

What do you see as the main benefits of the integration of Innovate UK with Research UK and how will integration provide opportunities not currently available, or taken, to increase innovation?

In the Academy's recent response to the Green Paper on Higher Education reform, we welcomed the retention of Innovate UK (IUK), alongside the Catapult Network, as important components of the research and innovation pipeline.¹ We have also previously stated our support for a strong relationship between the Research Councils (RCs) and IUK, to support the effective and strategic delivery of resources, and to foster interdisciplinary coordination in order to tackle major societal challenges, a topic which has been a focus of the forthcoming Academy report on 'Health of the Public in 2040'.^{2,3}

Successful collaboration between RCs and IUK already occurs and should be protected throughout any architectural changes. This is exemplified by the Biomedical Catalyst Fund, a partnership between the Medical Research Council (MRC) and IUK, which has been helpful in de-risking innovative science and commercialising research, bridging the so-called 'valley of death'.⁴

While the integration of IUK under a Research UK (RUK) umbrella is not essential for the fostering of such collaborations, it does have the potential to induce further desirable coordination with the RCs and to bring about administrative savings. There are also opportunities to address recommendations made by the Dowling review regarding a reduced complexity of schemes and 'hiding the wiring' from businesses and academics seeking support.⁵

What are the main risks for both business and research of the integration of Innovate UK into Research UK?

A number of the risks concerning IUK's integration with RUK relate to the current uncertainty surrounding how the different components will operate from within this new umbrella organisation. There is unease among the research community over a potential loss of autonomy for funding bodies once they are made subsidiaries of an overarching RUK – reducing control over their budgets, lessening the value of their branding and weakening their relationship with their specific communities. There are also concerns that this may result in a diminished calibre of applicants for senior positions within RCs.

¹ <http://www.acmedsci.ac.uk/policy/policy-projects/submission-to-higher-education-reform-consultation/>

² <http://www.acmedsci.ac.uk/policy/policy-projects/review-of-the-research-councils-by-sir-paul-nurse/>

³ <http://www.acmedsci.ac.uk/policy/policy-projects/health-of-the-public-in-2040/>

⁴ <http://www.mrc.ac.uk/funding/science-areas/translation/biomedical-catalyst/>

⁵ The Dowling Review of Business-University Research Collaborations (2015).

We are aware that similar concerns have been raised by the business community regarding the functioning of IUK under RUK.⁶

Proposed models for RUK must recognise that the RCs and IUK have significant differences in their mission, requirements, and the users they serve. Although integration would provide potential for improved commercialisation of research, this is not the sole purpose of IUK, and there are concerns over how it can retain its business focus, especially in an environment where it is outnumbered by seven research-focused bodies.⁷ Essential differences between research and innovation mean that different skill sets will be required for their effective administration and management. Any efforts to streamline the administrative functions of RUK must be undertaken with an awareness of this fact.

In our submission to the spending review consultation, we stressed the importance of long-term stability for the science base.⁸ The same is true for industry, particularly for the life sciences and pharmaceutical sector where the development of a new medicine takes an average of 12 years.⁹ We welcomed the Chancellor's decision in the Spending Review to protect, in real terms, science spending over this Parliament, as a strong signal of support to the community and a source of confidence. However, the proposed structural reorganisations may require time-consuming changes to primary legislation, creating an undesirable and potentially damaging period of uncertainty which may span several years.

The proposed integration also coincides with significant changes in the financial operation of IUK. In particular, the long-term implications of converting a proportion of IUK grants into loan-based financial instruments remain unclear.

Are there any specific issues Government should consider when looking at the practical arrangements of integrating Innovate UK into Research UK?

We would welcome greater detail from Government regarding the proposed structural changes, and the operation of IUK alongside RCs under RUK. It is vital that Government consults with the sector regarding what model RUK could follow, as this will have implications for all subsidiary bodies and how they collaborate.

One model we have suggested previously is that of RUK acting as a 'holding company' for a cluster of subsidiary RCs, adding value through governance and shared values without disrupting existing, productive collaborations between RCs and their communities. However, careful thought would have to be given as to how IUK can retain its different, industry-facing character within such a set up. Consideration will also need to be given to how the risk profiles of funding bodies will align with the wider investment landscape.

⁶ Evidence submission to the Green Paper on Higher Education reform, Association of the British Pharmaceutical Industry.

⁷ Evidence submission to the Green Paper on Higher Education reform, Royal Academy of Engineering.

⁸ <http://www.acmedsci.ac.uk/policy/policy-projects/submission-to-the-2015-spending-review/>

⁹ Evidence submission to the Green Paper on Higher Education reform, Association of the British Pharmaceutical Industry.

Efforts should be made to reduce administrative burden and avoid bureaucracy, while maintaining administrative functions capable of supporting the diverse needs of RUK's subsidiaries. Care should be taken to make senior positions within the RCs and IUK attractive to the most suitable candidates, so that any positive intentions behind their integration are brought to fruition.

As mentioned above, structural changes may unfold over a timeframe of several years, creating a potentially harmful period of uncertainty for the sector at large. Government must recognise the need for a financial settlement covering this intervening period, which empowers existing structures to continue their work, but retains the flexibility for a smooth transition to new structures.

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