sky research with those that have responsibility for innovation and knowledge transfer is a good thing."—[*Official Report, Higher Education and Research Public Bill Committee,* 6 September 2016; c. 24-25, Q36.]

UKRI will ensure a more joined-up approach in areas such as skills and UK-wide capital investment, where both HEFCE and the research councils have pioneered innovative funding approaches. For example, HEFCE's UK research partnership investment fund has allocated more than £500 million to 34 projects running between 2014 and 2017, attracting £1.4 billion of investment from businesses and charities.

An amendment is not needed to assure the unhypothecated nature of the funding that will be provided by Research England, as clause 93(2) already provides such protections. In addition I would be cautious about placing any conditions on the funding beyond the conditions currently in place, such as the amendment suggests by referring to basic, strategic and applied research, which may inadvertently restrict what universities can do with this block grant funding. The Government believe in institutional autonomy, as the Bill demonstrates, and we do not want to place conditions on our universities that limit their freedom to undertake their missions as they see fit.

[Joseph Johnson]

Research England will retain HEFCE's research and knowledge exchange functions, including the higher education innovation fund. Research England and the new office for students will act together to deliver HEIF, as an example of the joint working between the two bodies and their shared remit to support business-university collaboration.

3 pm

Gordon Marsden: The Minister is moving on to paragraph (b) of the amendment, which prods me to return to a subject I touched on the other day. As this process goes along and HEFCE is, in the words of the White Paper, dissolved, there is the difficult question of the transition period. I think we agree that this is likely to be a two to three-year process. Will the Minister give any indication of the point at which Research England will become the active player in this new architecture?

Joseph Johnson: As I said in answer to the hon. Gentleman's earlier question on a similar theme, we expect the office for students and UKRI to become operational in 2018-19. They will take on functions including HEIF during that period and from that day onwards. HEFCE's knowledge exchange functions will transfer with its research functions to Research England. That includes support for the research elements of HEIF. The reforms offer significant potential to build coherence with the knowledge exchange programmes currently operated by the research councils and Innovate UK.

Knowledge exchange is an essential mechanism to support universities in effectively contributing to UK growth, as evidenced by the Chancellor's recent announcement of £120 million of additional funding for university collaboration on technology transfer and knowledge exchange. However, as the provisions of the Bill are sufficient to allow Research England to undertake these activities, I ask the hon. Gentleman to withdraw amendment 325.

Gordon Marsden: I thank the Minister for his response and the further detail. It is particularly helpful that he has said a little more about the situation with HEIF and the timescale, which is similar to what we discussed the other day. With those assurances, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 89 ordered to stand part of the Bill.

Clause 90

Exercise of functions by the Councils: supplementary

Joseph Johnson: I beg to move amendment 261, in clause 90, page 54, line 39, at end insert—

'( ) Arrangements under subsection (1) may result in a function of UKRI being exercisable by more than one Council."

This amendment and amendment 262 make it clear that arrangements under clause 90(1) may result in a function of UKRI being exercisable by more than one Council and that functions of UKRI which are exercisable by a Council on UKRI's behalf under arrangements under clauses 87 to 89 or 90(1) may also be exercised by UKRI. This enables Councils and UKRI to engage in cross-cutting activities.

The Chair: With this it will be convenient to discuss Government amendment 262.

Joseph Johnson: Multidisciplinary research is of increasing importance in tackling complex challenges such as the impact of climate change. Currently, councils may hold and spend funds only for activity within their own remit. That means it is not within the remit of any of the research councils to manage and distribute inter and multidisciplinary funds such as the new £1.5 billion global challenges research fund.

Amendments 261 and 262 clarify clause 90 to enable UKRI and the councils to engage in multidisciplinary work more effectively. Amendment 261 makes it clear in the Bill that UKRI will enable councils to collaborate on funding multidisciplinary research. Amendment 262 proposes leaving out "in other ways" from the end of subsubsection (2), which provides further clarification that enables collaboration between UKRI and a council carrying out specific functions of UKRI.

As I have explained, these are technical drafting amendments that make it clear that UKRI and the councils are able to both continue with existing joint working and collaborate even more effectively in funding multidisciplinary research.

Amendment 261 agreed to.

Amendment made: 262, in clause 90, page 54, line 42, leave out "in other ways"—*(Joseph Johnson.)*

See the explanatory statement for amendment 261.

Clause 90, as amended, ordered to stand part of the Bill.

Clause 91

UKRI's research and innovation strategy

Gordon Marsden: I beg to move amendment 327, in clause 91, page 55, line 8, after "approval" insert—

"(c) consult with a Committee of Executive Chairs of Councils in the development of UKRI's strategy."

This amendment would ensure UKRI's governance structure includes a Committee of the Executive Chairs of the Councils who are consulted with as part of UKRI's strategy.

Although the amendment is probing, it is important, not only in terms of the practical arrangements that must characterise the relationship between UKRI and its nine councils but in terms of the signal—or lack of signal, if the Government do not move down this road—that it is in danger of sending to the academic community and the learned societies and institutions, which have already spoken strongly about the measure. That is why we, with the advice and opinions of many of those people, have tabled the amendment, which would ensure that

"UKRI's governance structure includes a Committee of the Executive Chairs of the Councils who are consulted with as part of UKRI's strategy."

I read that out carefully, because I want to engage with the paper to which the Minister referred this morning, which Committee members should have seen: "UKRI: Vision, Principles and Governance". Produced at the beginning of this month, it is a joint paper between the Department for Education and the new Department for Business, Energy and Industrial Strategy.

The White Paper and the Bill have outlined the Government's arrangements for UKRI and its nine councils.

The board will consist of the chief executive officer, chief financial officer and chair of UKRI, as well as between nine and 12 representatives of academia and industry. We really need a huge organogram, perhaps overlaying a large 19th-century painting, on the wall at this point to understand it, but I will do my best. Each of the councils will be headed by an executive chair with five to nine ordinary council members, but—this is the crux of the matter and of this discussion—the executive chairs of the councils do not sit on the UKRI board.

The Nurse review recommended that there should be a committee of the executive chairs of the councils that includes the CEO of UKRI and provides a continuing link to UKRI's governing board, but the governance arrangements proposed in the White Paper and the Bill do not include an executive committee, although the Bill provides UKRI with the power to establish one. The factsheet published by the Government, which I have just quoted, makes that point. It says:

"It will be critical for the Board to work closely with the Executive Chairs and ensure highly effective co-ordination across UKRI and its key partners. Therefore, our policy intent is for the Executive Chairs of the Councils—along with the CEO, CFO and other senior directors of UKRI—to sit together on an Executive Committee, to support engagement with the Board and cross-council working. This is in line with good practice on organisational governance and Sir Paul Nurse's recommendations."

Some people might query the definition of Sir Paul's recommendation that the Government have chosen to incorporate into the factsheet, but even if they do not, the fact remains that it does not go as far as the Royal Society or many others have called for by making it a statutory requirement on the face of the Bill.

I return to what I have said previously: I am not questioning the current Minister's enthusiasm or bona fides for this arrangement, simply noting an observable fact. We must legislate for all sorts of Ministers, good, bad and indifferent, over a period of time, and regulation is needed on the face of the Bill to assure people that they can survive the occasional—dare I say it—bad Minister, autocratic Minister or whatever.

The Royal Society believes that it is essential that UKRI's

"strategy and operation is not driven only by the priorities of the Government or the Board—"

which it describes as "top down"—

"but also by the research and innovation community (bottom up)."

I see the eyes of the hon. Member for Kirkcaldy and Cowdenbeath lighting up at the reference to "bottom"; that is an in-joke related to a revelation that the hon. Gentleman made earlier in proceedings, Mr Hanson. We will not get into that now.

In his review of the research councils, Sir Paul Nurse

"envisaged this being realised through the establishment of an Executive Committee…Under the proposed reforms, the analogous Committee would include the Executive Chairs of the Research Councils, Innovate UK and Research England."

The Royal Society believes that UKRI's governance arrangements

"should include an Executive Committee of the Councils' Executive Chairs".

Just in case members of the Committee are beginning to think this resembles one of those medieval theological debates about how many angels could dance on the end of a pin, I think it is important to understand the issues and concerns at stake here. For that, I refer to the excellent speech by Lord Rees in the Queen's Speech debate earlier this year, in which he discussed the proposals of the White Paper. The Minister will be pleased to note I do not intend to quote all of the speech, but I will quote a little bit of it. Lord Rees, who is a highly respected figure in academia, has strong concerns about the White Paper. He said:

"There are widely-voiced anxieties that the changes are needlessly drastic. It is proposed that all seven research councils will lose their royal charter—even the Medical Research Council, which has a global reputation and a century-old history."

He then talked of the various things that will happen, saying:

"After any reorganisation, there are transitional hassles before the new structure beds down… When the research councils set up the so-called shared research service in 2008, the overheads went up, not down. The Government's proposals are based on a review by Sir Paul Nurse, who accepted that the current research support system worked fairly well but aspired to improve it. It is seductive to believe that reshuffling the administrative structure will achieve this, but it may not prove either necessary or sufficient and may indeed be counterproductive. Moreover, it is already proving hard to attract people with the stature expected as heads of research councils. That may be harder still if the posts are downgraded."

He concludes:

"It is plainly important that the existing research councils mesh together and collaborate when necessary…these aims can surely be achieved with good will and capable management within the present structure by strengthening high-level input from the CST and—"

here is the rub—

"reviving a body resembling the old advisory board for the research councils to play the role envisaged for UKRI's board. When there are so many distracting pressures in the educational and research world—

bear in mind Lord Rees made the speech on the Queen's Speech, before the outcome of the referendum was known and before Brexit—

"surely we should avoid risky upheaval in a system that is working reasonably well and which really needs no more than some fine-tuning."—[*Official Report, House of Lords,* 19 May 2016; Vol. 773, c. 79.]

The Minister and others may well dispute that, but the concerns Lord Rees articulated are not restricted to him. Others, perhaps less forcefully, have said similar things. Only today, an article has appeared in *The Guardian* by Stephen Curry, who is a professor of structural biology at Imperial College and a member of the Campaign for Science and Engineering. He repeats the points others have made by querying the efficacy of the Bill and suggesting, in this respect, that it is not necessarily going to do the business. He says:

"The bill does not even provide for the creation of an executive forum that would allow the heads of the new research committee to communicate the views of their researcher communities to the CEO of UKRI. Although a supplementary document published just last week by the Department of Business, Energy and Industrial Strategy (BEIS)"—

—by which I assume he means the joint publication of BEIS and the Department for Education—

"now envisages such a committee, the system of governance is significantly more top-down than before."

That is the point.

3.15 pm

I am sure finer minds than mine will go over this point, but the description of what the board and senior management team will do states:

"The Chief Executive and Chief Financial Officer will be Board members and will ensure effective links to UKRI's wider executive functions…This will ensure the majority of Board members are independent non-executive".

It then says:

"our policy intent is for the Executive Chairs of the Councils—along with the CEO, CFO and other senior directors of UKRI—to sit together on an Executive Committee, to support engagement with the Board and cross-council working."

I am still in some doubt as to whether that is the full fat version that Lord Rees and many others, including the Royal Society, have called for. That is the backdrop of concerns that led us to table the amendment. I will be interested to hear the Minister's response.

