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2<sup>nd</sup>  
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Dear David,

Thank you for writing to me to outline your proposals for developing and implementing the Knowledge Exchange Framework (KEF). I am writing to respond to these proposals.

As we enter the academic year 2019/20, I wanted to take this opportunity also to share with you some of my priorities for the future of research and knowledge exchange, where Research England is playing a key role, working in collaboration with your counterpart higher education funding bodies in the devolved nations.

Universities are vital to the UK becoming a science superpower, attracting private investment, and helping deliver the government's ambition to increase public and private investment in R&D to at least 2.4% of GDP by 2027. Universities enable us to grow innovation across the economy, develop people with the skills that we need, and contribute to economic growth and productivity across the country.

The excellence of the UK's research base is internationally recognised and is crucial in supporting sustainable economic growth and enhanced productivity. Quality-related Research (QR) funding remains important to our research success within this system. I fully recognise the value of QR's un-hypothecated nature which contributes to a sustainable research system and allows universities to deploy funds strategically, and to respond to the broad range of research partners and funders including business, charities, public sector and government departments.

I was delighted that we were able to announce a real term increase in funding for QR for AY 2019-20 earlier this year. This marked an important recognition of university research and the need to invest more in flexible, curiosity-driven research that has tremendous benefits to developing our international standing as a research powerhouse.

We have enshrined in legislation the principle of "balanced funding" across the functions of the Research Councils and Research England. I am grateful that you have taken forward a comprehensive programme of work within UKRI to ensure that we properly understand the

evidence around this, and the critical role that QR funding plays within our “dual support” system in sustaining a vibrant, intellectually and financially sustainable university research base.

University partnerships with business will be a significant contributor to reaching the 2.4% target by leveraging additional private investment in research through schemes such as UK Research Partnership Investment Fund (UKRPIF). I remain firmly committed to encouraging universities to strive for both research excellence and the “impact agenda”, which will increase the benefits and effects from excellent university research for the economy and society, and in addressing key societal challenges such as climate change and ageing.

I therefore welcome the progress that you have made with the devolved HE funding bodies in detailed preparations for Research Excellence Framework (REF) 2021, in which research impact will account for 25% overall. I know that REF2021 will demonstrate: research excellence across all disciplines, from arts and humanities to particle physics and medicine; research excellence across all institutions; and how much university research is contributing to all of us.

Open Access is a key feature of REF2021. I encourage Research England to continue to support the implementation of full and immediate open access, in line with global efforts in this area. I note the implications for Learned Societies of this implementation and encourage Research England to develop mechanisms which will support them in the transition. I also encourage you to continue an open dialogue with publishers of all types as you implement full and immediate open access.

Effective university collaboration with industry and the application of research provides a notable competitive advantage for the UK and will help to rebalance economic growth and to tackle the productivity challenge. I have re-committed to a strategic, long term approach to knowledge exchange and confirmed the important role that Higher Education Innovation Funding (HEIF) plays in supporting effective university-business engagement. Funding for HEIF will reach £250m by 2020 to enhance the capacity of universities across England to work with business and to commercialise their research. I endorse the use of HEIF for a wide range of KE activities, including supporting civic engagement.

I am keen to continue encouraging our universities to be ever more effective and competitive in the creation, transmission and exploitation of knowledge for economic and social benefit. I welcome your proposals for developing and implementing the Knowledge Exchange Framework (KEF), and recognise the excellent work and leadership that has gone into developing this, as well as your extensive engagement with the sector. I believe the KEF can play an important role in supporting collaboration between our universities, business, public and third sectors across the broad range of KE activities. Please do proceed with the next phase of development and implementation, rolling out the KEF for the 2019/20 academic year, with initial evaluation following the first round of KEF to inform subsequent implementation.

I am pleased that Research England, in consultation with the Office for Students, will now be launching a full review of HEIF, undertaking a radical reform work programme over the next three years, including a fundamental review of the HEIF methodology. This reform plan will aim to put KEF at the heart of our approach, and embed the important work being done by Professor Trevor McMillan on the Knowledge Exchange Concordat, ensuring that it effectively supports our shared priorities around research commercialisation and impact.

I am also keen to ensure that entrepreneurial researchers with exciting new business ideas are supported to make their journey from the lab to the market. The work that you have already undertaken to explore issues around university IP commercialisation will be instrumental in this, including the advice commissioned from Mike Rees into “University-Investor Links” published in

July, as well as your support for engagement and sharing insights between leading UK university Tech Transfer experts and their counterparts in the US from MIT, Stanford and Colombia. Building on this, I would welcome advice from Research England, working with devolved HE funding bodies as appropriate, on how best to ensure that our university IP environment can continue to evolve, and that good practice is identified and adopted beneficially across the sector. Your work will also be informed by Professor Sir Anton Muscatelli's forthcoming report on "how universities can improve their engagement with industry and boost their contribution to economic growth".

The "Connecting Capability Fund" has made great strides in supporting universities across England to collaborate together to pool their capability, ideas and resources and scale their collective offer, making it easier for business and investors to access opportunities. I would welcome your advice on whether future rounds of CCF could generate further benefit from university collaboration in KE. The announcement of the latest projects under UK Research Partnership Investment Fund (UKRPIF), has further demonstrated the strength and variety of R&D collaborations between universities, business and charities across the UK. Over £900m from UKRPIF has secured over £2bn in private co-investment in collaborations which will help to support key UK industry sectors.

Alongside their global and national roles our universities have a wide range of expertise focussed on local and regional challenges. All our HE institutions can play an important role in addressing the particular economic and social issues facing different local areas. I encourage you to support universities in understanding more about local issues and priorities, and in deploying their intellectual assets for the benefit of people in every part of the country. I am pleased that you have established the Expanding Excellence in England Fund to build high-quality research capacity in areas of the country which do not yet have the ability to address urgent problems. There is scope for further rounds, in particular to help increase research capacity to tackle place-based research problems.

Joined up working between UKRI (including Research England) and the Office for Students (OfS) is essential to ensure a co-ordinated and strategic approach to the funding and regulation of the higher education system in England. I recognise the important work that Research England/ UKRI has undertaken in collaboration with the OfS, and look forward to this continuing to strengthen on areas of shared interest.

I am particularly grateful for the work that you have undertaken with the OfS to understand and monitor the financial sustainability of HE research, and I encourage your continuing work in this area.

Yours etc,  


**CHRIS SKIDMORE MP**

