



## Advanced Research and Invention Agency Bill - summary

House of Lords - Debate Summary - House of Lords

17/11/2021

### **Committee (1st Day)**

#### **Amendment summary**

Clause 1 agreed.

Amendment 1 withdrawn.

Amendment 2 withdrawn.

Amendment 3 not moved.

Amendment 4 withdrawn.

Amendments 5 to 10 not moved.

Amendment 11 withdrawn.

Amendments 12 to 16 not moved.

Amendment 17 withdrawn.

Amendment 18 withdrawn.

### **Clause 1: Establishment of ARIA**

Clause 1 agreed.

#### **Amendment 1**

The purpose of this amendment was to provide a broad sustainability purpose for ARIA which would ensure that it funded projects which aligned with core strategic challenges such as decarbonisation and which were sustainable.

Lord Ravensdale (CB) declared his interest as a director of Peers for the Planet, and as an engineer and project director for Atkins. He spoke of DARPA, which had inspired ARIA, and said it succeeded because it took gambles which justified the pay-outs, highlighting Project Orion: a proposal for a manned spacecraft propelled by nuclear explosions. ARIA needed to take lessons from DAPRA such as a clear purpose for the organisation.

On Amendment 1, he said that it would orient ARIA towards alignment with the most important strategic goal of the nation, and the world. He

had listened to feedback from the Minister during the progress of the Bill, in that the Government did "not wish to unduly constrain ARIA". That is why the amendment was written around a broad sustainability purpose, not a specific net-zero objective or mission.

On Amendment 26, he said this would ensure that consideration for our climate and environmental goals were embedded within ARIA's functions. It was modelled on similar government provisions in other legislation due to the Committee on Climate Change's advice that there was a need for a coherent approach to achieving net zero, which meant all government policy decisions were compatible with the Government's climate commitments.

He begged to move Amendment 1.

Lord Lansley (Con) said that on Amendment 1, stretching the language of sustainability anywhere was an advantage and a problem. He questioned whether it would help the leading members of ARIA, as it may constrain them towards certain missions.

Lord Lansley agreed with Lord Ravensdale in his Amendment 1 as we were looking for ARIA to have transformational affects, and mentioned his Amendment 27 in this regard which made some language in Clause 3 more deliberate.

Lord Willetts (Con) declared an interest as a member of the UKRI board. He welcomed any attempt to bring greater diversity and innovation to our funding landscape. He asked the Minister for assurance that it was possible for the agencies of UKRI and other sources of public funding for R&D to also engage in high-risk, high-return research, otherwise eliminating diversity. He also asked for bureaucracy to be removed from other research institutions. Lastly, he asked the Minister to assure the House that ARIA would strike a "happy balance" between "missions versus technologies".

Baroness Chapman of Darlington (Lab) reiterated that due to the taxpayer paying for ARIA, "it is not unreasonable for us to say that we would like ARIA to turn its attention primarily to the climate emergency, the very thing that is threatening our existence on this planet". She understood the need for freedom in the organisation, but there was a risk for it to become directionless, hence why ARIA needed a core mission. Amendment 1, Amendment 21 in her name and Amendment 26 sought to assist ARIA by setting its mission as supporting innovation that would help to combat climate change.

Lord Browne of Ladyton (Lab) spoke about Clause 4, and said that "if the Minister chooses to reject any of these amendments on the basis of the restriction of autonomy, he will give the Grand Committee the opportunity to understand what restrictions the Government intend to put on the autonomy of ARIA". The pursuit of a sustainable and resilient society was one of the four overarching objectives set by the strategic framework set out in the integrated review. That framework, in the Government's own words: "establishes the Government's overarching national security and international policy objectives ... to 2025." The provision to constrain ARIA from acting against that was clearly in the stated agreed national interest, therefore.

Lord Fox (LD) cautioned comparing ARIA to DARPA too much, as it had a much bigger budget and had been established for decades. He also reiterated the need for ARIA to be different from UKRI

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy, Lord Callanan, said Amendments 1, 21, 25 and 26 would create requirements that sought to narrow, or to have the Government direct, ARIA's funding.

On Amendment 1, he pointed to Clause 2(6), where, in exercising its functions, ARIA must have regard to contributing to economic growth, promoting scientific innovation and invention, or improving the quality of life. These considerations ensured that ARIA's activities were geared towards beneficial outcomes, which will of course include sustainability and resilience.

On Amendment 27, the scientific community had said that ARIA should have high risk tolerance to succeed, so it was important that this was expressed precisely.

The Minister highlighted that Clause 3 was there because it was crucial for the NAO's assessment of whether ARIA's activities were in line with its stated functions. He said that high-risk, high-reward research was also done by UKRI but without the unique freedoms that ARIA would have. He would share any lessons from ARIA with UKRI for future advancement.