Joseph Johnson: I am glad to have the opportunity to give assurances on UKRI governance. First, I would like to address the proposition of a committee of executive chairs. I hope hon. Members were reassured by the fact sheet we published on 12 October, to which the hon. Gentleman referred on a number of occasions. As he said, the fact sheet states clearly that it will be critical for the UKRI board to work closely with the executive chairs and ensure highly effective co-ordination across UKRI and its key partners. Our policy intent is for the executive chairs of the councils, along with the CEO, CFO and other senior directors of UKRI, to sit together on an executive committee to support engagement with the board and cross-council working.

The hon. Gentleman asked why the Bill does not set that out. I refer him to the general response I have given to these sorts of request for more information on the face of the Bill, which is that the Bill is a legal framework for these reforms. In drafting it, we are trying to find the right balance between providing enough detail appropriate for a piece of primary legislation and the need to allow flexibility for UKRI to develop the right governance structures, so that it can evolve swiftly in response to changes in the science and innovation landscape.

Gordon Marsden: I entirely accept that point. I said at an earlier stage that I welcome the fact that the Bill has moved away from the tradition of some preceding Bills—not in this area—of just producing a box that everything comes through. I appreciate there is a balance to be struck, but on this particular point, to which so many people in the academic and research communities are sensitive, does the Minister not understand it is important to do the maximum that can be done, even if it is not on the face of the Bill, to reassure those people?

Joseph Johnson: I thank the hon. Gentleman for his point. We understand the desire for clarity in respect of the committee. At this stage, the detailed design of UKRI will be developed in conjunction with UKRI leadership and existing partner organisations and in line with Government guidance for non-departmental bodies. The fact sheet we have published shows, I hope, that our overarching approach on governance is clear in that respect. Further details will be captured in a framework document, which we have discussed. That will be published once agreed with UKRI's CEO and board as per the usual practice with non-departmental public bodies. I am glad, though, that the hon. Gentleman was not pressing for the executive chairs themselves to sit on the main UKRI board—that is how I understood his remarks. That is a point on which he and I are in agreement. We do not believe that that would serve the purposes of the organisation.

The second aspect of the amendment is that it would require the committee, to which we have formally committed in the fact sheet, to be consulted on UKRI strategy. It will be for UKRI itself to define the detailed process for developing the strategy. However, I assure the Committee that we would expect it to be an iterative process involving the councils and executive chairs, and informed by engagement with the relevant stakeholder communities. The executive committee, on which the hon. Gentleman is keen and about which I am enthusiastic, seems to me to be a sensible instrument to achieve that aim. I hope the Committee will agree that this is simply a matter of good organisational governance. I do not think it would be appropriate to write it into primary legislation, so I ask that the amendment be withdrawn.

Gordon Marsden: Again, I am grateful to the Minister for taking some time to spell out the Government's motivation, and I heard what he had to say. I am sure there will opportunities for further questioning. As he says, it is an iterative process. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 91 ordered to stand part of the Bill.

Clause 92 ordered to stand part of the Bill.

Clause 93

GRANTS TO UKRI FROM THE SECRETARY OF STATE

Joseph Johnson: I beg to move amendment 263, in clause 93, page 56, line 6, at end insert—

'( ) Where a grant is made in respect of functions exercisable by Research England pursuant to arrangements under section 89, terms and conditions under subsection (1) may be imposed only if—

(a) they are requirements to be met before financial support of a specified amount or of a specified description is given by Research England in respect of activities carried on by an institution, and

(b) they apply to every institution, or every institution within a specified description, in respect of whose activities that support may be provided."

This amendment provides that where the Secretary of State makes a grant to UKRI in respect of the functions exercisable by Research England (i.e. the giving of financial support to eligible higher education providers (see clause 89)), terms and conditions can only be imposed if they are requirements to be met before the financial support is given and if they apply to all institutions or institutions of a particular description.

The Chair: With this it will be convenient to discuss the following:

Amendment 284, in clause 93, page 56, line 6, at end insert—

'(1A) In making grants to UKRI under subsection (1), the Secretary of State must specify the separate allocation of funding to be made by UKRI to—

(a) functions exercisable by the Councils mentioned in section 87(1) pursuant to arrangements under that section,

(b) functions exercisable by Innovate UK pursuant to arrangements under section 88, and

(c) functions exercisable by Research England pursuant to arrangements under section 89.

(1B) No variation may be made to the allocation of funding specified by the Secretary of State in subsection (1A) unless the House of Commons has passed a resolution approving any such variation and the variation has the consent of the Northern Ireland Executive, the Scottish Government and the Welsh Government."

This amendment would ensure there would be separate financial allocations to the Research Councils (collectively), Innovate UK, and Research England.

Government amendments 264 to 267.

Joseph Johnson: The Government amendments in this group will ensure that, in setting the terms and conditions of grants to Research England, the Secretary of State is under the same limitations as in the Further and Higher Education Act 1992. Specifically, amendments 263 and 265 provide that directions or terms and conditions of grants can be given only if they apply to every institution, or to every institution of a specified description. In addition, the specific requirements must be met before financial support is given. Amendments 264, 266 and 267 are consequential changes required by amendments 263 and 265, and will ensure that the purpose of clauses 93 and 94 remains clear.

Roger Mullin: I thank the Minister for indicating earlier that he was willing to allow me to say a few words on amendment 284 before he responds to the debate.

My hon. Friend the Member for Glasgow North West and I have been contacted by many institutions in the devolved nations about amendment 284 more than any other. They are concerned about the potential that hazard will be placed in their way because of the funding structure. The amendment would ensure separate funding allocations for the research councils, Innovate UK and Research England. It is supported not only by the significant number of institutions that I mentioned earlier, but by the Scottish Funding Council. I have had extensive discussions with Dr John Kemp, who is the acting chief executive there.

We know that Scotland performs well in attracting funding—grants, studentships and fellowships—from the research councils, although it does not do quite so well in attracting funding for research institutes and research infrastructure. We of course recognise that there is always scope for flexibility in funding, but there is a difference between building flexibility into something and building in something that will create a hazard to core funding. That is what particularly concerns me about the clause: as it stands, it will allow the Secretary of State or the UK Government, if they so wish, to alter the balance of funding among the research councils.

Any grant to UKRI is ultimately research project funding, which of course should be competitively available throughout the UK. It is therefore necessary to have transparency about what goes to UKRI and what goes to Research England, given that the funds distributed for research infrastructure by the latter body will be available only to English institutions. Separate financial allocations must be introduced for Innovate UK, Research England and the different research councils collectively.

We are extremely concerned, too, that there are no provisions in the Bill to ensure that the Secretary of State and the UK Government do not give directions to UKRI to move funds in year on its own initiative between constituent parts—especially to Research England. That would definitely not be in the spirit of the Nurse report, nor would it give Scotland, Wales or Northern Ireland a fair and equal say in research allocation. If for whatever reason funds had to be moved between research councils and Research England or Innovate UK by the Secretary of State, that must surely happen only if the devolved Administrations gave their consent.

Amendment 284 would ensure that fairness and transparency were at the forefront of the reserved funding allocation to UKRI and the allocation to Research England. It would also ensure that the balanced funding principle was measured in relation to the proportion of funding allocated by the Secretary of State for reserved UK and devolved England-only funding, and that clarity was provided on when that might not be achieved. Many bodies that have talked to me are at a loss as to why the appropriate funding streams are not set out in the Bill. I am therefore particularly keen to hear the Minister's response.

The Chair: Before I call the Minister, I remind colleagues that it is now 3.27 pm and the Committee finishes at 5 o'clock. Although there is potential for further debate, Members should bear that in mind if they want to debate later issues.

Joseph Johnson: I do not believe that amendment 284 is necessary. The Bill already ensures that each research council will retain significant authority and autonomy over its functions and disciplines. The Government have also set out their intention to make funding allocations to each of the councils to support those functions. As now, such allocations will be subject to Government rules and processes for managing public money. The amendment would require the Secretary of State to specify the allocations made to the research councils, Innovate UK and Research England, with no ability to vary allocations without the consent of Parliament. That would be restrictive, and it would not be a good use of parliamentary time to scrutinise potentially small budget flexibilities that had already been scrutinised by the Treasury.

Amendment 284 would also require the consent of the Northern Ireland Executive, the Scottish Government and the Welsh Government in respect of any variation in allocations, even when those matters were reserved to the Secretary of State. Such an amendment could compromise value for money where the time delays involved in such approvals would make any budget flexibility impractical.

Amendment 284 would therefore introduce an unnecessary and overly restrictive requirement, and to make such an amendment would hinder best practice in managing public money and make the system inflexible. UKRI is already bound by rules established for managing public money and a financial accountability and assurance framework that will be set up with the Department. Those arrangements do not constitute a reduction in oversight by Parliament or devolved Administrations, and on that basis, I ask Members to support amendment 263.

Roger Mullin: I dearly wish that I could believe the Minister's explanation. I am willing not to press amendment 284 at this stage, but I intend to go back to all those who have expressed such deep concern and potentially bring the issue back on Report.

Amendment 263 agreed to.

Amendment made: 264, in clause 93, page 56, line 22, at end insert—

"( ) In this section "specified" means specified in the terms and conditions.".—*(Joseph Johnson.)*

This amendment is consequential on amendment 263.

Clause 93, as amended, ordered to stand part of the Bill.

Clause 94

Grants to UKRI from the Secretary of State

3.30 pm

Gordon Marsden: I beg to move amendment 328, in clause 94, page 56, line 24, leave out "directions" and insert "recommendations".

This amendment would ensure this legislation is consistent with the Haldane Principle.

The amendment would address the basis on which the Secretary of State gives directions to UKRI. The suggestion of replacing "directions" with "recommendations" has come from other parties, but we are entirely happy with it. Our intention in tabling the amendment is to tease out whether the legislation is consistent with the so-called Haldane principle. Members will be familiar with the way in which, in Parliament, revered things that have a name attached to them are constantly prayed in aid. If anyone was going to ask "Who was Haldane?", I will tell them.

The report on which the Haldane principle is based was published in the last year of the first world war. Richard, Viscount Haldane, had a distinguished career: he was Secretary of State for War, a politician, lawyer and philosopher. Eventually he did the right thing and moved over from being a radical Liberal to being the first Lord Chancellor in the first Labour Government—we must praise him for that if for nothing else. The Haldane principle is one of those arks of the covenant in academia: it is often cited, but we need to fillet it a little, because otherwise it might just become like the so-called Schleswig-Holstein question, about which I think it was Bismarck who said that only two people understood it and one of them was dead and the other had gone mad. *[Interruption.]* Three people—that probably included Bismarck, of course.

Whatever the Haldane principle is, it has been understood as the principle that the Government should not interfere in decisions about the allocation of expenditure for grants. The reasons for that are fairly simple and can perhaps be seen from diverse Administrations in other parts of the world where the pork barrel principle sometimes holds sway. It is welcome that the Government have considered the Haldane principle when drafting the Bill, but it is also important that we get a little more definition. There is considerable concern outside this place, particularly because of the phraseology. The Council for the Defence of British Universities, among others, has expressed particular concerns about clauses 93 and 94:

"There is serious concern that the understanding of the Haldane Principle among Government Ministers and their advisers has been narrowed in recent years, and that this is endangering the scope for academics to exercise their own judgement as to what kinds of research should be pursued."

It expresses further concern about clause 87's requirement for research councils to

"have regard to the desirability of…(a) contributing to economic growth in the United Kingdom, and (b) improving quality of life".

We have debated that and I do not intend to go into again now, but the CDBU makes the point that:

"The protection for academic freedom…that was written into the Further and Higher Education Act of 1992 took the form of prohibiting the Secretary of State from placing terms and conditions on grants to HEFCE with reference to particular programmes of research—but HEFCE is about to be abolished under the new Bill. It is also unclear whether the wording in clauses 93 (2) and 94 (2) of the Bill, which is taken over from section 68 of the Further and Higher Education Act 1992…provides adequate protection for academic freedom from the effects of directions issued by the Secretary of State."

