UK RESEARCH AND INNOVATION

Background Briefing Slides for Partner Organisations
This pack will be updated on a regular basis as more information becomes available
The Conservative manifesto (April 2015) stated: ‘Through the Nurse Review of Research Councils, we will seek to ensure that the UK continues to support world-leading science, and invests public money in the best possible way.’

The Nurse Review (published December 2015) recognised the current strength of the research base of the Research Councils and recommended building on this through simplification and reform of the landscape and the creation of Research UK.

The HE Green Paper (November 2015) asked stakeholders to give their views on the future design of the institutional research landscape in light of the Nurse Review and the proposed changes to the HE teaching landscape. Stakeholders responded to these propositions through the consultation on the HE Green Paper.

The White Paper: Success as a Knowledge Economy: published on 16th May 2016 has set out the Government’s intention to take forward the creation of UK Research and Innovation (UKRI) – bringing together the 7 Research Councils, HEFCE’s research and knowledge exchange functions and Innovate UK. UKRI will allocate funding for research and innovation and act as a champion for the UK’s world class system and drive future discovery and growth.

The Higher Education & Research Bill: introduced on 19th May 2016. It is the proposed legislative ‘vehicle’ to enable the Government to put its policy plans into action. Part 3 of the Bill deals with the formation, objectives & structure of UKRI.
The purpose of Part 3 of the Bill is to put in place the **legal powers and safeguards** that will enable government to protect the UK’s status as a full-spectrum scientific power in the future.

At this stage everything is subject to ‘**Parliament and Royal Assent’**

This is because whilst the Government has made its aims and plans clear through the White Paper the Bill **must pass** through the different stages of the Parliamentary process. MPs or members of the Lords may vote on amendments during this process.

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**Slide 2: Passage of the Higher Education & Research Bill**

- The Higher Education and Research Bill (HERB) was introduced to the **House of Commons** and given its **first reading on 19th May 2016**. This stage is formal and takes place without any debate.
- The Bill had its **second reading debate on 19th July 2016**. This was the first opportunity for MPs to debate the general principles and themes of the Bill.
- **HERB entered the public Bill Committee Stage on 6th September** where a detailed examination of the Bill took place. It is the Committee’s role to scrutinise the Bill line by line and ask experts and interest groups from outside Parliament to give evidence on aspects of the Bill. The Committee can also propose changes (amendments) to the Bill. This stage was **completed on 18th October**, having included 11 scrutiny sessions. The last 2 sessions were devoted to UKRI and supplementary clauses.
- 353 potential amendments to the Bill were debated (82 relating to research). No opposition amendments were passed but all Government amendments will now be incorporated into the draft Bill.
- **The third reading of the Bill and report stages have not been scheduled** by Parliament yet. In theory these can take place within one week of the concluding scrutiny session, but it is likely to be scheduled in November.
- Following the third reading, the Bill will pass into the **House of Lords**, which will involve **debate in the grand committee** (to which all Peers are entitled to contribute) and extensive dialogue with individual peers. The timing of this is dependent on third reading and other parliamentary factors.
The 2010 coalition Government asked Sir Paul Nurse to conduct a review of Research Councils in December 2014, and the incoming Conservative Government made a manifesto commitment to implement his recommendations.

The Nurse Review recognised that the UK research and innovation system is world-leading; and that there is an opportunity to make it even more effective. It spelled out the gaps we need to fill:

1) A lack of strategic join-up between the disciplines and between the research base and policy-makers
2) A fragmented approach to investment, that lacks the capability to address multi- and inter-disciplinarity as effectively as we might and;
3) Historic weakness at commercialisation, with a need for a smoother pathway for innovation

- Research & innovation landscape currently consists of 9 different NDPBs, each with an individual remit & only able to fund research in a precise way set-out by legislation
- These legal limits mean that a new body will be necessary to address the gaps outlined by Sir Paul, as well as the benefits of integration
- UKRI will build on, and protect, the strengths and values of the current system, while creating a strong unified voice, acting across disciplines.
- The Bill transfers to UKRI the roles, functions and responsibilities of the 7 Research Councils, Innovate UK and the research & knowledge exchange functions of HEFCE. The Bill protects and maintains their remits and autonomy by establishing 9 statutory Councils within UKRI: the 7 discipline Research Councils, Innovate UK and a new council – Research England
- Part 3 of the Bill gives UKRI broadly defined functions and the flexibility to evolve over time to adapt to the changes in priorities
UKRI Board will have a Chair, Chief Executive Officer (CEO), Chief Finance Officer (CFO) and 9-12 other members (academics & business representatives).

