

## Annex A - Research and Innovation – emergency years

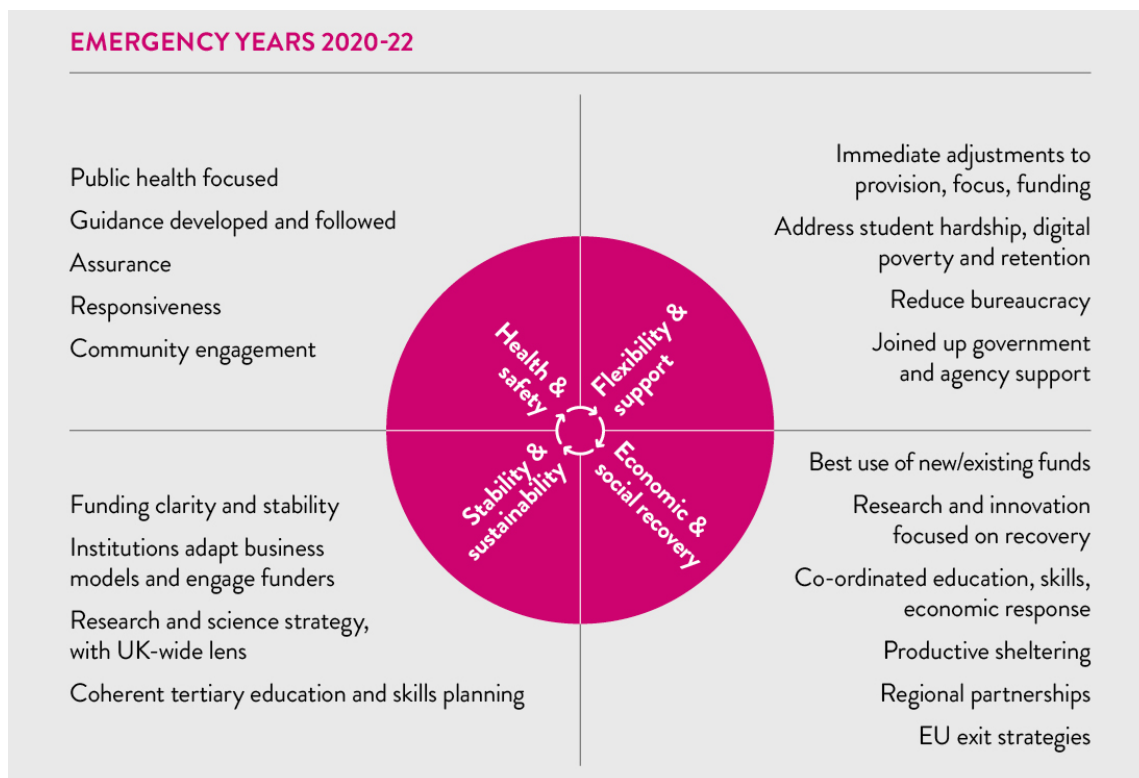
### Purpose

1. This paper (Annex A) is a sub paper of RKEC/20/15. It invites RKEC to note and comment on our plans to ensure our current research and innovation investments and frameworks provide a focussed response in the emergency years as defined by the phase-one report.

### Background

2. The SFC Review phase-one report (page 15) defines the emergency years as from now through to the end of AY2021-22. In this period particularly SFC will need to focus on immediate priorities in health and safety, flexibility and support, stability and sustainability, and economic and social recovery (see figure one).

**Figure one – the emergency years**



3. The report summarises this approach as “...[focussing] on supporting institutions to do their best for disadvantaged pupils, students, local employers, people in local communities facing the economic and social impacts of the pandemic, upskilling and reskilling, and on the research, innovation and activity that will aid Scotland’s recovery”. It is important to note that ‘Scotland’s recovery’ is also framed as green or net-zero in the report. We expect Scottish Government to publish its Climate Change plan in December 2020 and we will need to quickly bring this into our thinking.
4. Whilst this paper is focussed on the emergency years, it will be important for us to recognise that what we might seek to change or enhance now will have implications for the future. Our longer-term goals also require us to think more broadly about what type of research and innovation system Scotland needs and how it will need to adapt within a changing UK R&D landscape including our exit from the European Union. This complex twin-track approach will need careful consideration as we put our phase-two plan into action.

## **Innovation**

5. The bulk of SFC’s investments in ‘innovation’ are in the University Innovation Fund (UIF), Innovation Centres, Interface, and Innovation Vouchers. This suite of ‘core’ investments has helped drive SFC’s strategy for at least the last ten years. They are linked to a wider UK and international system that includes leveraging UKRI funding, Knowledge Transfer Partnerships and European Commission funding.
6. We also support long running and shorter term/pump priming projects from strategic or non-core funds. This list currently includes Converge Challenge, College Innovation Fund, and projects supported by SFC’s recent climate emergency call.
7. Our strategy also includes non-financial support in terms of our convening power and influence. The UKRI-led Strength in Places fund is an excellent example of how SFC works to ensure the UK system for research and innovation is relevant to Scotland.
8. All of these areas will continue through to the end of AY2021-22 but we must demonstrate how we are making best use of them in the emergency year/recovery context. Our priority actions, therefore, include:
  - Considering and obtaining feedback from the sector on our options for UIF in AY2021/22 and putting in place appropriate outcomes and measures aligned with SFC’s Outcome Agreement and Impact Framework. The balance of change with stability will be a critical factor in this period.