The CDBU regards that as a reasonable basis for raising concerns.

The same is true of the Royal Society. Concerns have been expressed in the media and the society is keen to make the point that it is seeking clarification from the Government of how the Secretary of State's proposed powers are consistent with the Haldane principle, and how the Government intend that to operate. Again, the factsheet says:

"Government is fully committed to the principle that funding decisions should be taken by experts in their relevant areas and we have ensured this is reflected in the design of UKRI."

Our understanding is that the power to give direction is rarely invoked, but it is frequently included in legislation to allow the Government to take control in exceptional circumstances.

I have mentioned the nudge principle more than once during the passage of the Bill. We all know that the power that Governments exert over legislatures and over academics are not necessarily powers that they either have to execute or would have to execute, but the uncertainty around powers that they might have to execute often concentrates the mind of those people against, shall we say, strong, independent action, rather than towards it, so it is an important principle to tease out.

In the run-up to the passage of Bill and subsequently, there have been a number of important commentaries on that. Nick Hillman, who is the director of the Higher Education Policy Institute, has already expressed concerns that the Government's

"desire to reduce the number of arms-length bodies is being put above the importance of maintaining the independence of our research funding structures."

The then chair of the Select Committee on Science and Technology, the hon. Member for Oxford West and Abingdon (Nicola Blackwood), who is now a ministerial colleague of the Minister in another Department, said:

"I…welcome the restatement of the Haldane principle and the Government's intention to enshrine the dual support system into law, but bringing all funding into UK Research and Innovation—UKRI—will require a separation in practice as well as in principle if we are to preserve the excellence-based allocation on which our world-leading system is founded…We have to ensure that the structures we set in place safeguard the autonomy and the strong

voices of our existing research councils while achieving the stated goal of better interdisciplinary working."—[*Official Report*, 25 May 2016; Vol. 611, c. 580.]

There are voices who welcome the Government saying they will abide by the Haldane principle but who want a lot more detail at some point—hopefully we might get some today—as to how the Minister envisages that operating.

I will leave it there. I am glad to have enlightened people as to who Lord Haldane was. I hope his shade—who knows; it might be in one of the paintings down the corridor somewhere—will be looking on benignly but with a curious eye on the Minister as he attempts to explain the principle.

The Chair: I am grateful to the hon. Gentleman. In practice we cannot see the pictures in the Committee.

Joseph Johnson: I thank the hon. Member for Blackpool South for the opportunity to discuss Haldane. Let me reassure the Committee that this Government are fully committed to the fundamental principle that funding decisions should be taken by experts in their relevant areas. As my predecessor in this role, David Willetts, said in 2010:

"excellence is and must remain the driver of funding decisions, and it is only by funding excellent research that the maximum benefits will be secured for the nation."—[*Official Report*, 20 December 2010; Vol. 520, c. 139WS.]

We have ensured that that principle is reflected in the design of UKRI.

The provisions in the Bill contain several measures to protect the Haldane principle, including that UKRI will be established as an arm's length body independent of Whitehall; that UKRI will be required to devolve functions within specified fields of activity to its constituent councils, ensuring that individual funding decisions are made by relevant experts; and that subsidiarity in the design of UKRI will ensure that the councils take all scientific and other decisions in their area where expert knowledge is essential to driving excellence.

As hon. Members know, I published a fact sheet on 12 October that sets out more details of how the Bill protects the Haldane principle, which I hope has been helpful. I do not agree that the amendment would strengthen the Haldane principle in the Bill. I believe the unintended consequence would be to weaken significantly the safeguards on public funding within the legislative framework. The Secretary of State currently has an equivalent power of direction over research councils in section 2 of the Science and Technology Act 1965, and our proposals in clause 94 are intended to mirror that.

The rationale for this power relating to the money given to UKRI, which is at present upwards of £6 billion per annum, is that the Secretary of State can deal swiftly with any financial issues arising from, for example, mismanagement. That ensures the most effective safeguard for public finances. Such powers of direction are rarely used, but given the very large sums of public money for which UKRI will be accountable, they are proportionate. On that basis, I ask the hon. Gentleman to withdraw amendment 328.

Gordon Marsden: Again, I thank the Minister for using the opportunity of our probing amendment to say a little more about how he envisages the Haldane principle being enshrined in the Bill. That has been helpful. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment made: 265, in clause 94, page 56, line 25, at end insert—

'( ) The Secretary of State may give a direction under this section in respect of functions exercisable by Research England pursuant to arrangements under section 89, only if —

(a) it relates to requirements to be met before financial support of a specified amount or of a specified description is given by Research England in respect of activities carried on by an institution, and

(b) it relates to every institution, or every institution within a specified description, in respect of whose activities that support may be provided."—*(Joseph Johnson.)*

This amendment provides that the Secretary of State can only give a direction about the allocation of grants to UKRI in respect of the functions exercisable by Research England if the direction relates to requirements to be met before the financial support is given and if it relates to all institutions or institutions of a particular description.

Roger Mullin: I beg to move amendment 285, in clause 94, page 56, line 25, at end insert—

'(1A) Within six months of this Act coming into force, the Secretary of State shall give a direction to UKRI to commission an independent evaluation of the matters under subsection (1B) and shall lay the report of the evaluation before the House of Commons.

(1B) The evaluation under subsection (1A) shall consider—

(a) the effect of the absence of post study work visas for persons graduating from higher education institutions in the United Kingdom to be granted leave to remain in the UK on completion of their studies to work for up to two years for an employer on—

(i) the economy, efficiency and effectiveness of the higher education sector, and

(ii) the UK economy, and

(b) how post study work visa arrangements, applying either broadly or to classes of students, disciplines and institutions, could operate in the UK and their effect of each on—

(i) the economy, efficiency and effectiveness of the higher education sector, and

(ii) the UK economy."

This amendment would require the Secretary of State to commission research from UKRI on the effects of the absence of arrangements for post study work visas and how such arrangements could operate in the UK and their effect on the higher education sector and the UK economy.

I could easily spend the next two hours discussing this subject [Hon. Members: "Oh no!"]—but perhaps I will not. This is a probing amendment, but it is important none the less, particularly for Scottish representatives. It would require the Secretary of State to commission research from UKRI on the effects of the absence of arrangements for post-study work visas, how such arrangements could operate in the UK and their effect on the higher education sector and the UK economy.

If ever there were an issue before this Parliament that demonstrates the completely different economic and social priorities of Scotland and the rest of the UK, this is it. Historically, Scotland's problem has been not immigration but emigration. In my own family, both my brother and sister emigrated many years ago. My brother could not find a job after graduating in the early 1960s, but by the age of 30 was secretary of the Science

[Roger Mullin]

Council of Canada and went on to be vice-president of the International Development and Research Corporation. He wrote the first science and technology paper for the free Government in South Africa after meeting Nelson Mandela but could not find a job in his own land. He was only one of thousands of people over many generations who had to emigrate.

3.45 pm

Hon. Members will appreciate that it is very difficult for people like me to understand what I would call the horrible debate that has gone on this year about immigration. It does not come easily to us to understand those concerns, when our concern is to attract more immigration to contribute to Scottish society and our future. We were incredibly upset and concerned about the withdrawal of the post-study work visa, which is one of the key modern routes to attract people of real talent to our universities and our society. Giving those people the right to stay contributes to their further development and the wellbeing of society as a whole. We aspire not only to reintroduce that route in full, but to find other creative mechanisms for attracting people from many parts of the world.

It is not just Scotland that recognises the importance of attracting such people. Perhaps the best example of countries or regions of the world that have been particularly good at entrepreneurship and innovation over the last 20 or 30 years is the oft-quoted California. More than one third of its great innovators and entrepreneurs were immigrants from India or China; they were not indigenous.

We know that attracting people to study, work and contribute is vital. There is consensus in Scotland: all the political parties, including the Minister's own, would like to see the full reintroduction of the post-study route for talented students. It is not supported only by people in the political or academic sphere; dozens upon dozens of businesses have been in contact to say how important it is for them. We want action that would allow Scotland to begin to build up and once again attract more people of real talent to contribute to our universities, businesses and our society's future. I just do not understand why the Government have been so pig-headed about this issue.

Joseph Johnson: I thank the hon. Gentleman for raising this important issue. International student migration and post-study working arrangements are important issues for the HE sector and the Government. Brain gain is definitely the key to our sustained success as a knowledge economy, but I do not believe that the Bill is the appropriate vehicle for commissioning research into post-study work. The Bill is focused on creating the necessary structures that will oversee higher education and research funding for many years to come. The amendment proposes a short-term piece of research on an element of migration policy, and that is not consistent with the scope and functions of UKRI. That said, I thank the hon. Gentleman for giving me the opportunity to explain briefly the Government's approach to student migration and to post-study working arrangements for international students.

The Government greatly value the contribution that international students make to our universities, including those in Scotland. We want our top universities to continue to attract the best students from around the world. The UK has a generous post-study work offer for overseas students who graduate in the UK. International graduates can remain in the UK to work following their studies by switching to several existing routes. For example, if they get a graduate-level job, they can switch to a tier 2 skilled worker visa. If they start a business, they can move to a tier 1 entrepreneur or graduate entrepreneur visa, or they can do work experience under a tier 5 temporary worker visa. There is no cap, as we have discussed previously, on the number of students who can switch to a tier 2 skilled worker visa and all degree students are potentially eligible to stay on for post-study work.

Roger Mullin: The trouble is that the requirements and criteria set for graduate-level work might well be appropriate for the south of England, but looking at the recent case of the Brain family and the amount of work needed to allow that family from Australia to get a tier 2 visa and stay and contribute in Scotland—thanks to the work of my hon. Friend the Member for Ross, Skye and Lochaber (Ian Blackford)—those requirements are not as suitable for our circumstances as the Government pretend. The Minister went on to talk about tier 1 visas; over the past year, in the region of 70% of applicants for tier 1 entrepreneurship visas have been rejected. It does not seem to me that that is adequate in providing for the future.

Joseph Johnson: We always want to ensure that our visa system is working well and we believe, with respect to people switching from tier 4—the student route—into tier 2, that it is working well at present. Certainly, at least looking at the numbers of people switching, under our current arrangements more than 6,000 international students switched from tier 4 into tier 2 in the UK in 2015; that is an increase from around 5,500 in 2014 and 4,000 in 2013. The hon. Gentleman mentioned tier 1 and the number of rejections. That reflects an element of abuse in the old tier 1 category, which was then the post-study work category, with a published Home Office assessment undertaken in October 2010 finding that three in five of the then tier 1 migrants were in unskilled work. That is the basis on which changes were made to our system.

Until 2012 there was a dedicated post-study work route under tier 1 of the visa system, as I just mentioned, which saw a significant number of fraudulent applications and graduates who were remaining unemployed or in low-skilled work. That is why we replaced it with a more selective system, as the hon. Gentleman mentioned. This reform to post-study work has not prevented the UK from attracting international students. Since 2010, applications to UK universities have gone up by about 14% and we remain the second most popular destination in the world after the US for international students.

I am therefore unconvinced that such research would add value, given that the current visa system provides generous post-study work opportunities and the Government will, in any case, shortly be consulting on these issues. As I have explained, the Bill is in any case not the appropriate mechanism for commissioning such research. On that basis, I ask the hon. Gentleman to withdraw the amendment.

