10 November 2016

Mr James Dornan MSP  
Convener  
Education and Skills Committee  
The Scottish Parliament  
Edinburgh EH99 1SP

Dear Mr Dornan,

Legislative Consent Memorandum - Higher Education and Research Bill

I refer to my letter of 12 October 2016 regarding the above and am writing with some further information which we hope the Committee will find useful.

The Legislative Consent Motion lodged by the Scottish Government with respect to the UK Higher Education and Research Bill broadly seeks to:

- provide for the Office for Students (OfS) to rate one, some or all Scottish Higher Education Institutions under the Teaching Excellence Framework, if the OfS receives consent from Scottish Ministers to do so;
- provide for joint working between the OfS, UK Research and Innovation and the Scottish Funding Council where it is appropriate; and
- clarify the Secretary of State’s power to set conditions in providing funding for research.

From a research point of view it is worth highlighting the second provision, in particular, as it makes explicit the structures of collaboration between SFC and its counterparts in England (HEFCE, now OfS and UKRI) to work on bilateral, or UK-wide activities that are in the interest of Scottish universities. Perhaps the most significant
example of these is the UK-wide Research Excellence Framework exercise, which assesses research quality across the four nations. To have that as partnership of four funding bodies (SFC in Scotland) is a very effective way of ensuring that Scottish universities know that Scottish policy considerations are being included effectively in the common programme.

The UK Bill raises issues in relation to research and innovation beyond those covered by the Legislative Consent Motion. The Scottish Funding Council has concerns relating to the structure, governance and operation of UK Research and Innovation (UKRO). The points that SFC considers important to consider overlap with those raised by other bodies in Scotland and elsewhere.

In essence there are three principal concerns around the structure and governance of UKRI.

Governance of UKRI

The Board of UKRI will be asked to give strategic direction to activities which extend across the entire UK: through the seven Research Councils and InnovateUK. This requires, in our view, the Board of UKRI to be appointed with regard to the need to have sufficient up-to-date understanding of the diverse academic, research and industrial strategies and structures which exist across the four nations of the United Kingdom. A solution would be for the face of the Bill to, at the least, place an expectation on the Secretary of State to have regard to the need to include expertise on, or understanding of, the diverse industrial and research strategies which exist across the UK when making appointments to the governing board of UKRI.

The second concern is the need to retain a strong distinction between the UK budgets of Research Councils and InnovateUK, and the England-only budget of Research England. It would be desirable to place limitations on the viring of budget between the constituent UKRI councils in-year. The controls on unwelcome confusion of English-only and UK-wide strategies in the UKRI Board can be strengthened by the advice on UKRI Board appointments made in the previous paragraph and by the structural suggestions below.

Structure of UKRI

During his recent engagements with Scottish universities, SFC and Ministers, the Shadow non-executive Chair of UKRI, Sir John Kingman, has suggested that he sees UKRI as having a slim overarching top layer, and this view is welcome. In order to further separate the England-only strategy and policy for Research England from the UK-wide responsibilities of the seven Research Councils and InnovateUK, it would be helpful for as much ‘policy and strategy’ to be undertaken within the councils as possible. Keeping strategy and decision making in the individual constituent
organisations would be reassuring as there is the potential for English-only policy directions to mingle with the balanced whole-UK interest expected of the Research Councils and InnovateUK.

**InnovateUK**

Finally, the role of InnovateUK as a business-facing organisation which exists to invest in and support UK businesses is a highly regarded one. There is provision in the Bill to keep the budget for InnovateUK distinct, and that is welcome. But we would go further and ask that the unchanged role of InnovateUK must be spelled out on its launch to reassure businesses that it will remain focussed on has not become a commercialisation arm of the university funding system. If the Bill could be even more explicit about the role of Innovate UK that would be welcome. The Scottish business community considers InnovateUK to work for business and it needs to be seen to continue to do so after the transition.

Yours sincerely

**Martin Fairbairn**
Chief Operating Officer