

SFC review phase 2 update: UIF ‘emergency years’ response, exploring our longer-term strategic direction and making the best use of RKEC to support the review

Purpose

- To seek agreement from RKEC for our proposed ‘emergency years’ response for the UIF.
- To engage RKEC on the broad themes and questions that are shaping the exploration of our longer-term strategic direction in phase two.
- To invite RKEC to agree plans for a follow-on workshop session with the Committee in February.

Recommendations

- Agree the proposed ‘emergency years’ response for the UIF.
- Consider the themes and key questions underpinning the exploration of our longer-term strategic direction.
- Provide input on the themes and questions during breakout group discussions.
- Agree to the organisation of an additional RKEC workshop session in February to gather further input from the Committee.

Financial implications

- None at this stage.

SFC Review phase 2 update: UIF ‘emergency years’ response, exploring our longer-term strategic direction and making the best use of RKEC to support the Review

Purpose

This paper provides RKEC with sight of our proposed ‘emergency years’ response for the UIF and aims to engage with the Committee on the broad themes and questions that are shaping our future-focused exploration in phase two of the Review, with a view to agreeing and informing plans for a follow-on workshop session with RKEC in February.

Background

In phase 2 we are working along two parallel tracks; firstly, focusing on how best to use our existing investments to support the emergency years (2020/21, 2021/22) and secondly, drawing evidence together to develop a basis to explore SFC’s longer-term strategic direction. We are doing this by engaging with key stakeholders across the research and innovation ecosystem, incorporating diverse views and by undertaking internal analysis to better understand the key questions and options that will direct future change.

1. Emergency years

The Committee is asked to:

- Agree the proposed ‘emergency years’ response for the UIF.

Setting guidance for the University Innovation Fund (UIF) in AY2021/22 is a priority as we must be able to demonstrate that we are making best use of this fund. This guidance will be aligned with the publication of the Outcome and Impact Framework for AY2021/22 (timeline to be confirmed).

On 17 December 2020 we presented a proposed emergency years approach for the UIF to the Universities Scotland RKEC and their Research Commercialisation Directors Group (RCDG). **We would welcome agreement on the approach outlined below.**

- We propose that institutions submit plans for AY2021/22 outlining the specific activity that UIF supported resources will be directed at, and identifying proposed in-year progress measures. This is an opportunity for institutions to demonstrate a recovery focussed strategy evidenced by learning from AY2020/21 and consultation/collaboration with stakeholders at local and/or national level such as local authority, Scottish Enterprise etc.

SFC would consider each plan on an individual basis and funding would be subject to receipt of satisfactory plans. Plans should demonstrate a strong commitment to helping Scotland achieve its net-zero targets/green recovery ambitions such as through CPD, spin-out and start-up support etc. Pooling effort and resources to leverage funding into Scotland such as from UKRI or as activity related to Scotland's Inward Investment Plan would be encouraged. How universities propose to utilise UIF funding in this period will also provide us with useful evidence for our longer-term considerations of this type of funding.

- The current UIF outcomes will continue to set the framework for UIF and, as before, HEIs can prioritise these as appropriate.
- It is expected that the UIF collaborative activities will continue under the direction, and prioritisation of US RCDG. The UIF Collaboration Manager post is funded until April 2021 and we understand USRCDG is considering options for future sustainability of this post. Relevant to this area we will consider our options for incorporating or embedding the UK KE Concordat in our funding policy, outcome and accountability frameworks etc.
- SFC needs to consider whether to adjust the current funding allocations for AY2021/22 using up to date metrics or to continue the current allocation as is for now. The main argument for updating this would be to more accurately reflect or reward university performance and the argument against would be to ensure stability which in turn will help universities plan. We know the allocation model/formula needs to be revised and this was to have been consulted on in early 2020. We suggest that any significant revisions to the funding model should be considered as a longer-term strategic question aligned with renewed purpose, outcomes, measurement etc. (i.e. no earlier than AY2022/23).

2. Longer-term Strategy

The Committee is asked to:

- Consider the themes and key questions underpinning the exploration of our longer-term strategic direction.
- Provide input on the themes and questions during breakout group discussions.