Roger Mullin: I am happy to say I have made my point and I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendments made: 266, in clause 94, page 56, line 26, leave out "But".

This amendment is consequential on amendment 265.

Amendment 267, in clause 94, page 56, line 34, at end insert—

"( ) In this section "specified" means specified in the direction.".—*(Joseph Johnson.)*

This amendment is consequential on amendment 265.

Clause 94, as amended, ordered to stand part of the Bill.

Clause 95

Balanced funding and advice from UKRI

Gordon Marsden: I beg to move amendment 329, in clause 95, page 57, line 4, leave out "reasonable".

This amendment seeks to establish what a reasonable balance between Quality Related funding and project-specific funding is and to clarify how the dual support system will be protected by this legislation.

The amendment might seem perverse, but it is a mechanism to explore with the Government what a reasonable balance is between quality-related funding and project-specific funding, and to clarify how the dual support system will be protected by the legislation. Again, as with the Haldane principle, which we just discussed, the Bill seeks to enshrine dual support in legislation for the first time. This is welcome; it has been welcomed by many people in the sector. This is a probing amendment to clarify how it will be protected by the legislation or, in other words, to invite the Minister to comment on what he, his officials and any others who he would expect to make judgments would expect a reasonable balance actually to look like.

The dual support system underpins our excellent research base, and I will not go into all the ways in which it is disbursed—we have dealt with that previously—but it would be helpful to understand what would be a reasonable balance between the two funding streams.

As the hon. Member for Kirkcaldy and Cowdenbeath has asked, how will the principle operate in Scotland, Wales and Northern Ireland? The Government's October paper on UKRI says:

"The Bill requires the Secretary of State to consider the balance between these two funding streams ensuring that the dynamic balance that stakeholders have supported is protected and preserved."

That is an interesting phrase, "the dynamic balance". I am not sure what I think it means, but I know that concerns have been expressed not about the enshrining of the duty in the Bill but about precisely what teeth the enshrinement will have.

Chris Hale, the director of policy at Universities UK, wrote "The Higher Education White Paper—all you need to know" in May 2016, in which he said:

"At face value we will see for the first time dual support enshrined in a legislative arrangement (to date dual support has been largely a matter of convention), but the critical question is does this go far enough? While the Secretary of State may have to consider the balance under this new duty, this provision does not necessarily secure the health and dynamism"—

that interesting phrase again—

"of dual support. This is one to watch carefully and there may be scope to strengthen this in the Bill."

Similarly, the Council for the Defence of British Universities has said that

"while the White Paper contained an undertaking…the requirement in clause 95 of the Bill that the Secretary of State should 'have regard to…the balanced funding principle' appears vague".

The CDBU refers to my right hon. Friend the Member for Oxford East (Mr Smith)—both Oxford constituencies are getting a mention today—and his excellent speech on Second Reading, in which he aired some of the concerns of his constituents and, if memory serves, although I stand to be corrected, the University of Oxford on how the principle will be enacted.

The Minister referred to the Stern review earlier, and the CDBU says:

"An approach to strengthening the wording in the Bill is suggested by a passage in the Stern Review of the REF…which states that, in addition to competitive grant funding, the capacity of universities to sustain excellent research depends on 'a long-term, stable block grant that allows universities to invest strategically in research in ways which foster its future development'. If all funding streams are administered through one body (i.e. UKRI), as currently proposed, this endangers the separate purposes of the two funding streams."

The Minister may or may not wish to dissent from that view, which is put another way by the Royal Society in its commentary. It says:

"The 'balanced funding principle' is the principle that it is necessary to ensure that a reasonable balance, suitable for maintaining the long-term excellence and efficiency of the UK research base, and preserving the values, customs, partnerships and practices that have underpinned these, including allocation based on both retrospective and prospective assessment is achieved in the allocation of funding…However, we are not convinced that the 'balanced funding principle' as currently defined in the Bill includes sufficient content to fully embody the dual support system. The 'balanced funding principle' should be defined to make it clear that it entails substantial portions of research funding being allocated both via the block grant and via Research Councils. We would suggest the definition of the principle of balanced funding should be strengthened to make explicit reference to maintaining the values and customs of the research base, including a balance of retrospective and prospective assessments."

Those sentiments and that terminology are not far away from the concerns that the CDBU expressed or, indeed, that my right hon. Friend the Member for Oxford East mentioned on Second Reading.

I would be grateful if the Minister could muse—if that is the right word—on the appropriateness of the word "reasonable" and on what it means, and give us a bit more chapter and verse on how he envisages the dual support being carried out in practice through legislation, as opposed to the statement of good intent, which we welcome.

4 pm

Joseph Johnson: I am pleased to have the opportunity to share with the Committee more detail about how the Government are setting out in legislation for the first time the dual support system for research and introducing, in legislation, the concept that the balance between the two funding streams is important. That is a significant enshrinement in law of one of the key features underpinning the success of our research system. Up until now, pretty much with the stroke of a pen at any fiscal event the dual support system could be done away with, and that will not be possible once the Bill receives Royal Assent.

Lord Stern's recent review of the research excellence framework described the two strands of the dual support system as

"essential, intertwined and mutually supportive"

[Joseph Johnson]

drivers of the UK's success in research. Dual support combines project funding for excellent research proposals, which is forward looking, with formula-based block grant funding that rewards performance retrospectively. So one element is forward looking and the other is backward looking. In his report, Sir Paul Nurse described the system as

"one of the bedrocks of UK research"

that was identified as critical to the UK's world-leading reputation. The legislation ensures that in the future it will be mandatory to provide support for the block grant provided by Research England, and for the funding provided by the research councils.

Clause 95 introduces an additional obligation to provide proportionate funding for each of the two parts of dual support, first to ensure that what constitutes a reasonable balance for dual support is considered carefully by the Secretary of State before grants to UKRI are made.

Gordon Marsden: Will the Minister give way?

Joseph Johnson: I am just coming to the hon. Gentleman's point—I am going to anticipate his question. Secondly, the Secretary of State must consider any advice from UKRI about what that reasonable balance may be.

Gordon Marsden: The Minister is semi-telepathic. I was going to touch on that point, but I was also going to touch on how he envisages the assessment being made. Ultimately, this is about sums of money and the balance between retrospective and prospective funding. Who, in that scenario, would make those sorts of decisions?

Joseph Johnson: The Secretary of State will be required to consider UKRI's advice on the balance of funding. The new legal protections will apply to future Governments as much as to this one. We have already shown in our two previous spending reviews our consistent support for science funding and the dual support system, but we want the legislation to be sufficiently flexible for Governments to respond to the circumstances at the time, which is why we do not seek to fix a specific proportion for dual support in the Bill.

When considering what the balance of funding should be, we expect that the Secretary of State will, as now, consider issues such as the strategic priorities of the research base, the sustainability of higher education institutions, research capability and other research facilities supported through the UKRI budget. So balanced means taking into account the balance of those kinds of interests, which will determine how the Secretary of State will support the dual support system in his allocation decisions.

The Secretary of State will continue to allocate the councils' budgets separately through an annual grant letter to UKRI. The allocations of the research councils on the one hand and Research England on the other will, as now, make up that dual support system.

Legislation must be sufficiently flexible for Governments to respond to circumstances at the time, but they will have to consider the balance of dual funding, unlike now, where no such protection exists. As the hon. Gentleman mentioned, this provision has been warmly welcomed by a huge number of key stakeholders across the sector. We have heard enough from several of them already, so I will not give them another outing; we do not need to rest on our laurels in that respect. To ensure that the new protection for dual support that is so welcomed by the research community is delivered through this legislation, I ask the hon. Gentleman to withdraw his amendment.

Gordon Marsden: I thank the Minister for his remarks. I only pause to reflect that in politics, there can never be too much gilding of the lily. I take the points he has made. His remarks are a helpful contribution to what I am sure will be a continuing discussion. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 95 ordered stand part of the Bill.

Clauses 96 to 98 ordered to stand part of the Bill.

Clause 99

PROVISION OF RESEARCH SERVICES

Amendment made: 268, in clause 99, page 58, line 5, leave out "in relation to" and insert "into".—*(Joseph Johnson.)*

This is a drafting amendment to ensure that clause 99 is more consistent with other clauses in Part 3.

Clause 99, as amended, ordered to stand part of the Bill.

Clauses 100 and 101 ordered to stand part of the Bill.

Clause 102

DEFINITIONS

Amendment made: 269, in clause 102, page 59, line 4, leave out "social science" and insert "social sciences".—*(Joseph Johnson.)*

This amendment amends the definition of "science" in Part 3 so that it includes social sciences and so ensures consistency with the language used in clause 87(1).

Clause 102, as amended, ordered to stand part of the Bill.

Clauses 103 and 104 ordered to stand part of the Bill.

Schedule 10

TRANSFER SCHEMES

Joseph Johnson: I beg to move amendment 270, in schedule 10, page 98, line 13, after "means" insert "the Secretary of State or".

This amendment enables the Secretary of State to be a "permitted transferor" for the purposes of a property transfer scheme or staff transfer scheme made under Schedule 10.

The Chair: With this it will be convenient to discuss Government amendment 271.

Joseph Johnson: These amendments provide additional, complementary powers to those already in the Bill, to enable an orderly and efficient transfer of staff, property and assets. We have reflected further on the Bill's provisions

as we prepare for transition, and the amendments are intended to help make the transition planning more straightforward.

Amendment 270 empowers the Secretary of State to be a permitted transferor alongside HEFCE, OFFA, Innovate UK and the research councils. That will mean, for example, that when the Department for Education stops regulating what are currently known as alternative providers and the OFS becomes responsible for regulating all providers, there will be an option to transfer DFE resources to the OFS to support that where appropriate.

Amendment 271 creates a standard provision consistent with precedent transfer scheme powers in other legislation, such as the Public Bodies Act 2011. It enables modifications to be made to transfer schemes so that the changes have effect as if they had been in place at the original date of the scheme. That is the most efficient way to enable tidying-up exercises where, for example, the destination or arrangements relating to staff or assets might for legitimate reasons be reassessed during the transition process.

Amendment 270 agreed to.

Amendment made: 271, in schedule 10, page 99, line 14, leave out from "provide" to end of line 15 and insert—

"(a) for the scheme to be modified by agreement after it comes into effect, and

(b) for any such modifications to have effect from the date when the original scheme comes into effect."—*(Joseph Johnson.)*

This amendment makes it clear that modifications to a property transfer scheme or staff transfer scheme under Schedule 10 can be made so as to have effect from the date on which the scheme came into effect.

Schedule 10, as amended, agreed to.

Clause 105

POWER TO MAKE CONSEQUENTIAL PROVISION ETC

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

Gordon Marsden: I am sorry if I have delayed a bundling up of clauses.

The power to make consequential provision of one sort or another often appears in Bills. It is a phrase that slips off the tongue and sometimes down the gullet rather too easily. I want to draw the Committee's attention to the implications of subsection (2), which reads:

"(2) The power conferred by subsection (1) includes power to amend, repeal, revoke or otherwise modify—

(a) primary or secondary legislation passed or made before this Act or in the same Session as this Act, or

(b) subject to subsection (3), a Royal Charter granted before this Act is passed or in the same Session as this Act."

