



Advanced Research and Invention Agency Bill – Summary

House of Lords - Debate Summary - House of Lords

23/11/2021

Committee (2nd Day)

Amendment Summary

Amendments 19 and 20 not moved.

Schedule 1 agreed.

Amendment 20A withdrawn.

Amendments 21 to 23 not moved.

Amendment 24 withdrawn.

Amendments 25 to 26A not moved.

Clause 2 agreed.

Amendment 27 not moved.

Clause 3 agreed.

Amendments 28 and 29 not moved.

Amendment 30 withdrawn.

Clause 4 agreed.

Amendment 31 not moved.

Amendment 31A withdrawn.

Clause 5 agreed.

Amendment 32 withdrawn.

Amendment 32A not moved.

Clause 6 agreed.

Clause 7 agreed.

Amendment 33 not moved.

Schedule 2 agreed.

Amendment 34 not moved.

Amendment 35 agreed.

Amendment 36 agreed.

Clause 8, as amended, agreed.

Amendment 36A withdrawn.

Clause 9 agreed.

Amendment 37 agreed.

Amendment 38 agreed.

Amendment 39 not moved.

Amendments 40 and 41 agreed.

Amendment 42 not moved.

Amendment 43 agreed.

Schedule 3, as amended, agreed.

Clause 10 disagreed.

Amendments 44 and 45 agreed.

Clause 11, as amended, agreed.

Amendment 46 agreed.

Clause 12, as amended, agreed.

Clause 13 agreed.

Amendment 47 withdrawn.

Amendment 48 agreed.

Clause 14, as amended, agreed.

Amendment 49 not moved.

Clause 15 agreed.

Debate Summary

[Relevant documents: 4th and 10th Reports from the Delegated Powers Committee]

Schedule 1: The Advanced Research and Invention Agency

Amendments 19 and 20 not moved.

Schedule 1 agreed.

Clause 2: ARIA's functions

Amendment 20A

Viscount Stansgate (Lab), who had tabled the amendments in this grouping, was absent for the first part of the debate.

Lord Clement-Jones (LD) spoke to Amendment 20A, which would "require ARIA to have regard to climate change by ensuring that ARIA had an obligation to support the Climate Change Act 2008 and the obligations flowing from that Act." He agreed that this should be part of ARIA's objectives.

On Amendment 26A, designed to probe the relationship between ARIA and other research bodies, he expressed frustration that this still wasn't clear from Government and noted it was "extraordinary that we do not yet know what the arrangements will be with UKRI, research bodies and so forth".

On Amendment 49, which was designed to probe the reasoning for changing the name of ARIA from the Advanced Research and Projects Agency (ARPA), he said the name was not of concern, but the Committee needed to "look under the bonnet and see what it is actually going to do."

Lord Willetts (Con), member of the board of UKRI, spoke to Amendment 26A and noted that there would inevitable be some overlap, with which he had no issue, but that what was important was that they knew the nature of the relationship.

He also asked if the Minister could assure them that UKRI would be able to carry on doing the wide range of activities that it does—including through Innovate UK, in particular—with the application and successful commercialisation of technologies.

Speaking on Amendment 26A, Lord Vaizey of Didcot (Con) spoke of the whole research landscape and argued "the time has come for the Government to have a proper review of all the agencies that they currently fund."

He also spoke to Amendment 20A and noted that the US had set up two new ARPAs in the last few years, with different sector focuses – energy and intelligence. He said this showed that the project model worked, but only when it had a specific sector focus.

Viscount Stansgate (Lab), who had now arrived for debate, spoke of the importance of having "serious regard" to the Climate Change Act in ARIA's operations.

On the relationship between ARIA and other scientific bodies, the Minister for Business, Energy and Corporate Responsibility, Lord Callanan, said "ARIA needs to be as complementary as possible in its functions to other research and innovation organisations."

He added they were "currently looking to recruit a brilliant CEO who will form a collaborative and open network of partners right across the UK's R&D landscape as part of embedding ARIA as a high-functioning organisation for years to come."

On ARIA's name, the Minister said ARPA was only an inspiration: "Calling this new agency ARPA could give a somewhat confusing message about its functions and easily result in it being mistaken for a purely defence-focused research funding agency." He added that "invention" signified exactly what the agency intended to do, and said it was a bold title.

Amendment 20A withdrawn.

Amendments 21 to 23 not moved.

Amendment 24

Baroness Chapman of Darlington (Lab), Shadow Minister for Task Force Europe, moved her Amendment 24, which would subject ARIA to Freedom of Information requests and the Public Contracts Regulations 2015. She noted there was "serious concern about the Government's decision" not to include ARIA in the FoI legislation.

She said Labour felt ARIA should be subject to FoI and that the Government hadn't given "any good reason or argument to justify the exemption." She disagreed with the Government's concerns that ARIA would be "overwhelmed" and argued that saying FoI was a "burden" should not be reason for exemption, as it wouldn't be for other bodies, such as local authorities. She asked the Minister to explain why ARIA should be treated differently.

