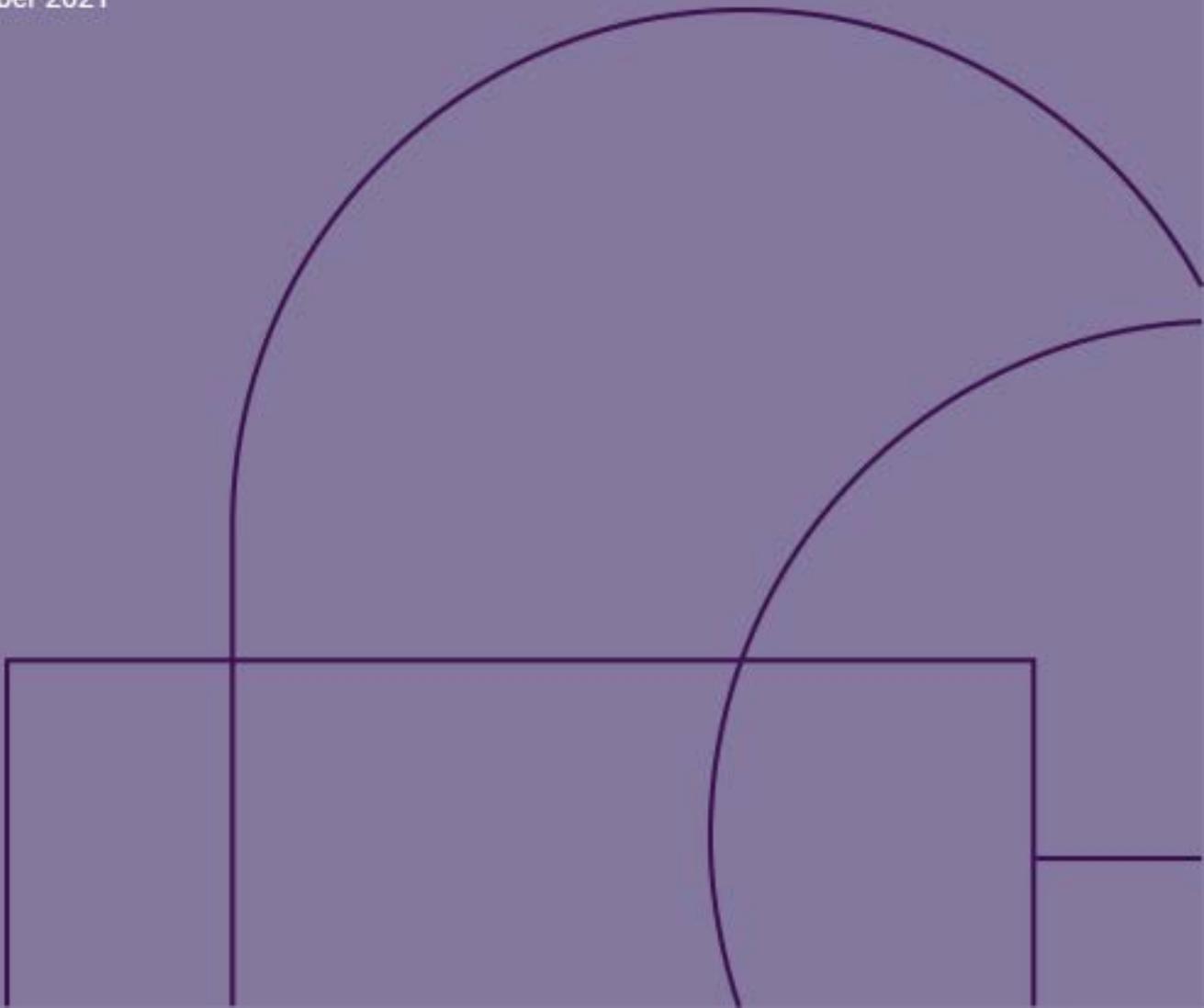


CONSULTATION

# Independent Review of Research Bureaucracy

Submission by: National Centre for  
Universities and Business (NCUB)

Date: October 2021



## Department for Business Energy and Industrial Strategy (BEIS) call for evidence:

[Independent review of research bureaucracy](#)

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### Overview

The UK Government's Plan for Growth puts research and innovation at the heart of the UK's economic recovery and long-term growth. With this in mind, NCUB welcomes this timely consultation and its scope, which we believe comprehensively covers the range of areas where bureaucracy can arise.