Those anodyne phrases, which have been polished over many years by parliamentary draftspeople, can often pass by unnoticed, but in this context it is worth debating for a few moments the propriety of the Secretary of State being given such powers when we are told that they will involve, for good or ill—people can make their own decision—the overturning of not 100 years but several centuries of custom and practice with royal charters. Some people believe that the Bill will also cause a major shift in the relationship between the higher education sector and the state—a relationship that anyone who is of an antiquarian disposition, or even just knows their history, will know goes back nearly 800 years. That is why several organisations have called for changes to be made to the Bill.

I am particularly unhappy about the complete removal of the powers of royal charters. We have debated that issue previously, and I do not intend to go over it again, but this clause is the practical expression of that airbrushing out of royal charters and a long-stop to the development of powers for the Office for Students. That is why Universities UK has called for a higher threshold of evidence to be required of the OFS before it can take sanctions against an institution. The University of Cambridge said in its evidence that the revocation of degree-awarding powers or university title

"is not a decision to be made without a high level of scrutiny and proper accountability."

This is not simply an arcane argument among academics, because as the Opposition have endeavoured to emphasise, what affects universities, particularly in the 21st century, is not just what affects their students and academics but what affects the people who work in them, the local economies that are affected by them and so on. It is therefore not arcane or antiquarian to discuss whether the Government are going too far in this issue.

As it happens, two articles in the last couple of weeks—an editorial in *Nature* and an article in the *Financial Times*—have made the point that the Government need to be challenged closely on these issues, in a way that frankly we were not able to do on Second Reading. We have endeavoured to begin that process in Committee, but I suspect it will have to continue in another place. There is a fundamental question to be asked. If the Government answer it satisfactorily, with the right assurances that the powers that the clause gives the Secretary of State will be exercised judiciously and reasonably, perhaps everybody will close their books and say, "Well, there we are. We don't have to worry about keeping royal charters and all the rest of it." The onus is on the Government to make that demonstration, and I submit that they have not made that case very strongly so far in Committee.

4.15 pm

The editorial in *Nature*—not me as Opposition spokesperson—said:

"Make no mistake. Britain's first all-Conservative government in 20 years sees science and higher education as vestiges of the big state. If its proposals become law, the government will upend globally accepted norms that protect independence and self-determination in science and higher education."

I do not want the Minister to splutter into the well earned cup of tea that he, and perhaps all of us, will no doubt have at the end of this Committee sitting, but I ask him to reflect on those comments. *Nature* is not a collection of wild-eyed Trotskyists about to storm the barricades of Parliament; it is a respected journal, and its opinions ought to be thought about.

Anjana Ahuja's *Financial Times* article is also worthy of consideration in respect of clause 105. She states that one norm is that

"academics set their priorities without political fear or favour, cognisant only of where the intellectual frontiers lie. There is…a worry that ministers will be tempted to second-guess the value of spin-offs and steer research accordingly."

In the past, Ministers have been hampered in doing that because of those well established principles. But given that the Government—possibly for fairly good reasons—want to get rid of what the *Nature* editorial points out is an 800-year-old settlement, it is incumbent on them to make a much stronger argument for what they are doing than they have so far made.

I will say no more on the issue today, because I am sure it will be rehearsed elsewhere, but perhaps I have caused the Minister to reflect on some of the broad issues of principle, academic independence and the importance of royal charters that have been raised in our consideration of clause 105.

Joseph Johnson: I say at the outset that the clause is an entirely standard provision; it is essential to be able to update previous legislation to bring it in line with the Bill. However, I am glad to have the chance to address the hon. Gentleman's points.

Clause 105 enables the Secretary of State to make changes, by regulation, to other legislation, as a consequence of provision made by or under the Bill. Royal charters can be amended only in consequence of provision made by or under the clauses on degree-awarding powers or university title. The Bill provides that such changes be made by regulations that are subject to either the affirmative or the negative resolution procedure, depending on the nature of the changes. If they amend or repeal an Act of the UK Parliament or the Scottish Parliament, a Measure or Act of the National Assembly for Wales, Northern Ireland legislation or a royal charter, the regulations must follow the affirmative procedure; otherwise, the negative procedure is to be followed.

Let me provide some further colour to that rather technical description. We have long recognised that in order to be able to regulate the sector effectively, refined express powers to remove degree-awarding powers in very serious cases are vital. Those powers signal to the sector what is at stake if standards fall. A key focus of the new system will continue to be quality and the protection of the English higher education system. That would be undermined if a provider's quality were to drop to unacceptable standards and it could none the less continue to award degrees or call itself a university. The Bill therefore includes express powers to vary and remove degree-awarding powers and to remove university title, giving the OFS the power to intervene where necessary, which will help to protect both students and the quality and reputation of English higher education.

The powers are intended to be applied only if other sanctions and interventions have failed to produce the necessary results. Some might say that the express powers are a risk to students, but the opposite is the case. If a provider was to lose its degree-awarding powers under the new system, we would expect student protection plans to come into force, enabling students to complete their degree. That is far less risky than asking students to stay with a poor provider and to continue to pay for poor provision.

Several higher education institutions have been established via royal charters. We do not propose to change that. The Bill does not revoke universities' royal charters, and we envisage that powers to amend them will be used only in the rare circumstances where it may become necessary following the OFS's removal of degree-awarding powers or university title enshrined in a royal charter. In such situations, and subject to parliamentary scrutiny, the Secretary of State will be able to amend royal charters. That power is explicitly limited and can only be used if appropriate and, importantly, in consequence of provisions that relate to degree-awarding powers and university title. The power is necessary to give seamless effect to the new powers to vary or remove degree-awarding powers and remove university title, and it will help create a level playing field for all new providers.

The powers in the clause are explicitly limited and can be used only if appropriate and in consequence of provisions that relate to degree-awarding powers and university title. We do not envisage a scenario where that would result in the revocation of an entire royal charter that established an institution. Importantly, there are safeguards in clauses 44, 45, 54 and 55, which apply to any decisions by the OFS to vary or revoke degree-awarding powers and university title. Those powers include the right of appeal to the first-tier tribunal, which is an important independent check that means that the OFS cannot just revoke degree-awarding powers and university title contained in a royal charter. The Secretary of State cannot make any consequential amendments to royal charters because of provisions in the Bill, or following the exercise of OFS's powers, without parliamentary scrutiny.

The clause ensures that the provisions in the Bill work as intended, while preserving an appropriate level of parliamentary scrutiny for the legislative changes that need to be made. I commend it to the Committee.

Question put and agreed to.

Clause 105 accordingly ordered to stand part of the Bill.

Clauses 106 to 110 ordered to stand part of the Bill.

Schedule 11

Minor and consequential amendments relating to Part 1

Amendment made: 111, in schedule 11, page 102, line 30, at end insert—

"21A (1) Section 82 (joint exercise of functions) is amended as follows.

(2) Omit subsections (1) to (1B).

(3) In subsection (2), for "Great Britain" substitute "Wales and Scotland".

(4) In subsection (2A), after "Scottish" insert "Further and".

(5) In subsection (3)(a)—

(a) for "a higher education funding council" substitute "the HEFCW",

(b) for "the National Assembly of Wales" substitute "the Welsh Ministers",

(c) for "it is discharging its" substitute "they are discharging their", and

(d) after "Scottish" insert "Further and".".—*(Joseph Johnson.)*

This amendment repeals subsections (1) to (1B) of section 82 of the Further and Higher Education Act 1992 in consequence of the provision made in amendment NC3. It also amends the remainder of that section to remove the Higher Education Funding Council for England from its provisions, to make consequential changes and to update references to the Scottish Higher Education Funding Council and the National Assembly for Wales.

Schedule 11, as amended, agreed to.

Schedule 12

MINOR AND CONSEQUENTIAL AMENDMENTS RELATING TO PART 3

Amendments made: 272, in schedule 12, page 109, line 24, at end insert—

"20A The Government of Wales Act 2006 is amended as follows.

20B (1) Schedule 3A (functions exercisable concurrently or jointly with the Welsh Ministers) (which is inserted by the Wales Act 2016) is amended as follows.

(2) In the Table in paragraph 1(2), in the entry relating to the Science and Technology Act 1965, in the column headed 'Functions', after 'relating to' insert 'United Kingdom Research and Innovation and'."

This amendment amends Schedule 3A to the Government of Wales Act 2006 (which is inserted by the Wales Bill) so that the functions of a Minister of the Crown under section 5 of the Science and Technology Act 1965 (powers to support research etc), so far as relating to UKRI, are not exercisable concurrently with the Welsh Ministers.

Amendment 273, in schedule 12, page 109, line 28, at end insert—

"21A (1) In Part 2 of Schedule 7A (specific reservations) (which is inserted by the Wales Act 2016), Section C11 (Research Councils) is amended as follows.

(2) In the heading, at the beginning insert 'United Kingdom Research and Innovation and'.

(3) In paragraph 85—

(a) at the beginning insert 'United Kingdom Research and Innovation ('UKRI'), and', and

(b) after 'relating to' insert 'UKRI and'.

(4) In paragraph 86—

(a) omit 'Arts and Humanities Research Council within the meaning of Part 1 of the Higher Education Act 2004, and the',

(b) for 'that Act' substitute 'the Higher Education Act 2004', and

(c) for 'that Council' substitute 'UKRI'.".

This amendment amends the reservation regarding Research Councils in Schedule 7A to the Government of Wales Act 2006 (which is inserted by the Wales Bill) to ensure that UKRI (like Research Councils) is a reserved matter and to take account of the Arts and Humanities Research Council ceasing to exist under clause 101.

Amendment 274, in schedule 12, page 109, line 37, at beginning insert

"In the English language text,".

This amendment and amendments 275, 276 and 278 ensure that both the English language text and the Welsh language text of the Welsh Language (Wales) Measure 2011 are amended by Schedule 12 to reflect the establishment of UKRI and the fact that its predecessor bodies cease to have effect.

Amendment 275, in schedule 12, page 110, line 4, at end insert—

"( ) In the Welsh language text, omit the entries relating to—

(a) Cyngor Cyfleusterau Gwyddoniaeth a Thechnoleg,

(b) Cyngor Ymchwil Biotechnoleg a Gwyddorau Biolegol,

(c) Y Cyngor Ymchwil Economaidd a Chymdeithasol,

(d) Y Cyngor Ymchwil Meddygol,

(e) Cyngor Ymchwil Peirianneg a Gwyddorau Ffisegol,

(f) Cyngor Ymchwil yr Amgylchedd Naturiol, and

(g) Y Cyngor Ymchwil i'r Celfyddydau a'r Dyniaethau."

See the explanatory statement for amendment 274.

Amendment 276, in schedule 12, page 110, line 5, at beginning insert

"In the English language text,".

See the explanatory statement for amendment 274.

Amendment 277, in schedule 12, page 110, line 7, in column 1 after "Innovation" insert

"("Ymchwil ac Arloesedd y Deyrnas Unedig")".

This amendment inserts a reference to the Welsh name for "United Kingdom Research and Innovation" in an amendment made to the English language text of the Welsh Language (Wales) Measure 2011 by Schedule 12.

Amendment 278, in schedule 12, page 110, line 10, at end insert—

"( ) In the Welsh language text, insert at the appropriate place under the heading 'cyffredinol'—

'Ymchwil ac Arloesedd y Deyrnas Unedig ('United Kingdom Research and Innovation')	Safonau cyflenwi gwasanaethau Safonau llunio polisi Safonau gweithredu Safonau cadw cofnodion'".

—(Joseph Johnson.)

See the explanatory statement for amendment 274.

Joseph Johnson: I beg to move amendment 279, in schedule 12, page 110, line 12, leave out from "Crown)" to end of line 14 and insert—

", in paragraph (a), for 'the Natural Environment Research Council' substitute 'United Kingdom Research and Innovation'".