Chief Executive will act as single accounting officer and lead overall direction of UKRI across disciplines.

9 Councils in UKRI (this includes the 7 Research Councils, Innovate UK and Research England) with delegated autonomy & authority.

Each Council will be led by an Executive Chair and have between 5-9 other members (academics & business representatives). Each Council Executive Chair will report to Chief Executive of UKRI.

Secretary of State (SoS) will set budgets taking advice from UKRI Board on strategic priorities and on balance of funding between disciplines.

Composition of UK Research & Innovation Board:
- Chair
- UKRI CEO
- CFO
- 9-12 academic & business representatives
Slide 5: The UKRI Board & Councils
(Subject to parliamentary process)

- UKRI refers to both the Councils and central/shared functions
- UKRI's Board will have responsibility for leading on the overall strategic direction, cross-cutting decision-making, and providing advice to the Secretary of State on the balance of funding between research disciplines
- As currently, the SoS will set budgets for each of the 9 Councils through an annual grant letter. The SoS will appoint UKRI's Board members based on expertise in research or business
- As drafted, the Bill ensures a balance of research and business experience in the appointment of Board members
- Sir John Kingman has been appointed interim Chair of UKRI
- The competitive process for recruiting the future UKRI CEO is underway. The CEO will become the single Accounting Officer once UKRI becomes a legal body. The CEO will take a leading role in the Programme, and work with the interim Chair to support appointment of the full UKRI Board and other key UKRI leadership roles.
- UKRI's permanent Board will be supported by a central team of staff who will implement the Board's decisions
- Corporate functions (such as procurement, HR, office estates, legal and grant administration) will be brought together. How this will be done will be discussed with the Partner Organisations, Trade Unions and other representative staff groups.
- The Councils will provide strategic oversight of activity in the relevant fields and take decisions on scientific, research and innovation matters. They will be led by Executive Chairs, appointed by the SoS on the advice of the UKRI's Board
Haldane Principle:
Decision-making within Councils

What is it?: Haldane Principle is taken in this context to mean that decisions about the allocation of funding for individual research proposals are best taken by researchers themselves through peer review, independently of Government.

This involves evaluating the quality, excellence and likely impact of science and research programmes and ensuring subsidiarity in decision making.

It has origins in a 1918 report on the machinery of government and is named after Sir Richard Haldane, who chaired the committee that prepared the report.

It was restated in 2010 by the Universities and Science Minister David Willetts.

How is it expressed in the Bill?: Government is fully committed to the principle that funding decisions should be taken by experts in relevant areas and have ensured this is reflected in the design of UKRI. The principle runs through measures in Part 3 of the Bill.

- UKRI will be established as an arm’s length body
- UKRI will be required to devolve functions within their fields of activity to its constituent Councils, ensuring the strategic leadership of the discipline and individual funding decisions are made by the relevant experts
- UKRI, through the individual Councils, will continue to manage units, centres and institutes
- UKRI will work more strategically with Government, removing the need for any unnecessary multiple reporting lines, and the reporting burden on individual organisations where appropriate

Sir Richard Haldane
## Dual Support

**What is it?:** Broadly speaking research funding is delivered through 2 different and complementary routes

1. **Quality-Related (QR) research funding:** is allocated directly to Higher Education Institutes (HEIs) on the basis of past performance as assessed by the Research Excellence Framework (REF). There is considerable freedom in how HEIs spend this money, allowing maintenance of facilities, core staff and entrepreneurial research activity. In England, HEFCE will allocate approx. £1.7bn per year via this route.