Whilst this consultation is a welcome step in the review of bureaucracy, we would recommend further consultation with universities, businesses and others in the research community, once detailed proposals have been prepared. Removal of bureaucracy or changes to regulatory systems can have unintended consequences that need to be well understood before implementation.

Due to the wide-ranging nature of the consultation, we have provided evidence only to support areas within our remit. In our response, we refer to [evidence](#) gathered by NCUB and the Universities Commercialisation and Innovation (UCI) Policy Unit, that showed that prior to the pandemic, the legal, regulatory and tax framework, were regularly cited as areas where business' needs relating to research and development activities were *not* being fully met by 61% of respondents.

A further [survey](#) of universities conducted by the UCI and NCUB also showed that there were calls from universities for government to improve the flexibility, bureaucracy and terms of funding programmes to make it easier to develop effective funding proposals, invest coherently along the research-to-innovation pathway to ensure pull-through and translation of ideas into impacts, and attract the necessary partners.

### Further evidence of examples of unnecessary research bureaucracy

NCUB worked with the British University Finance Directors Group to explore barriers to business-university collaboration in research. There are two specific examples of barriers that this highlighted.

First, the current VAT legislation is increasingly seen as a disincentive to the not-for-profit sector working collaboratively with businesses. Universities and other not-for-profit research organisations can obtain VAT relief for the construction or purchase of a building, where the intention is that the building will be used solely for qualifying use (e.g. publicly funded or charitable research) for a period of 10 years after the building is completed. If within the 10 year period, the building or an area of the building is used for more than 5% non qualifying use, then a VAT self-charge adjustment arises that relates to the remaining years of the 10 year period. This greatly constrains opportunities to optimise the use of buildings to support research and innovation and develop research talent.

NCUB members also told us about further restrictions on researcher pay rules which discourage universities from placing apprentices or PhD students within industry. Current rules suggest that placing a funded PhD student within a building that has been used for commercial purposes changes its purpose to educational and therefore subject to different and more complicated tax liabilities. Further restrictions about tax free research funding and what is- or is not- eligible for tax deduction discourage universities from being able to plan longer-term due to the many regulations that need to be considered. Clear guidelines along with pre-approved projects and research areas would aid universities and industry to move forward swiftly with their research.

It is clear that there is not a one size fits all solution. However, NCUB is calling for a review of the whole tax system and how it applies to research and teaching operations, including how tax regulations enable or inhibit universities' abilities to commercialise their research, whether current rules discourage or encourage partnering with the private sector and how simpler regulations and processes can facilitate more spinouts, increase permeability between industry and academics and grow more university-business collaborations.

### Lessons learned from Covid-19

In August 2020, NCUB, working with the Universities Commercialisation and Innovation (UCI) Policy Evidence Unit based at the University of Cambridge, conducted a survey of 61 universities to understand the effects of the COVID-19 pandemic on the ability of universities to contribute to innovation through the crisis and into the economic recovery.

Universities reported that they had responded to the challenges of Lockdown by developing new ways of working and engaging with partners to support their innovation activities and objectives. Those responding to the survey wanted to see a number of these new processes, behaviours and approaches sustained beyond the pandemic.

In particular developments were believed to have resulted in:

- Improved efficiency & effectiveness through moving certain types of activities online, finding new ways of working, building stronger digital and collaboration capabilities, and improving the speed and flexibility of negotiations
- Improve flexibility, bureaucracy and terms of funding. For example through reduced bureaucracy and grant administration requirements during the pandemic; increased flexibility in how grants could be used; the ability to pool funding to deliver more impact- and challenge focused projects; and changes to funding terms around industry match requirements making it easier for partners to engage despite significant financial pressures.

Universities are therefore calling for efforts to improve the flexibility, bureaucracy and terms of funding programmes to make it easier to develop effective funding proposals, invest coherently along the research-to-innovation pathway to ensure pull-through and translation of ideas into impacts, and attract the necessary partners. Related to this, as more challenge-driven programmes emerge more efforts need to be made in ensuring effective integration and coordination of funding programmes from different funding agencies and departments. UCI and NCUB are currently conducting a second survey to understand more of the longer-term impacts of Covid 19. We will be happy to share these findings with you.

### Business-universities interactions survey

In early 2021, NCUB working with the Centre for Business Research based at the University of Cambridge, conducted a large-scale survey of businesses working in the UK to understand their motivations and challenges of working with universities. We are currently running a series of roundtables with businesses to offer further insights that will help shape policy making and understanding of business' experiences working with universities. Some of these insights from both the survey and engagement might help to inform the Review, and we would be happy to share this over time.