This amendment amends the amendment made by paragraph 24 of Schedule 12 to section 10(4)(a) of the Antarctic Act 2013 to ensure that the reference in that provision to the British Antarctic Survey is retained.

The Chair: With this it will be convenient to discuss Government amendments 280 and 281.

Joseph Johnson: The amendments are all consequential amendments to other legislation. Amendments 279 and 280 are to schedule 12, and make a number of consequential amendments that reflect the impact of part 3 of the Bill on existing legislation. Paragraph 24 of schedule 12 is specifically directed at the Antarctic Act 2013. In making these changes, we wish to preserve a reference to the British Antarctic Survey, which is currently contained in section 10(4) of the Antarctic Act 2013. As originally drafted, paragraph 24 of schedule 12 did not achieve that objective. Amendment 279 ensures the correct change will be made to section 10(4) of the 2013 Act.

Amendment 280 is a technical amendment necessary to ensure that the territorial scope of the 2013 Act remains unchanged after it is amended to account for the creation of UKRI. Amendment 281 relates to clause 111, which sets out the territorial extent of the provisions of the Bill, some of which extend to the whole of the UK, and some of which extend only to England and Wales. Schedule 12 makes provision for minor and consequential amendments to existing legislation, including the Patents Act 1977. That Act also extends to the Isle of Man as well as the whole of the United Kingdom. This technical amendment ensures that the amendments and repeals made to section 41 of the Patents Act by schedule 12 will have the same extent as that section, which includes the Isle of Man.

Amendment 279 agreed to.

Amendments made: 280, in schedule 12, page 110, line 14, at end insert—

"(2) Subsections (2) and (3) of section 34 of the Antarctic Act 1994 (power to extend to the Channel Islands, Isle of Man and British overseas territories) apply in relation to section 10 of the Antarctic Act 2013 as amended by sub-paragraph (1).".

The Antarctic Act 2013 confers a power to extend the provisions of Part 1 of that Act to the Channel Islands, Isle of Man and British overseas territories (see section 18 of that Act). This amendment provides that the power of extension can be used to extend section 10 of that Act as amended by the Bill to any of those jurisdictions.

Amendment 312, in schedule 12, page 110, line 18, leave out sub-paragraph (2).—*(Joseph Johnson.)*

This amendment means that pension schemes established for members or staff of an existing research council remain within Schedule 10 to the Public Service Pensions Act 2013 (and are therefore subject to the restrictions in section 31 of that Act).

Schedule 12, as amended, agreed to.

Clause 111

EXTENT

Amendments made: 112, in clause 111, page 61, line 23, at end insert—

"() section25 (rating the quality of, and standards applied to, higher education);".

This amendment and amendment 113 are linked to amendment 40 and provide for clause 25 and clause 75 (which contains relevant definitions) to form part of the law of Scotland and of Northern Ireland (as well as the law of England and Wales) in light of the application of clause 25 to Welsh, Scottish and Northern Irish higher education providers as a result of amendment 40.

Amendment 113, in clause 111, page 61, line 25, at end insert—

"() section75 (meaning of 'English higher education provider' etc);".

See the explanatory statement for amendment 112.

Amendment 281, in clause 111, page 61, line 37, at end insert—

"( ) Subsection (3) does not apply to the amendments and repeals made by paragraph 13 of Schedule 12 to section 41 of the Patents Act 1977 which have the same extent as that section.".—*(Joseph Johnson.)*

This amendment ensures that the amendments and repeals made to section 41 of the Patents Act 1977 by Schedule 12 to the Bill have the same extent as that section - which includes the Isle of Man.

Clause 111, as amended, ordered to stand part of the Bill.

Clause 112

COMMENCEMENT

Amendments made: 114, in clause 112, page 61, line 39, after "103" insert "and section (Joint working)".

This amendment provides for NC3 to be commenced by regulations.

Amendment 115, in clause 112, page 61, line 39, after "103" insert—

"and section (Advice to Northern Ireland departments)".—*(Joseph Johnson.)*

This amendment provides for NC17 to be commenced by regulations

Joseph Johnson: I beg to move amendment 313, in clause 112, page 61, line 39, after "103" insert "and section (Pre-commencement consultation)".

This amendment provides for clause (Pre-commencement consultation) to be commenced by regulations.

The Chair: With this it will be convenient to discuss Government new clause 16—*Pre-commencement consultation.*

Joseph Johnson: I want to ensure that the OFS and UKRI, as new bodies, are in a strong position to make an impact from the outset, so it is essential we make provision for preparatory to work to begin ahead of them coming into being. The amendment will allow the OFS and UKRI to rely upon consultations carried out by the Secretary of State, the director of fair access, in the case of OFS's, or HEFCE, before the consultation provisions of the Bill come into force, as if that consultation had been carried out by the OFS or UKRI under those provisions. That means that requirements on the OFS and UKRI to consult can be taken forward in advance on their behalf, so that planning can begin on the systems they will rely on. That will help to ensure a smooth and orderly transition. It also means the sector will not have to wait until the new bodies are in place before it can be legitimately consulted on key aspects of the reforms, such as registration conditions and the new regulatory framework.

Amendment 313 agreed to.

Amendment made: 282, in clause 112, page 61, line 40, at end insert—

"(1A) Sections 78, 79 and 80 come into force, so far as relating to a matter specified in an entry in column 1 of the following table, on such day as the person specified in the corresponding entry in column 2 of the table may by regulations made by statutory instrument appoint, after consulting the person (if any) specified in the corresponding entry in column 3 of the table.

TABLE

Matters:	Commencement by:	After consulting:
Powers exercisable by the Welsh Ministers	The Welsh Ministers	
Powers exercisable by the Secretary of State concurrently with the Welsh Ministers	The Secretary of State	The Welsh Ministers
Powers exercisable by the Secretary of State in relation to Wales	The Secretary of State	The Welsh Ministers
Other matters	The Secretary of State."	

—*(Joseph Johnson.)*

This amendment provides for clauses 78, 79 and 80 (financial support for students) to be brought into force by the Welsh Ministers, so far as relating to powers exercisable by them; by the Secretary of State after consulting the Welsh Ministers, so far as relating to powers exercisable by the Secretary of State and Welsh Ministers concurrently, or by the Secretary of State in relation to Wales; and otherwise by the Secretary of State.

4.30 pm

Joseph Johnson: I beg to move amendment 283, in clause 112, page 61, line 40, at end insert—

"(1A) Section(Amendments to powers to support research) comes into force at the end of the period of two months beginning with the day on which this Act is passed."

This amendment provides for NC7 (which amends powers to support research under the Science and Technology Act 1965 and the Higher Education Act 2004) to come into force 2 months after the Bill is given Royal Assent.

The Chair: With this it will be convenient to discuss Government new clause 7—*Amendments to powers to support research.*

Joseph Johnson: The majority of research funding is administered by the seven research councils, HEFCE in England and equivalent bodies in the devolved Administrations. That will continue with the advent of UKRI. However, an additional proportion of research funding is allocated by Ministers through powers apportioned in section 5 of the Science and Technology Act 1965 and section 10 of the Higher Education Act 2004. It is under those powers that, for example, BEIS funds the UK Space Agency.

In this Bill, the powers of UKRI to fund research are defined as powers to make

"grants, loans or other payments"

and to set terms and conditions for those—for example, to charge interest. However, there is no equivalent clarity in the 1965 Act and 2004 Act on the funding powers of Ministers. The amendment will ensure there is equivalence between UKRI and Ministers' powers under those Acts. It will also ensure that Ministers and UKRI are able to make grants, loans or other payments and to specify terms and conditions.

Amendment 283 agreed to.

Amendment made: 118, in clause 112, page 62, line 3, leave out subsection (3)—*(Joseph Johnson.)*

This amendment is consequential on amendment 282.

Clause 112, as amended, ordered to stand part of the Bill.

Clause 113 ordered to stand part of the Bill.

New Clause 2

RETENTION OF FEE RELATED INCOME

"(1) The OfS must pay its fee income to the Secretary of State except to the extent that the Secretary of State, with the consent of the Treasury, directs otherwise.

(2) "Fee income" means the sums received by the OfS by way of—

(a) fees charged under section 63 (registration fees) or 64 (other fees), or

(b) costs recovered by virtue of regulations made under section 63(2)(f) or 64(2)(g).

(3) The OfS must pay its other fee related income to the Secretary of State.

(4) "Other fee related income" means the sums received by the OfS by way of—

(a) penalties imposed by virtue of regulations made under section 63(2)(g) or 64(2)(h), or

(b) interest charged by virtue of regulations made under section 63(2)(i) or 64(2)(j)."—*(Joseph Johnson.)*

This clause, which is for insertion after clause 64, requires the OfS to pay the fees which it receives under clauses 63 and 64, and the costs which it recovers in recovering those fees, to the Secretary of State except to the extent that the Secretary of State, with the consent of the Treasury, directs otherwise. It also requires the OfS to pay the penalties and interest imposed under those clauses to the Secretary of State.

Brought up, read the First and Second time, and added to the Bill.

New Clause 3

JOINT WORKING

"(1) A relevant authority may exercise any of its functions jointly with another relevant authority if the condition in subsection (2) is met.

(2) The condition is that it appears to the relevant authorities concerned that exercising the function jointly—

(a) will be more efficient, or

(b) will enable them more effectively to exercise any of their functions.

(3) In this section "relevant authority" means—

(a) the OfS,

(b) UKRI, but only in relation to functions exercisable by Research England pursuant to arrangements made under section89,

(c) the Higher Education Funding Council for Wales,

(d) the Scottish Further and Higher Education Funding Council,

(e) the Secretary of State to the extent that the Secretary of State is exercising functions under section 14 of the Education Act 2002 (power to give financial assistance for purposes related to education or children etc),

(f) the Welsh Ministers to the extent that they are exercising their functions under Part 2 of the Learning and Skills Act 2000 (further and sixth form education in Wales), or

(a) the Department for the Economy in Northern Ireland, or the Department of Agriculture, Environment and Rural Affairs in Northern Ireland, in relation to funding higher education, or research, in Northern Ireland but only to the extent that the Department is exercising functions in connection with such funding.

(4) For the purposes of subsection (3)(g) "higher education" has the same meaning as in Article 2(2) of the Further Education (Northern Ireland) Order 1997 (S.I. 1997/1772 (N.I. 15))."—*(Joseph Johnson.)*

This clause, which is for insertion in Part 4 of the Bill, allows relevant authorities to work together if it appears to them to be more efficient or would allow any of the authorities to exercise their functions more effectively.

Brought up, read the First and Second time, and added to the Bill.

New Clause 7

AMENDMENTS TO POWERS TO SUPPORT RESEARCH

"(1) In section 5 of the Science and Technology Act 1965 (further powers of Secretary of State), after subsection (1) insert—

'(1ZA) The power to give financial support under subsection (1)(a) includes, in particular, power to make a grant, loan or other payment, on such terms and conditions as the relevant authority considers appropriate.

(1ZB) The terms and conditions may, in particular—

(a) enable the relevant authority to require the repayment, in whole or in part, of sums paid by it if any of the terms and conditions subject to which the sums were paid is not complied with,

(b) require the payment of interest in respect of any period during which a sum due to the relevant authority in accordance with any of the terms and conditions remains unpaid, and

(c) require a person to whom financial support is given to provide the relevant authority with any information it requests for the purpose of the exercise of any of its functions.