2. **Grant funding:** The Research Councils will award approx. £2.7bn funding per year for the period of the spending review for excellent research proposals as assessed by peer review. Unlike QR, Research Council funding is forward-looking and funds specific people, projects and programmes.

   - Additional capital allocations are made through both routes. This system of ‘dual support’ sustains a dynamic balance between research which is strategically relevant and internationally peer reviewed and research which is directed from within institutions.

### How is it expressed in the Bill?:

The Government has committed to maintaining dual support. Stakeholders’ responses to the **Green Paper** made it clear they wanted to see a dynamic balance between the 2 funding streams protected.

The SoS will allocate the twin streams for QR funding and grant funding budgets separately in an annual grant letter. The Bill proposes three measures to protect dual support:

- **Research England:** A separate UKRI Council has been specified in the Bill and will replicate the research functions of HEFCE allocating QR funding in England.
- **Balanced funding principle:** this is a new term defined in the Bill and is an additional measure that ensures the SoS will need to consider the appropriate balance between the 2 strands of dual support funding.
- **Taking advice on allocations:** the SoS must have regard for advice provided by UKRI and the allocation of funding in relation to its functions. This includes advice on how to set balanced funding, but also how to balance funding across the 9 Councils.
Business Led Innovation

What is it?: Innovate UK delivers business led innovation, growing productivity and the economy by funding and connecting innovative businesses. As part of UKRI, Innovate UK will continue to be the UK’s innovation agency, maintaining its outward facing role and continuing to collaborate with a range of partners.

1. **Innovate UK’s role in driving productivity remains a priority:** The Government recognises that Innovate UK has a distinctly different mission and culture from the Research Councils and Research England that must be protected. With the UK preparing to leave the EU, we need to maximise the outputs of our science base, to drive economic growth and to create a thriving, high productivity, economy.

2. **In UKRI we can ensure research and innovation combine at the heart of the new Industrial Strategy:** We know that bringing together research and business-led innovation in this way can be very powerful. Collaborative projects, supported by Innovate UK, with two or more academic partners have twice the economic return compared to those with no academic partners. There are many areas of common interest, and Innovate UK already works closely with the research base on a wide range of joint programmes to deliver impact.

How is it expressed in the Bill?: The Government has included multiple safeguards, such as specifying Innovate UK’s business-focused mission on the face of the Bill, protecting the existence and name of Innovate UK from future organisation changes, and specifying a UKRI Board which balances both research and business interests.

- **UKRI Board:** The Secretary of State (SoS) wants to see the very best talent on the Board, this includes business representation. The SoS will be able to nominate a member of the Board to promote and champion innovation and business interests.
- **New finance products:** Innovate UK and the other Councils will be able to pursue innovative financial mechanisms in-line with HM Treasury rules.

Innovate UK is working closely with the teams in BEIS, Research Councils UK and HEFCE to ensure that the final UKRI organisation can deliver on these opportunities.
A new council within UKRI, Research England, will be established to undertake the England-only functions in relation to research and knowledge exchange that are currently performed by the Higher Education Funding Council for England (HEFCE).

In parallel a new NDPB, the Office for Students (OfS) will be created. Among its duties, the OfS will be the regulator for all students, including postgraduate students. HEFCE and the Office for Fair Access (OFFA) will be dissolved.

For research, the Research Councils within UKRI will continue to provide grants for projects, and Research England will take on HEFCE’s research assessment and funding powers for English HE (including QR funding and HE capital funding for research).

Research England will administer the Research Excellence Framework (REF), working with the other UK HE funding bodies in the devolved administrations and take responsibility for administering the UK Research Partnership Investment Fund (UKRPIF).

Under the current arrangements, there is a teaching component of HEIF, funded through the HE budget, and this will continue over this Spending Review period. UKRI will engage OfS to ensure joint discussion of strategic objectives for knowledge exchange and, via Research England; criteria for HEIF funding that reflect the teaching elements of knowledge exchange.