We have determined five broad themes for exploration and evidence gathering in phase two:

- Challenges and mission-led funding.
- Place.
- Excellence in a challenging environment.
- People: talent & skills, researcher development and research culture.
- Boosting and driving the innovation agenda.

These themes were highlighted in the phase one report and they are heavily interlinked. There are also a number of important cross-cutting strands which touch on each theme, including: achieving net zero; driving collaboration; embedding equality, diversity & inclusion; and considering measurement & evaluation. These will be built into our investigations.

Furthermore, it is critically important that exploration is linked, and responsive, to a multitude of moving parts within both the UK government's research and innovation agenda and the Scottish Government's policy focus. The many strategies, initiatives and groups stemming from the implementation of the UK R&D Roadmap, as well as the Scottish Government's updated Climate Change Action plan, must factor significantly into our thinking. We also have a number of reports which require a response from us which we will draw into our work, including the Muscatelli report¹ and the Heathwaite recommendations² for the future of research pooling.

It is important to note that we are not seeking at this stage to develop solutions or to design new funding structures and policies. Rather, we are seeking to dive deeper into the themes identified from phase one and develop a good evidence base from which to consider our future options and likely scenarios.

In phase three, with the necessary shift to a predominantly internal focus as a result of the pre-election period, we intend to explore how the evidence we've gathered could inform options for the future of SFC's policies and our funding portfolio.

3. Themes

A breakdown of each theme and some of the key questions that we are exploring are below. **Note that we are not yet seeking to answer these questions; instead we are seeking to ensure that our line of questioning is as informed and effective as possible** so that our evidence gathering and stakeholder engagement is robust.

Some of the questions set out are potentially very challenging and none of them are intended to indicate likely direction of travel. They reflect the nature of phase two as an opportunity to explore all options, including bold and potentially controversial areas.

¹ https://www.gla.ac.uk/media/Media_700300_smx.pdf

² http://www.sfc.ac.uk/web/FILES/ResearchPooling/Independent_Review_SFC_Research_Pooling_Initiative.pdf

a) Missions and challenges

The phase one report asks us to explore “solving grand social and economic challenges through mission funding”, reflecting the many strategies and reports which point towards the adoption of a mission- and challenge-led approach to innovation, including the Muscatelli report and the Heathwaite report. The UK R&D Roadmap sets out ambitions for UK government-backed ‘moonshots’ to galvanise actors across disciplines and sectors to address key challenges in the decade ahead and the UK government is exploring this area with the aim to define new and existing government-backed missions and challenges to build on.

In exploring what this means for the SFC we need to develop an understanding of and learn from the current mission-led approaches in UK and internationally, in order to develop a sense of where we sit in this space. Of course, net zero is critically relevant.

Key questions being explored include:

- What role do missions and challenges play in driving the agendas of other actors in Scotland and the UK? Is there a danger that conflicting missions and challenges undercut each other and confuse the sector?
- Where are the biggest opportunities and challenges in, and for, Scotland and what role could colleges and universities have in driving progress?
- How could large scale missions be determined, coordinated and funded?

b) Place

Place remains an important theme; the Scottish Government’s ‘Place Principle’ is shaping decision making and the UK government is focused on a levelling up agenda. The forthcoming R&D Place Strategy will define the UK approach to research and innovation through a place lens and other important R&D policy drivers include NESTA’s report on making R&D work for the whole of the UK,³ and the City Deals. Amidst this increasing focus, we need to have a sense of what place means for us in the Scottish research and innovation context.

Key questions being explored include:

- What is the balance of priority that we should give to place and to ‘excellence’?

³ <https://www.nesta.org.uk/report/the-missing-4-billion/>

- Does a focus on ‘excellence’ mean we are considering the national perspective and does a focus on ‘place’ mean we are considering the regional perspective?
- How much is the benefit of research to a place derived from the research community located there and their ability to absorb research outputs? And how much is it about research outputs actually being generated there?
- How could a focus on place support regional collaborations and clusters with industry?

c) Excellence in challenging times

We are facing a number of challenges including: maintaining the international reputation of our institutions in the face of increasing global investment and competition while meeting needs of Scotland’s diverse institutions; addressing the sustainability of an increasingly precarious research system based on cross-subsidisation from international student fees; and responding to a place-based and increasingly directional R&D agenda. These challenges come at a time when we have constraints on our resources and we need to be able to justify, and evidence, the impact of our research spend to policy-makers and the public.