On Amendments 21 and 26, the Government continued to effectively prioritise funding to respond to national and global challenges. ARIA could fund projects on climate change, but also on other things as well, "which I think is the important clarification". Nevertheless, they expected ARIA to have and articulate a clear strategy, but that should be set by the expert and visionary leadership, not by politicians.

He said it would "not be in the interests of ARIA blindly to duplicate activities taking place elsewhere or being conducted by other bodies", however, "it will very much be in ARIA's interests to maintain a consistent, ongoing dialogue with UKRI to understand the current work and opportunities in the UK R&D landscape".

Lord Ravensdale (CB) said "we will come back to this, and I look forward to further discussions with the Minister". On that basis, he begged leave to withdraw his amendment.

Amendment 1 withdrawn.

## **Amendment 2**

Baroness Noakes (Con) moved Amendment 2 and spoke to Amendments 6, 8 and 10 in her name. She said these were all probing amendments that concerned the governance of ARIA and its board. She said that Amendment 2 was about the size of the ARIA board, deleting paragraph 2(2)(c), which allowed between two and five executive members to be appointed to the board in addition to the chief executive and the chief financial officer.

Noakes noted that if the full complement of five additional executive members was appointed, the board would comprise seven executive members, with a minimum of eight non-executive members, making 15 in total. She added that there was, however, no limit to the number of non-executive members and hence no upper limit on the size of the board. She said she was concerned that this design was flawed and could result in an unwieldy and ineffective board.

Noakes told members that Amendment 6 was designed to ensure that the culture of ARIA was kept away from the Civil Service and government. She added that Amendment 8 would delete paragraph 7(2)(a) of Schedule 1, which said that ARIA must pay to or in respect of non-executives such pensions and gratuities as the Secretary of State determined. She concluded by detailing that Amendment 10 was about the quorum for the ARIA board.

Lord Lansley (Con) told members that his Amendment 3, would remove the Chief Scientific Adviser from the board and questioned whether it made sense for the Chief Scientific Adviser, whoever she to be sitting on the board trying to make decisions that are different from the decisions being made by the rest of the research and innovation landscape. He added that Amendments 5 and 7 in his name asked whether the appointment of a chair by the Secretary of State for Business, Energy and Industrial Strategy should be subject to some scrutiny.

Lord Davies of Brixton (Lab) reflected on the appointment of the chair and the chief executive by the Government and asked whether these appointments would be subject to the normal code of practice for public appointments.

Minister for Business, Energy and Corporate Responsibility, Lord Callanan, reflected on Amendment 2 and told members that the Government had decided that the number of executives should be at least four. He added that they had imposed a maximum number to try to keep it as efficient as possible. He said the majority of the board members needed to be non-executives, which means that the minimum

total number of board members will be nine, to ensure a majority of non-executives, and the expected maximum was 15.

Callanan said that the Government's Chief Scientific Adviser would bring a "somewhat unique perspective to the ARIA board in their independent advisory capacity, with awareness of science and technology across government."

The Minister confirmed that the Government would follow the normal and usual procedures for the appointment of directors and non-executive directors of public bodies. He also confirmed that the Government would write to the science and technology committee on the announcement of the CEO; "it may then choose to invite the appointee to give evidence to it on their vision and functions in ARIA."

Amendment 2 withdrawn.

Amendment 3 not moved.

#### **Amendment 4**

Baroness Randerson (LD) moved Amendment 4, which she explained would require representation from the devolved administrations on ARIA.

Baroness Chapman of Darlington (Lab) spoke to Amendments 9, 23, 29, 33 and 34 in his name. He explained that Amendment 9 would allow ARIA to establish committees in specific regions of the UK, whilst Amendment 23 adds to the list of ARIA's functions so that, as well as "contributing to economic growth, or an economic benefit, in the United Kingdom," it should "have regard to the desirability of ... increasing prosperity across each region of England, Scotland, Wales and Northern Ireland".

Chapman stated that Amendment 29 would allow the Secretary of State to stipulate that certain grant must be used to support activity in particular regions and Amendment 33 would establish an advisory board to ensure that ARIA supports the reduction of inequalities between each region and nation of the UK. He concluded by explaining that Amendment 34 stipulated that ARIA should measure and report on what it is spending by region.

Baroness Noakes (Con) cautioned members to "not lose sight of the fact that the board is there to contribute to the total purpose or mission of the organisation, and we need to be very clear, when looking at getting those with some relationship to the devolved Administrations, precisely why they are there." She questioned the devolved dimension to the focus of ARIA or determinations about particular projects, and added that "these should transcend any issues that arise at the national level."

Government Whip, Baroness Bloomfield of Hinton Waldrist, began by reassuring members that it was "absolutely the Government's intention that ARIA increases prosperity across England, Wales, Scotland and Northern Ireland." She said this was reflected in ARIA's existing functions, which required it to have regard to contributing to economic growth or economic benefit in the UK or, for example, improving the quality of life.

