



Department  
for Education



Department for  
Business, Energy  
& Industrial Strategy

David Sweeney

**Jo Johnson MP**

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Dear David,

This government wants to make the most of the economic benefits our universities bring to the country as a whole. To succeed as a modern economy in the twenty-first century, we need our universities to be ever more competitive in the creation, transmission and exploitation of knowledge.

We evaluate universities in the first two of these three activities: the Research Excellence Framework assesses our success in contributing to the stock of knowledge in an impactful way, while the Teaching Excellence and Student Outcomes Framework judges teaching quality and the benefits of higher education for learners.

We do not, however, evaluate the contribution our universities make to the exploitation of knowledge. As we increase our investment in public research and development to record levels with a view to the UK entering the top quartile of OECD countries for R&D spending as a share of GDP, it will be essential to bridge this gap.

As I said in my speech to the HEFCE conference in October, there are already many examples of our universities engaging effectively with businesses and others, but if we are to meet the ambitious goals set out in the Industrial Strategy, the system as a whole will need to find a new gear.

It's vital for the UK's economy that ground-breaking discoveries make it all the way from idea to implementation and from prototype to profit. Collaboration with business is a core part of the mission of all universities and we need them to be more deeply connected to their local economies and the wider world than ever.

I believe that the proposed Knowledge Exchange Framework can help to drive this change by providing comparable, benchmarked and publicly available performance information about universities' knowledge exchange activities. It will complete our performance evaluation system for our universities across all three dimensions.

The KEF should create a constructive competitive dynamic, increase universities' responsiveness and accountability, and enable universities to benchmark and develop their own performance. And it will ensure that KE funding, including increased levels of Higher Education Innovation Funding (HEIF), is allocated effectively.

I am therefore asking you as Executive Chair (designate) of Research England to consult with the sector and advise on the development of the new Knowledge Exchange Framework which brings together a comparable range of measures of effective collaboration and knowledge exchange.

The design process should:

- Take into account the work undertaken by the knowledge exchange steering group led by Professor Trevor McMillan and the considerable amount of data already gathered, including through the HEBCI survey, other HESA and UKRI data collections and the HEIF process.
- Consider whether additional metrics can be devised and collected to provide a more comprehensive view of the effectiveness of universities' external engagement, whilst having regard to the burden and cost of collection.
- Take into account factors that might impact individual universities' knowledge exchange performance, such as the university's research income, size or local economic conditions, to ensure comparability between institutions.
- Seek to band higher education institutions in a benchmarked manner in such a way that it will be possible to determine which institutions are outperforming, which are performing in line with their peers and which have scope for improvement.
- Provide advice on how the KEF will inform allocations of funding for knowledge exchange, including for HEIF, which is set to increase in scale so that it reaches the £250m level recommended by the Witty Review.

Whilst the new, public performance framework will be focused on institutions in England, I would ask that you engage with other UK higher education funding bodies as this develops, with the potential for them to utilise the framework if they so choose. Given the focus on English institutions it is appropriate that Research England leads this work, though I would expect this to be informed by engagement with wider UKRI, and the Office for Students.

In view of the importance of this topic, I would like you to progress this with the HEFCE KE team before UKRI and Research England formally come into existence. I would be grateful if a consultation on the Framework were to be issued in Spring 2018, with the implementation of the KEF to take place in Autumn 2018.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Jo', written in a cursive style.

**JO JOHNSON MP**