The phase one report highlights that we will re-examine our research funding to ensure it supports greater collaboration and sustains a high-performing research base. It also points to an exploration of whether we should encourage a further concentration of REG and/or its distribution across all universities.

Key questions being explored include:

- Is the current definition of excellence still valid? Should it include the excellence of the research environment and culture?
- Do we have evidence that collaboration and/or interdisciplinarity make a contribution to excellence and sustainability?
- What would be the consequences if SFC further concentrated REG funding on only the most excellent research? At what point does research become unviable for some institutions? Currently we support excellence wherever it is found – what are the trade-offs in doing that?

d) People: talent & skills, researcher development and research culture

People are at the heart of maintaining and enhancing Scotland’s research and innovation base, and our ability to develop and attract talent and skills will underpin our long term economic, social and cultural success. We aim to support the sector so that all those within the R&I community are able to thrive but we face challenges

from international competition for talent and resources, poor research culture and Covid-19 impacts on the talent pipeline and careers.

The UK R&D Roadmap has a strong emphasis on talent and research culture and an R&D People and Culture Strategy that aims to ensure the most talented and diverse teams come and stay in the UK is forthcoming.

Key questions being explored include:

- How can SFC work in partnership with the research and innovation community to support the talent pipeline, both domestically and internationally?
- What do we mean by good research culture? What evidence could we use to understand the extent to which good research culture exists in an institution?
- What should SFC's role be in supporting institutions to adopt good research culture and to support researcher development?

e) Boosting and driving the innovation agenda

Exploring how we can most effectively use R&D to stimulate economic recovery and boost productivity is at the heart of our work for phases two and three. We will explore how we can boost innovation and research commercialisation (in its broadest sense) and address the challenges we face in Scotland including our small indigenous base of R&D active companies.

We have a multitude of recent reports and initiatives to draw on and incorporate into our exploration. These include the Scotland CAN DO Innovation Action Plan,⁴ the National Centre for Universities and Business (NCUB) State of the Relationship report⁵ and Growing Value Scotland report⁶ as well as the Reid Review of Innovation Centres⁷ and the Cumberland/Little and Muscatelli reports.

Key question/themes being explored include:

- What do Scotland's comparatively higher levels of R&D investment in higher education but lower levels of R&D within businesses mean for SFC's approach to innovation investment?
- How can we promote economic, societal, cultural, and net-zero impacts?
- How can entrepreneurship best be supported?
- How could colleges be brought more fully into the national innovation agenda?

⁴ <https://www.gov.scot/publications/scotland-innovation-action-plan-scotland/>

⁵ <https://www.ncub.co.uk/reports/state-of-the-relationship-report-2020>

⁶ <https://www.ncub.co.uk/what-we-do/gvs.html>

⁷ http://www.sfc.ac.uk/web/FILES/InnovationCentres/Independent_Review_of_Innovation_Centres_Programme_-_29_September_2016.pdf

4. RKEC's input to inform the Review

The Committee is asked to:

- Agree to the organisation of an additional RKEC workshop session in February to gather further input from the Committee.

To gather further input from RKEC, we intend to organize a workshop session in February that focuses in more depth on the phase two themes. The agenda will be informed by the Committee's discussions during this meeting and will be an opportunity to delve deeper into some of the big questions and challenging areas that we are exploring.

Risk assessment

1. There are no risks directly associated with this paper.

Equality and diversity assessment

2. No assessment has been undertaken at this time. Considering aspects of equality, diversity and inclusion will be embedded across the exploration of each theme.

Financial implications

3. There are no immediate financial implications associated with this paper.

Recommendations

4. RKEC is invited to:
 - Agree the proposed 'emergency years' response for the UIF.
 - Consider the themes and key questions underpinning the exploration of our longer-term strategic direction.
 - Provide input on the themes and questions during breakout group discussions.
 - Agree to the organisation of an additional RKEC workshop session in February to gather further input from the Committee.

Publication

5. This paper will be published on the Council website.

Further information

6. Contact: Dr Cat Ball, Assistant Director for Research and Innovation, tel: 0131 313 6660, email: cball@sfc.ac.uk