She confirmed that no decision on the location of ARIA's offices had been taken and added that it would have only a small physical presence at its headquarters, "the location of which will probably not be agreed until the appointment of the chief executive officer."

On Amendment 23, Bloomfield said that system-wide ambitions should not be the statutory responsibility of a small new agency that represented about 1 percent of UK R&D spending. A

On Amendment 4, which looked to add a representative from each of the devolved Administrations to ARIA's board, Bloomfield told the House that Ministers in Scotland, Wales and Northern Ireland were unanimous in their support for the important principle of ARIA's independence. She said there was an agreed a mechanism for input with the devolved Governments "which will be set out in an agreement

between the four Administrations of the UK. The agreed text of this MoU will be shared before Report, but it is contingent on the government amendments we will come to discuss later."

Reflecting on Amendment 29, Bloomfield said that introducing a specific power of direction for the Secretary of State to exercise a granular level of control over ARIA's R&D spending, ran completely contrary to the organisation's core design principle.

Amendment 4 withdrawn.

Amendments 5 to 10 not moved.

### **Amendment 11**

Baroness Chapman of Darlington (Lab) moved amendment 11. This amendment would ensure that the National Audit Office produces a value for money study of ARIA. She also provided an explanation of the other amendments under her name.

Amendment 12 would ensure that the annual report includes a list of all projects supported in the financial year.

Amendment 13 would ensure that the annual report includes whether any funds have been given by ARIA to companies which list members of Parliament in their company registers.

Amendment 14 would ensure that the annual report includes whether any funds have been given by ARIA to companies listed in the Electoral Commission's register of donations and loans to political parties.

Chapman explained that amendment 13 and 14 would help ARIA to assure itself that no lobbying or purchasing of influence could possibly have taken place.

Amendment 15 would ensure that a Minister of the Crown must make a Statement to both Houses of Parliament on its annual report. Chapman said this was important because ARIA was spending funds from the public purse. She added that ministers should see this as an opportunity to promote the work of ARIA and to celebrate the inventions and research projects made possible by the agency.

Lord Ravensdale (CB) spoke on Amendment 16 which calls for ARIA to develop its own environmental, social and governance strategy to consider the impacts of the exercise of its functions and the projects that it funds.

Ravensdale argued that it is another means of embedding climate and sustainability considerations in the organisation.

Lord Fox (Lib Dem), lords spokesperson on business, energy and industrial strategy, spoke in favour of amendments 12, 13 and 14. He argued that it is in the interests of ARIA itself for it to be seen that there is no conflict and there are no issues around where the money is being spent.

Lord Callanan (Con), parliamentary under-secretary for the department for business, energy, and industrial strategy, said that amendment 11 was unnecessary because ARIA will be audited by the National Audit Office.

On amendment 12, Callanan said that publishing a list of delivery partners is not something to be mandated in primary legislation.

On amendments 13 and 14, he said "I entirely understand why the noble Baroness wants to raise these points at the moment to contribute to her party's campaigns, but I do not believe that this Bill is the right place to deal with the issues that she raised."

Amendment 11 withdrawn.

Amendments 12 to 16 not moved.

### **Amendment 17**

Amendment 17 moved by Baroness Noakes (Con) who also spoke on amendment 20.

These are probing amendments designed to explore the extent of the powers given to ARIA to create liabilities for the state through borrowing and financial mechanisms.

Baroness Bloomfield of Hinton Waldrist (Con), Baroness in Waiting , HM Household Whip , responded that ARIA's ability to borrow is subject to sufficient oversight and controls which would set the conditions to ensure value for money and adequate risk management. She added that ARIA's powers were necessary to provide it with sufficient flexibility in order to achieve its strategic aims.

Amendment 17 withdrawn.

### **Amendment 18**

Amendment 18 moved by Lord Lansley (Con) adds the phrase "and any other property" to the end of an existing clause giving ARIA the power to "acquire and dispose of land".

Lansley explained "The purpose of my amendments generally is to try to give ARIA as much flexibility as possible". He also spoke on amendments related to providing ARIA with sufficient flexibility in the realm of intellectual property.

Bloomfield responded that there is already provision for ARIA to acquire and own physical property and intangible property, such as intellectual property. In compliance with its functions, ARIA can own property as it is a statutory corporation with its own legal personality.

Lord Browne of Ladyton (Lab) highlighted that the wording of the Bill in this case was unclear as ARIA is given latitude to do anything within its remit but this is then followed by a list of functions it can carry out. Browne said "What I do not understand is why there is a list below it because the list is just confusing. It misleads people into thinking that unless it is on the list ARIA cannot do it. It can do anything, almost, as long as it meets the test."

Bloomfield accepted these concerns and pledged to bring the concerns back to the department for further discussion.

Amendment 18 withdrawn.

Committee adjourned at 8.05 pm.

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