Viscount Stansgate (Lab), whose Amendment 32A also sought to cover ARIA with FoI legislation, argued that it should be included on the basis of principle – that the UK was a parliamentary democracy. He said it was even more important for ARIA to be covered as it was a new body.

He indicated he would be happy for the Government to table an amendment that would allow them to review the operation of the FoI Act in relation to ARIA later down the line, to see whether it had been causing difficulties.

Baroness Noakes (Con) argued that ARIA could be considered for a special exemption, saying they didn't want an organisation "that is dragged into caution and risk aversion. We want one that is fully open internally to grappling with some very difficult issues."

Lord Fox, Liberal Democrat Lords spokesperson for BEIS, spoke to his Amendment 39, which aimed to do the same as the previous amendments regarding FoI coverage. He noted that "obstacles to innovation for funding bodies are many and various. Nowhere have I seen obligations to freedom of information as one of the things listed by those bodies as a barrier to innovation, or indeed invention."

He noted that ARIA would be much larger than many public bodies already subject to FoI requests, and it was imperative for Government to be transparent, particularly given "growing evidence of huge levels of very worrying financial mismanagement across government contracting."

Lord Browne of Ladyton (Lab) noted DARPA in the US had received an average of 47 FoI requests per year over the course of a decade, and pointed out that this was almost exactly the number of requests received by individual UK research councils before they were incorporated into UKRI.

Lord Broers (CB) acknowledged the points on transparency but argued there must adequate protection of what in industry is normally commercially sensitive and secret so that ARIA could "produce new capabilities that can be commercially exploited for the benefit of the UK".

The Minister, Lord Callanan, said the Government's decision to exclude ARIA from FoI was made after much consideration, and argued that the Freedom of Information Act was "a truly malign piece of legislation." He argued that many government contracts were already published under normal transparency processes, not under FoI.

He argued that, as a new body, ARIA would "attract a disproportionate number of FoI requests for its size." On the comparison with DARPA, he pointed out that there was a standard fee for requests, which we did not have here in the UK.

Lord Clement-Jones (LD) pressed the Minister on why the Government thought ARIA would be inundated with FoI requests. The Minister said it was because "it is a fairly new and exciting agency doing new things" and it would not have the resources of capacity.

The Minister said that there were already provisions in place for transparency: the publishing of an annual report and statement of accounts, which will be laid before Parliament; being subject to annual audits by the National Audit Office; and being accountable to Parliament through the CEO, who would be the agency's accounting officer.

On the exemption from the Public Contracts Regulations 2015, the Minister said this had been done so that ARIA's programme managers could act and invest with agility and speed, and also because ARIA would be commissioning and contracting others to do research for it "in a fundamentally different way from traditional R&D grant-making where procurement rules do not apply."

Baroness Chapman of Darlington (Lab) said she was confident they would return to this issue in Report, but for now begged leave to withdraw.

Amendment 24 withdrawn.

Amendments 25 to 26A not moved.

Clause 2 agreed.

Clause 3: Ambitious research, development and exploitation: tolerance to failure

Amendment 27 not moved.

Clause 3 agreed.

Clause 4: Grants to ARIA from the Secretary of State

Amendments 28 and 29 not moved.

Amendment 30

Lord Browne of Ladyton (Lab) spoke to Amendment 30 in his name, which would "ensure that any grant made by ARIA is subject to the condition that the entity or asset supported may not be subject to a takeover for 5 years."

He noted that 'intellectual property' had been raised many times in previous debate on the Bill, sparking his amendment, and expressed concern about "the extent to which such publicly funded research may lead to foreign, mainly US, private as opposed to British private or public gain."

Baroness Noakes (Con) said she was "not as opposed to foreign takeovers" as Lord Browne, but that she accepted "there are some instances where this country is not well served by the ability of organisations outside the UK to cherry pick some of our best assets." However, she said she did not think the amendment worked, because the entity receiving ARIA funding would not be in a position to guarantee it wouldn't be taken over in the next five years.

Lord Fox, Liberal Democrat spokesperson for BEIS, agreed with the spirit of the amendment but was unsure whether it would be beneficial, particularly given that "one of the highlighted issues in delivering technology into the market in this country is not the invention phase but the scale-up".

Lord Lansley (Con), who had raised this issue in previous debate on the Bill, said he hoped the Government could "make it clear that ARIA, in exercising its functions, should seek not only to promote economic growth and benefit in the United Kingdom but to make sure that—in so far as the public have subscribed through ARIA to the creation of intellectual property—the benefits of that will accrue to ARIA and, potentially, the Government."

He also sought assurances from the Minister about how Ministers can use National Security and Investment Act powers to secure the protections the amendment sought to introduce.

Baroness Chapman of Darlington (Lab), Shadow Minister for Task Force Europe, spoke to her Amendment 31, which was intended to probe whether the government intends to give grants to ARIA as part of national security directions and how it would interact with the defence industry. She also added her support to Lord Browne's amendment.

Viscount Stansgate (Lab) spoke to Amendment 31A in his name, which would require the House to be notified if the Secretary of State issued directions to ARIA on national security grounds. He argued it was important that Parliament was notified at the time, rather than later in an annual report.