(1ZC) In subsections (1ZA) and (1ZB), 'the relevant authority' means—

(a) in the case of the power of the Secretary of State to give financial support under subsection (1)(a), the Secretary of State;

(b) in the case of the power of the Welsh Ministers to give financial support under subsection (1)(a), the Welsh Ministers;

(c) in the case of the power of the Scottish Ministers to give financial support under subsection (1)(a), the Scottish Ministers.'

(2) In section 10 of the Higher Education Act 2004 (research in arts and humanities), after subsection (4) insert—

'(5) The powers under this section to give financial support include, in particular, power to make a grant, loan or other payment, on such terms and conditions as the relevant authority considers appropriate.

(6) The terms and conditions may, in particular—

(a) enable the relevant authority to require the repayment, in whole or in part, of sums paid by it if any of the terms and conditions subject to which the sums were paid is not complied with,

(b) require the payment of interest in respect of any period during which a sum due to the relevant authority in accordance with any of the terms and conditions remains unpaid, and

(c) require a person to whom financial support is given to provide the relevant authority with any information it requests for the purpose of the exercise of any of its functions.

(7) In subsections (5) and (6), 'the relevant authority' means—

(a) in the case of the power under subsection (1)(a), the Secretary of State;

(b) in the case of the power under subsection (2)(a), the Welsh Ministers;

(c) in the case of the power under subsection (3)(a), the Scottish Ministers;

(d) in the case of the power under subsection (4)(a), the Northern Ireland Department having responsibility for higher education.'"—*(Joseph Johnson.)*

This new clause, which is for insertion after clause 101, amends section 5 of the Science and Technology Act 1965 and section 10 of the Higher Education Act 2004 to make clear that the powers they contain to provide financial support for research include power to make grants, loans or other payments subject to terms and conditions - including those which may require the recipient of support to repay sums, pay interest and provide information.

Brought up, read the First and Second time, and added to the Bill.

New Clause 16

PRE-COMMENCEMENT CONSULTATION

"(1) Subsections (2) and (3) apply in relation to a provision of this Act under or by virtue of which the OfS has a function of consulting another person.

(2) At any time before the provision comes into force (and whether before or after the passing of this Act), the Secretary of State, the DFA or HEFCE or any of them acting jointly—

(a) may carry out any consultation that the OfS would have power or a duty to carry out after the provision comes into force, and

(b) for that purpose, may prepare drafts of any documents to which the consultation relates.

(3) At any time after the provision comes into force, the OfS may elect to treat any consultation carried out or other thing done under subsection (2) by the Secretary of State, the DFA or HEFCE (or any of them acting jointly) as carried out or done by the OfS.

(4) Subsections (5) and (6) apply in relation to a provision of this Act under or by virtue of which UKRI has a function of consulting another person.

(5) At any time before the provision comes into force (and whether before or after the passing of this Act), the Secretary of State or HEFCE or the Secretary of State and HEFCE acting jointly—

(a) may carry out any consultation that UKRI would have power or a duty to carry out after the provision comes into force, and

(b) for that purpose, may prepare drafts of any documents to which the consultation relates.

(6) At any time after the provision comes into force, UKRI may elect to treat any consultation carried out or other thing done under subsection (5) by the Secretary of State or HEFCE (or the Secretary of State and HEFCE acting jointly) as carried out or done by UKRI.

(7) In this section—

'the DFA' means the Director of Fair Access to Higher Education;

'HEFCE' means the Higher Education Funding Council for England."—*(Joseph Johnson.)*

This clause, which is for insertion after clause 106, enables the OfS to rely upon consultation carried out by the Secretary of State, the DFA or HEFCE before the consultation provisions of the Bill come into force as if that consultation were carried out by the OfS under those provisions. It also enables UKRI to rely upon consultation carried out by the Secretary of State or HEFCE before the consultation provisions come into force as if the consultation were carried out by UKRI.

Brought up, read the First and Second time, and added to the Bill.

New Clause 17

ADVICE TO NORTHERN IRELAND DEPARTMENTS

"(1) The OfS and UKRI may provide such advisory services as the Department for the Economy in Northern Ireland or the Department of Agriculture, Environment and Rural Affairs in Northern Ireland may require in connection with the discharge of the Department's functions relating to higher education in Northern Ireland.

(2) The services may be provided on such terms as may be agreed.

(3) For the purposes of this section 'higher education' has the same meaning as in Article 2(2) of the Further Education (Northern Ireland) Order 1997 (S.I. 1997/1772 (N.I. 15))."—*(Joseph Johnson.)*

This clause, which is for insertion in Part 4 of the Bill, makes provision for the OfS and UKRI similar to the provision made in section 69(3) of the Further and Higher Education Act 1992 regarding the Higher Education Funding Council for England and allows for the provision of advice to the Department for the Economy in Northern Ireland or the Department of Agriculture, Environment and Rural Affairs in Northern Ireland.

Brought up, read the First and Second time, and added to the Bill.

New Clause 5

DE-REGISTRATION: NOTIFICATION OF STUDENTS

"(1) The governing body of a higher education provider must inform all students enrolled on a course if it—

(a) is notified by the OfS of its intention to suspend the provider's registration under section 17(1),

(b) is notified by the OfS of its intention to remove it from the register under section 19(1),

(c) is notified by the OfS that it will refuse to approve a new access and participation plan under section 21(2), or

(d) has applied to be removed from the register under section 22(1),

(2) The governing body of an institution must notify students under subsection (1) by the date on which—

(a) the suspension takes effect,

(b) the de-registration takes effect, whether enforced or voluntary, or

(c) the expiry date of any existing access and participation plan that will not be renewed and the period of time for which approval of a new plan will be refused, whichever is applicable"—*(Gordon Marsden.)*

This amendment would require that any students still undertaking courses at that provider are notified if the provider becomes deregistered.

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 8, Noes 11.

Division No. 14]

AYES

Blackman-Woods, Dr Roberta	Rayner, Angela
Blomfield, Paul	Smith, Jeff
Marsden, Gordon	Streeting, Wes
Mullin, Roger	Vaz, Valerie

NOES

Argar, Edward	Kennedy, Seema
Chalk, Alex	Milling, Amanda
Churchill, Jo	Morton, Wendy
Evennett, rh David	Pawsey, Mark
Howlett, Ben	Warman, Matt
Johnson, Joseph	

Question accordingly negatived.

New Clause 6

COMMITTEE ON DEGREE AWARDING POWERS AND UNIVERSITY TITLE

"(1) The OfS must establish a committee called the "Committee on Degree Awarding Powers and University Title".

(2) The function of the Committee is to provide advice to the OfS on—

(a) the general exercise of its functions under sections 40, 42, 43 and 53 of this Act, and section 77 of the Further and Higher Education Act 1992;

(b) particular uses of its powers under section 40(1) of this Act; and

(c) particular uses of its powers under section 77 of the Further and Higher Education Act 1992.

(3) The OfS must seek the advice of the Committee before—

(a) authorising a registered higher education provider or qualifying further education provider to grant taught awards, research awards or foundation degrees under section 40(1) of this Act;

(b) varying any authorisation made under section 40(1) of this Act so as to authorise a registered higher education provider or qualifying further education provider to grant a category of award or degree that, prior to the variation of the authorisation, it was not authorised to grant; and

(c) providing consent under section 77 of the Further and Higher Education Act 1992 for an education institution or body corporate to change its names so as to include the word "university" in the name of the institution or body corporate.

(4) The OfS must also seek the advice of UKRI before authorising a registered higher education provider or qualifying further education provider to grant research awards under section 40(1) of this Act.

(5) The OfS does not need to seek the advice of the Committee before—

(a) revoking an authorisation to grant taught awards, research awards or foundation degrees; or

(b) varying any authorisation to grant taught awards, research awards, or foundation degrees so as to revoke the authorisation of a registered higher education provider or qualifying further education provider to grant a category of award that, prior to the variation of the authorisation, it was authorised to grant.

(6) Subsection (4) applies whether the authorisation being revoked or varied was given—

(a) by an order made under section 40(1) of this Act;

(b) by or under any Act of Parliament, other than under section 40(1) of this Act; or

(c) by Royal Charter.

(7) In providing its advice to the OfS, the Committee must in particular consider the need for students, employers and the public to have confidence in the higher education system and the awards which are granted by it.

(8) The OfS must have regard to the advice given to it by the Committee on both the general exercise of its functions referred to in subsection 2 and any particular uses of its powers referred to in subsection 3.

(9) The majority of the members of the Committee must be individuals who appear to the OfS to have experience of providing higher education on behalf of an English higher education provider or being responsible for the provision of higher education by such a provider.

(10) In appointing members of the Committee who meet these criteria, the OfS must have regard to the desirability of their being currently engaged at the time of their appointment in the provision of higher education or in being responsible for such provision.

(11) The majority of the members of the Committee must be individuals who are not members of the OfS.

(12) Schedule 1 applies to the Committee on Degree Awarding Powers and University Title as it applies to committees established under paragraph 8 of that Schedule."—*(Gordon Marsden.)*

This new clause would create a committee of the OfS which fulfils much the same functions as the current Advisory Committee on Degree Awarding Powers.

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 8, Noes 11.

Division No. 15]

AYES

Blackman-Woods, Dr Roberta	Rayner, Angela
Blomfield, Paul	Smith, Jeff
Marsden, Gordon	Streeting, Wes
Mullin, Roger	Vaz, Valerie

NOES

Argar, Edward	Kennedy, Seema
Chalk, Alex	Milling, Amanda
Churchill, Jo	Morton, Wendy
Evennett, rh David	Pawsey, Mark
Howlett, Ben	Warman, Matt
Johnson, Joseph	

Question accordingly negatived.

New Clause 8

REVOCATION OF THE EDUCATION (STUDENT SUPPORT) (AMENDMENT) REGULATIONS 2015

"The Education (Student Support) (Amendment) Regulations 2015 (Statutory Instrument no. 1951/ 2015) are revoked."—*(Gordon Marsden.)*

This new clause would revoke the Education (Student Support) (Amendment) Regulations 2015, which moved support for students from a system of maintenance grants to loans.

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 8, Noes 11.

Division No. 16]

AYES

Blackman-Woods, Dr Roberta	Rayner, Angela
Blomfield, Paul	Smith, Jeff
Marsden, Gordon	Streeting, Wes
Mullin, Roger	Vaz, Valerie

NOES

Argar, Edward	Kennedy, Seema
Chalk, Alex	Milling, Amanda
Churchill, Jo	Morton, Wendy
Evennett, rh David	Pawsey, Mark
Howlett, Ben	Warman, Matt
Johnson, Joseph	

Question accordingly negatived.

New Clause 12

ACCESS TO SUPPORT FOR STUDENTS RECOGNISED AS NEEDED PROTECTION

"(1) The Secretary of State must, within six months of the day on which this Act is passed, set out in regulations to apply across the UK the availability of financial support for higher education courses to students with certain immigration statuses.

(2) The regulations specified in subsection (1) must at a minimum

(a) make provision for all those who have been brought to the UK under the Syrian Vulnerable Persons Relocation Scheme or any equivalent scheme and their family members to access student loans on the same basis as refugees recognised in-country; and,

(b) make provision for those who have claimed asylum and been granted a form of leave to remain in the UK to be eligible—

(i) for home fees for a higher education course if they have been ordinarily resident in the United Kingdom and Islands since being granted leave; and,

(ii) for student loans for a higher education course, if they have been ordinarily resident in the United Kingdom and Islands since being granted leave and are ordinarily resident in the United Kingdom and Islands on the first day of the first academic term of that course.