- Working with our funding partners on the Innovation Centre (IC) Programme Board we will ensure the current ICs are focussed on recovery removing any barriers such as creating flexibility in KPIs. We will ensure the ICs are working effectively with our universities and colleges using the recently established Research Innovation Scotland<sup>1</sup> partnership as one way to help achieve this.
- Working with the Interface Board and seeking views from wider stakeholders we will ensure Interface is focussed on the right priorities complementary with the agreed objectives for UIF. We will also consider enhancements to the Innovation Voucher scheme to ensure it is supporting pressured Scottish businesses to collaborate with colleges and universities.
- We should be able to confidently demonstrate that our investments in the entrepreneurial training and company creation support area (Converge Challenge, HE Scale-up consortium, Bridge2Business and Scottish Institute for Enterprise) are recovery focussed.
- We will continue to represent Scotland and influence BEIS and UKRI strategy on established fora and bespoke approaches where appropriate for example, we plan to host a visit of UKRI's CEO in January 2021 to introduce her to Scotland's research and innovation community. This priority applies also to research so is not repeated in the following section of the paper.
- Linked to the above point, we will work with Scottish Government on any potential to utilise Barnett consequential arising from increased R&D investment in 2021/22 as announced in the recent UK Government spending review.
- Making a case to Scottish Government for longer-term strategic use of the Industry Academia Links Fund (IALF)<sup>2</sup> for example, aligning it with the priorities in the recently published Inward Investment strategy to help cement our colleges and universities in the identified opportunity areas and in response to action 13 which calls for strengthening academia and industry links.
- In addition to strengthening their role in the ICs where appropriate, we will act on the phase-one report priority of connecting colleges to the National Manufacturing Institute Scotland (NMIS) and other areas where

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<sup>1</sup> <https://www.research-innovation-scotland.co.uk/>

<sup>2</sup> IALF is a ring-fenced fund provided to SFC on an annual (FY) basis from the Minister for Trade, Investment and Innovation's portfolio. It currently supports a range of projects. IALF replaced the Scottish Government's Scottish Executive Enterprise, Knowledge and Innovation Transfer fund (SEEKIT) which concluded in 2016.

appropriate and we have influence.

## Research

9. SFC's 'securing ... [of] the undertaking of research among the post-16 education bodies' is primarily delivered through the Research Excellence Grant and the Research Postgraduate Grant. These core resources are managed by HEIs in the context of the Financial Memorandum requirement that they are used for research purposes only (and predominantly for world-leading research), the Outcome Agreement process, and the influence of the Research Excellence Framework, but detailed decisions are for the individual institutions to make.
10. Our targeted investments in the research base with specific strategic objectives include the Research Pools programme. These have encouraged multi-institutional research collaboration and strengthened the national research capacity.
11. The emergency years present us with risks to current capacity and therefore to our ability to address both current and future challenges. They also present reasonable demands that our society should benefit from its investment in research, with research outcomes providing the means to deal with the challenges of, and caused by, Covid.
12. Supported by the Scottish Government, SFC has already distributed [£75M](#) to:
  - Protect excellent, world-leading research.
  - Help institutions concentrate fully on planning the long-term future.
  - Help universities focus more effort on the high priority research needed to fight the outbreak and to support society and the economy.
  - Support PhD students whose studies have been impacted [by Covid].
13. A small number of Scottish HEIs are also eligible for loans under the UK Government's [SURE fund](#) which is targeted towards sustaining research and innovation activity and capacity. UKRI has also made significant investment in extensions to research and training awards disrupted by Covid as well as supporting new and adjusted research directly relating to Covid.
14. These elements have provided an initial safety-net to allow measured responses to the Covid crisis. However, the stresses are still in the system. We have to ensure that, when the crisis has passed, Scotland is well-placed to be a valued participant in global research. This applies equally to the changes brought about by exit from the European Union.
15. Key elements of SFC's role in relation to research during the emergency years will be:

- Maintaining stability, giving institutions the confidence to develop and implement appropriate strategies.
  - Encouraging changes which can support institutional sustainability.
  - Using our influence to avoid undesirable, unplanned distortion of the national system.
  - Managing and mitigating unavoidable change.
  - Enabling co-ordination of new national responses to Covid and social recovery.
  - Ensuring Scottish influence and participation in UK developments.
  - Ensuring we have a platform on which to build in addressing future needs and opportunities.
16. We will also undertake preparatory work for known activity in AY 2022-23 and beyond, such as the use of REF 2021 outcomes core research funding.
17. Tasks to be undertaken in the short term, some of which will provide basis for 'future' work:
- Engagement with research establishment on current threats and opportunities; engagement with broad research constituency on potential opportunities.
  - Confirmation of whether there will be transition funding for key investment.
  - Monitor ongoing impact on current PGR cohort; maintain a viable PGR pipeline.
  - Mapping of current research strengths, identification of unique strengths.
  - Assemble evidence of PGR skills needs.
  - Draw on RKEC's Research Excellence Working Group's work on communication of the value of research.
  - Option appraisals on support of desirable excellence in research, how to enhance impact of PGR funding.

## **Stakeholder engagement**

18. The areas presented here will require us to organise engagements with the college and university sectors, but also with organisations we have not hitherto directly engaged with. For example, social enterprise organisations and researchers.
19. Our approach will need to be carefully coordinated with the review's wider engagement strategy as the wider review themes are interconnected.
20. We plan to arrange an initial engagement with Universities Scotland's RKEC before end December 2020, to gather insights on some of our immediate priority questions and also to begin to understand the longer term strategic questions we need to work through in phases two and three of the review.

## **Recommendations**

21. RKEC is invited to:
  - Note and provide feedback on our actions and priorities for research and innovation in the 'emergency years'.
  - Suggest stakeholders, groups, individuals, organisations etc. for SFC to consider including in its stakeholder engagement plan.

## **Further information**

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