Joint working between OfS & UKRI

The Bill proposes safeguards to protect joint working, cooperation and the sharing of information between the OfS and UKRI, reflecting the integration of teaching and research at all levels.

An emphasis of working together will run throughout the leadership and management of both organisations supported by a legal framework that will be sufficiently flexible to deal effectively with areas of shared interest including:

- Skills capability and progression
- Knowledge exchange
- Infrastructure funding
- Financial sustainability and efficiency of the HE system and providers
- Accountability and assurance
- Evidence gathering and system intelligence
- Teaching Excellence Framework (TEF) and REF

Knowledge Exchange

HEFCE uses ‘knowledge exchange’ as shorthand for the multiple interactions between HEIs and businesses, public services, charities and communities to create societal and economic benefit, with interactions with users locally, nationally and internationally, and in doing so delivers economic and societal impact.

UKRI will take the lead on knowledge exchange, bringing together the activities that are undertaken across all of the Research Councils, Innovate UK and research funding to universities currently distributed via HEFCE, including the Higher Education Innovation Fund (HEIF), which (as England-only funding) will be administered by Research England.
**Slide 10: Transition to UKRI**

*(Subject to parliamentary process)*

- Detailed transition and implementation plans are still being worked through at the moment and we have been working with Partner Organisations to help develop these plans.
- There will be **four broad implementation phases**. The reform programme will cover phase 1 & 2 activities with the new shadow UKRI body and formal UKRI body taking responsibility for phases 3 & 4 (when the new Chair and Chief Executive are in place).

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**Policy & Design**

- Putting legislative framework in place and scoping UKRI organisation design (OD).
- To date, BEIS have run a series of **workshops with Chief Executives** of the Research Councils, Innovate UK and HEFCE to discuss **strategic objectives of UKRI, OD design principles, OD design assumptions & high level OD options**
- Currently developing a list of **key decisions** that will need to be made by UKRI

**Plan & Prepare**

- Setting up functions, personnel and processes and transfer of implementation responsibilities to the new body, working with Partner Organisations, Trade Unions and other representative staff groups
- To date, we have appointed **John Kingman as Chair of UKRI** on an interim basis, as the new organisation is established
- We have also run an open recruitment campaign for the **Chief Executive of UKRI**

**Transition & Establish**

- Subject to parliamentary scrutiny and approval formal operations is expected to begin in financial year 2018/19
- Transfer of resources to the new body

**Finalise & Optimise**

- Final implementation of reforms. Finalising changes will take some years (e.g. changes to culture and practice, phased implementation of new procedures)
Slide 11: Opportunities Presented by UKRI
(Subject to parliamentary process)

The whole of UKRI should:

1. **Be the unified voice** for continued **strengthening** of the UK research and innovation system, nationally and **internationally**;
2. **Lead on the development and delivery of a coherent** national research and innovation strategy which **maximises economic and societal impact** based on more and better **evidence** and **data**;
3. **Ensure better prioritisation of resources**, especially for the best interdisciplinary and cross-cutting research, as well as longer term investment in research infrastructure;
4. **Maximise the impact** of Innovate UK in supporting **business-led innovation**;
5. **Promote** stronger commercialisation, business and policy links and wider societal engagement with publicly funded research;
6. **Nurture and improve the talent pipeline** for research and innovation;
7. **Deliver a simpler, well-functioning research and innovation ecosystem** which is easier to use and helps build collaborative partnerships between end-users, including universities, researchers, charities, communities, businesses, NGOs and international organisations;
8. **Deliver a change** in administrative efficiency as a result of bringing together corporate functions. How this will be done will be discussed with Partner Organisations, Trade Unions and other representative staff groups;
9. **Support excellence in research and knowledge exchange** in English HE through the work of a new Council, Research England.

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In doing so, **UKRI should**:

- **Champion and protect** the Haldane principle and the dual support system;
- **Foster and further strengthen the distinct roles** of its nine constituent funding bodies;
- **Strike a balance** between ‘top down’ and ‘bottom up’ (researcher-led) identification of priorities and strategy.