(3) In this section "home fees" means fees for a higher education course charged to persons not considered as "qualifying persons" under regulations made under the Higher Education Act 2004.

(4) In this section "student loans" means loans made to students in connection with their undertaking of a higher education course under the Teaching and Higher Education Act 1998."—*(Paul Blomfield.)*

This new Clause would allow all refugees resettled to the UK, as well as people seeking asylum granted forms of leave other than refugee status, to access student finance and home fees.

Brought up, and read the First time.

Paul Blomfield: I beg to move, That the clause be read a Second time.

This may be the last topic we debate as part of our proceedings, but it is by no means the least. If carried, the new clause would not affect many people, but it would have a profound impact on those who were affected. It would allow all refugees resettled to the UK, as well as those young people who, having made an application for asylum, are granted a form of leave other than refugee status, to access student finance and home fees. That would be of particular benefit to the Syrian refugees who are being resettled in this country under the Government's own plans. Only small numbers are affected, but those of us who represent universities will have dealt with cases in which people have tragically been denied opportunities to fulfil their potential in our university system. The provision would have a huge impact on individuals.

Let me explain the context. Currently, individuals with refugee status are able to access student finance and to qualify for home fees status from the moment they are awarded their protection. However, those with the slightly different status of humanitarian protection are treated differently. To receive financial support they have to be able to show that they have been ordinarily resident for at least three years at the start of the academic year. The group most affected are the Syrian refugees currently being resettled in the UK under the vulnerable person resettlement programme, because they are granted humanitarian protection rather than refugee status.

The result of the current position is that a young Syrian refugee arriving in the UK today does not qualify for student finance until the start of the 2020 academic year. The only exception is if they are resettled in Scotland, where the Scottish Government have introduced a special fees status for resettled Syrians, which allows them immediately to access student support. I commend them for that. Subsection (2)(a) of the new clause would ensure that all resettled refugees, no matter what status they are given or which nation of the UK they live in, would be able to access student support immediately. Subsection (2)(b) would make student finance available for those granted humanitarian protection after making an application for asylum.

As set out in the immigration rules, humanitarian protection is granted to people who would face a real risk of suffering harm if they were to return to their home country, including the risks of death, torture and inhumane treatment, or their life being at risk due to armed conflict. The future of those granted humanitarian protection after applying for asylum is clearly in the UK—this is where they will build their lives—so they should be allowed to access university education, not simply so that they can build their lives here but so that they can contribute fully to the society of which they will be part.

Subsection (2)(b) would also provide access to student finance and home fees status to people who have applied for asylum and then been granted another form of immigration leave. In such cases, the Government have accepted that the immediate future of those individuals is in the UK. They should be given every opportunity to contribute and to develop, yet they currently face significant hurdles in doing so because in 2012 the Government changed the rules so that potential university students in that situation could no longer get the student finance they had previously been able to access. They were also reclassified as international students, meaning that they would face—and have faced—much higher fees.

The Supreme Court found the rules discriminatory and as a result a new criterion of long residence was introduced. However, young people who have gone through the asylum process, including those who arrived as unaccompanied asylum-seeking children, are unlikely

to meet the long residence criterion and will have to watch while their school peers go off to university, leaving them behind with no opportunities. New clause 12 is not about creating special circumstances for refugees and other young people who have arrived in the UK seeking asylum. It would simply remove existing barriers that prevent young people who come to the UK seeking protection and who are capable of attending university from fulfilling their potential. It is a wrong we should right.

4.45 pm

Roger Mullin: I would like to say a few words in praise of the new clause. I have moved 10 amendments today. Many dozens of amendments have been tabled, but I think this is the most important one we face, because this is the one that speaks to who we are as a community and as a people. I would like to praise and thank the hon. Gentleman for his recognition of the work the Scottish Government have done in this field. I hope that any civilised society would see the need to support this measure.

Joseph Johnson: I also thank the hon. Member for Sheffield Central for tabling this new clause, which relates to access to support for students recognised as needing protection. I agree with the hon. Member for Kirkcaldy and Cowdenbeath and recognise his commitment to this issue. It is one that is already addressed, however, within the student support regulations.

I am pleased to say that those who come to this country and obtain international protection are already able to access student support. Our regulations have for some time included provision for those granted refugee status or humanitarian protection and their family members. In addition, we have recently amended the regulations to allow those who have been in the UK as a matter of fact for at least half their lives or at least 20 years to access student support after three years of lawful residence.

Those persons entering the UK under the Syrian vulnerable persons relocation scheme and granted humanitarian protection will be eligible, like UK nationals, to obtain student support and home fees status after only three years' residence in the UK. Those with refugee status are uniquely allowed to access student support immediately—a privilege not afforded to UK nationals or those granted other forms of leave. There is a distinction in international law between such status and those in need of humanitarian protection.

Recently the Supreme Court upheld the Government's policy of requiring most persons, including UK citizens, to be ordinarily lawfully resident in the UK for at least three years immediately prior to starting their course in order to be eligible for student support. That important rule establishes that generally the student has a solid connection with the UK before they are entitled to support and home fee rates. The second part of the amendment would, in effect, break that long-established policy by extending support to asylum seekers who have been granted temporary leave to remain only and who have only a recently established and potentially temporary connection to the UK. I therefore ask that the hon. Member for Sheffield Central withdraw the motion.

Paul Blomfield: I am disappointed by the Government's response. The Minister accurately described the position, which is that those who are granted refugee status gain eligibility from day one and those granted humanitarian protection have to wait three years. Until recently, the UK gave very few people humanitarian protection. The default option was refugee status. However, when the Government introduced the Syrian resettlement programme, they decided to give people five years' humanitarian protection instead of refugee status, with the rights that that would previously have given them. The Government have never explained why. Humanitarian protection is usually given to those who do not quite meet the strict criteria of the refugee convention, but for whom it is not safe to return home. It cannot be the case that that applies to people brought here under the Government's own programme for Syrian refugees.

Wes Streeting (Ilford North) (Lab): Does my hon. Friend agree that the three-year rule not only holds up the educational progress of people who have often fled some of the most unimaginable situations but is no good for the UK? While their lives are on hold and they are unable to progress through education, they are not able to give something back, so this approach is self-defeating for the UK as well as for the individuals concerned.

Paul Blomfield: I very much agree: it is completely self-defeating. These are people who are going to make their lives here. The sooner they can start that process, the better. If it had not been for the Government's move away from granting them refugee status, which in the past would have been the default norm, we would not be facing this problem.

Dr Roberta Blackman-Woods (City of Durham) (Lab): My hon. Friend makes a really important point. Some of these young people have had their education disrupted, tragically, by the whole conflict situation, and the sooner they can get back into full-time education, the better—not only for them, but for us as a country.

Paul Blomfield: My hon. Friend is absolutely right. We are not talking about very many people at all. It is a tiny number, but the opportunity to rebuild their lives after the tragedies they have lived through is extremely important to them.

Gordon Marsden: I place on record the Opposition's support for my hon. Friend's proposal and for the measured and dignified way in which he introduced it. I have no doubt that he could have cited a number of other harrowing stories. Does he share my distress at the Minister simply repeating what he said about leaving people in limbo, potentially for three years? Have the Minister and his officials nothing else to suggest to assist these young people to continue their education?

Paul Blomfield: My hon. Friend is right. This limbo situation serves nobody. I would be happy to withdraw the new clause if the Minister could show us a different way forward that would address our concerns, but I am disappointed to hear the Government say simply that that limbo—that three-year delay, that position imposed on people simply because they have been given a technical classification of humanitarian protection rather than refugee status—is acceptable. I do not know whether the Minister wishes to intervene to suggest any movement on the issue.

Joseph Johnson *indicated dissent.*

Paul Blomfield: The Minister is shaking his head. I therefore wish to press new clause 12 to a vote.

Question put, That the Clause be read a Second time.

The Committee divided: Ayes 8, Noes 11.

Division No. 17]

AYES

Blackman-Woods, Dr Roberta	Rayner, Angela
Blomfield, Paul	Smith, Jeff
Marsden, Gordon	Streeting, Wes
Mullin, Roger	Vaz, Valerie

NOES

Argar, Edward	Kennedy, Seema
Chalk, Alex	Milling, Amanda
Churchill, Jo	Morton, Wendy
Evennett, rh David	Pawsey, Mark
Howlett, Ben	Warman, Matt
Johnson, Joseph	

Question accordingly negatived.

The Chair: That brings us to the end of the Committee's consideration. My final duty is to report the Bill, as amended, to the House.

Joseph Johnson: On a point of order, Mr Hanson. My Department has today provided the Committee with an assessment of the implications of amendments made during Committee for the territorial extent and application of the Bill and for how it relates to the legislative competence of the devolved Administrations.

I also want to say that I am very pleased that the Bill has been scrutinised so thoroughly and in such a collegiate and generally good-humoured fashion. We sat a little late on Tuesday 11 October but adjourned early on Thursday 13 October and we have now completed the proceedings with four or five minutes to spare.

I thank Committee members personally for giving so much of their time and energy to the scrutiny of the Bill and for the constructive way in which they have engaged in debate. We have been listening carefully to all the points made during the Bill's passage through Committee and are grateful for all the observations, comments and proposed amendments, even if we were not able to accept all of them—

Gordon Marsden: Any!

Joseph Johnson: Or indeed any.

We have had a robust and well informed consideration of every part of the Bill, and the Committee has been admirably steered by you, Mr Hanson, and by the other Chairs, particularly Sir Edward Leigh. I pay tribute to the usual channels for the way in which they have co-ordinated our work and ensured that there was proper time for us to scrutinise all the Bill's provisions fully and carefully.

Lastly, I thank and recognise the hard work of *Hansard* in recording our deliberations; the Clerks for their advice throughout the Committee stage; and my very hard-working and brilliant officials in the Department for Education and the Department for Business, Energy and Industrial Strategy. Last, but by no means least, I thank the Doorkeepers for helping to keep us all in good order.

Gordon Marsden: Further to that point of order, Mr Hanson. I associate myself and my hon. Friends with, if not all the Minister's comments, certainly those in respect of you and your fellow Chairs. We had an appearance from Mr Christopher Chope as well as seeing Sir Edward, of course.

I pay tribute to the Public Bill Office. Members will know—or might want to take note, because one of these days they might be on the Opposition Benches—that, for the Opposition and Government, the progress of Bill Committees is often like David versus Goliath in terms of the resources available. The Public Bill Office have been scrupulously fair and helpful in that respect, so I pay tribute to its staff.

I also pay tribute to the fantastic contribution of all my hon. Friends among the Opposition and, indeed, to the contribution of the Scottish National party Members, which has been important. We have endeavoured to scrutinise you—not you, Mr Hanson, but the Government, within an inch of their nine lives. We will continue to do so as the Bill progresses through Parliament.

I associate myself with what the Minister said about the efficiency and efficacy of the usual channels. I will not be quoting Enoch Powell's statement about the Whips. I particularly thank our colleagues from *Hansard* and the Doorkeepers.

The Chair: On behalf of Sir Edward Leigh, Mr Christopher Chope and myself, I thank colleagues for their good humour during the Committee. I particularly thank the Clerks who have supported the Committee, the *Hansard* reporters and the Doorkeepers.

Bill, as amended, to be reported.

4.57 pm

Committee rose.

Written evidence reported to the House

HERB 59 Universities Wales

HERB 60 Professor G. R. Evans (further submission)

HERB 61 British Heart Foundation

HERB 62 Department for Education—EVEL Memorandum

HERB 63 Jonathan E. Alltimes Ph.D.