



## Office of Science and Technology

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Dear Mr Muttitt

Thank you for your letter of 4 March jointly signed with Andrew Simms and Rebecca Spencer regarding your report *Degrees of Capture*. You sent similar letters to Ministers and officials, both here at the DTI and around Whitehall, and I am replying on their behalf.

As you note, the Energy White Paper has made clear the Government's intention to move the UK decisively towards a low carbon economy. It also sets out the importance of supporting the research and the skills that will be needed to achieve this.

The White Paper notes that, through the Sector Skills Development Agency, we are working closely with employers to ensure that all parts of energy industry are included within the emerging network of Sector Skills Councils. This will enable energy employers to articulate their needs, influence training providers and improve productivity, drawing on existing work and new ideas, such as the Skills Foresight project commissioned by the Electricity Training Association to identify the skills requirement for the renewables industry to 2010.

The White Paper also sets out the Government's firm commitment to support research on sustainable energy. In addition to Government Departments' own support for the research, development and deployment of low carbon technologies, the Research Councils spent over £11m on energy related research in 2002/3 and have been allocated an additional £28m under Spending Review 2002 for further research in support of a sustainable energy economy. Key to this will be a new Energy Research Network and Energy Research Centre. The Network will establish interdisciplinary teams with expertise in the scientific, technological, social, economic and health

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impacts of energy, providing much needed co-ordination and cohesion. The Centre will play a key role in co-ordinating research, facilitating collaboration with industry and UK participation in international projects, as well as being a centre of excellence in its own right. The Research Councils recently announced a call for expressions of interest to operate the Centre, with the intention that the Centre will be established by 1 April 2004.

In addition to the funding provided by the Research Councils, the Higher Education Funding Council for England (HEFCE) distributes recurrent research grants to universities on behalf of the Government. These funds are allocated selectively by a funding formula according to the quality and volume of the research work carried out in the universities. The formula reflects the level of activity across different fields but is not modified either to provide incentives for, or to discourage activity in, particular areas. The Government believes that it is important to allow scope for academic curiosity to push back the frontiers of knowledge, alongside more directed research into priority areas.

I also note your concern about how universities interact with business. The Government remains committed to ensuring that higher education institutions collaborate with industry and other organisations to achieve long-term economic and social benefits from the work they undertake. Hence, the increase in support available for knowledge transfer activities, principally the Higher Education Innovation Fund (HEIF) – jointly funded by the DfES and DTI to provide a platform of core funding to help institutions engage with business and the community. Again, the Government is not being prescriptive about the precise nature of these activities. We expect universities to work with bodies such as Regional Development Agencies to identify the most appropriate agenda in their own constituencies.

All of these initiatives form part of the Government's strategy for science, engineering and technology, set out most recently in "Investing in Innovation" published last July. It is available on <http://www.ost.gov.uk/policy/invest-innov.htm>.

Yours faithfully

**DR CHRIS HENSHALL**

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