Baroness Bloomfield of Hinton Waldrist, Government Lords Whip, spoke against Amendment 30, arguing that "placing further restrictions in the Bill could deter foreign investment in instances where it would be beneficial and, in some cases, might sit at odds with the wider principles held by the scientific community about the free exchange of ideas and the benefits of international collaboration in research and innovation."

She stressed that, as set out in the R&D Roadmap and in the Innovation Strategy, "one of the Government's key ambitions is to become world class at securing the economic and social benefits from research and to safeguard intellectual property." She added that the patent box tax incentive would support the retention of intellectual property in the UK by allowing businesses to pay a reduced rate of tax on profits arising from exploiting patents and other qualifying products.

On occasions where it was necessary, the Minister said that the National Security and Investment Act 2021 would give the UK Government robust powers to scrutinise and intervene in relevant acquisitions, such as takeovers, to protect national security.

On Amendment 31, the Minister argued that ARIA "must be able to operate with strategic autonomy. This includes making its own decisions on funding research, without influence from government." She added it was not the Government intention to use powers to require ARIA to spend any grants in the interests of national security concerns.

On Amendment 31A, the Minister argued that "given the nature and sensitivity of national security directions, the Secretary of State may be required to respond urgently and privately and it would not be appropriate to publish all directions made under this section." The annual report would provide the right level of information for scrutiny.

Amendment 30 withdrawn.

Clause 4 agreed.

Clause 5: National security directions

Amendment 31 not moved.

Amendment 31A withdrawn.

Clause 5 agreed.

Amendment 32

Lord Fox (LD) said the amendment would allow the chair of the House of Commons Science and Technology Committee to request information from ARIA on its operation. It would place a role for the committee in the Bill. He argued that the idea of trusting the Science and Technology Select Committee to scrutinise ARIA and maintain genuine secrets was consistent with how the Government had already said they wanted to work elsewhere.

Lord Callanan (Con) said that ARIA's CEO would be personally responsible to the Public Accounts Committee, as the accounting officer, so he did believe that Select Committees did not need Government's help in legislation, and probably would not want it, to be able to do their job properly and efficiently.

Amendment 32 withdrawn.

Amendment 32A not moved.

Clause 6 agreed.

Clause 7 agreed.

Amendment 33 not moved.

Schedule 2 agreed.

Clause 8: Power to dissolve ARIA

Amendment 34 not moved.

Amendment 35

Lord Callanan (Con) said that the power to dissolve ARIA through draft affirmative regulations made under Clause 8 was an important part of the Bill. ARIA could not be dissolved for at least 10 years, so at least 10 years' worth of legislation would be passed or made before the power to make consequential amendments could be exercised.

Amendment 35 agreed.

Amendment 36 agreed.

Clause 8, as amended, agreed.

Amendment 36A

Baroness Noakes (Con) said the intention of the amendment was to underline the Government's commitment to the independence of ARIA, and it required the Secretary of State to protect the independence of ARIA.

Lord Callanan (Con) differed with Noakes on how they protected ARIA's independence in a practical way. He submitted that it would be the accumulation of many small things, "perhaps creeping influence over strategy, new mechanisms of oversight, or increasing reporting demands on issues of political priority," that would be the arena in which ARIA's independence would be compromised or lost.

Amendment 36A withdrawn.

Clause 9 agreed.

Amendment 37

Lord Callanan (Con) said they removed the amendments that would have treated the Advanced Research and Invention Agency as a reserved matter in relation to Scotland and Northern Ireland and funding provided to it through the Science and Technology Act 1965 as a reserved matter in Scotland.

Amendment 37 agreed.

Amendment 38

Lord Callanan (Con) said they provided for the Advanced Research and Invention Agency to be a public authority for the purposes of Chapter 10 of Part 2 of the Income Tax (Earnings and Pensions) Act 2003 (workers' services provided through intermediaries to public authorities or medium or large clients). He then summarised the obligations that would apply to ARIA as a result of the amendments.

Amendment 38 agreed.

Amendment 39 not moved.

Amendments 40 and 41 agreed.

Amendment 42 not moved.

Amendment 43 agreed.

Schedule 3, as amended, agreed.

Clause 10: Power to make consequential provision

Clause 10 disagreed.

Clause 11: Regulations

Amendments 44 and 45 agreed.

Clause 11, as amended, agreed.

Clause 12: Interpretation

Amendment 46 agreed.

Clause 12, as amended, agreed.

Clause 13 agreed.

Clause 14: Commencement

Amendment 47

Lord Fox (LD) said the amendment would require the Secretary of State to publish a copy of ARIA's framework agreement before regulations could be made to commence the substantive parts of the bill.

Lord Callanan (Con) said that ARIA's framework document would outline ARIA's accountability, its decision-making and its financial management structures, along with some broader reporting requirements. He added that it was not the appropriate place to codify ARIA's relationship with other government departments.

Amendment 47 withdrawn.

Amendment 48 agreed.

Clause 14, as amended, agreed.

Clause 15: Short title

Amendment 49 not moved.

Clause 15 agreed.

Bill reported with amendments.

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