



Circular letter

Spinouts Review: implementation of the Government response

To	Heads of English higher education providers (HEPs)
Reference	RE-CL-2024-02
Publication date	22 February 2024
Enquiries to	General queries to KEpolicy@re.ukri.org

Dear Vice-Chancellor or Principal

Independent Review of University Spinouts: Research England implementation plan of Government response

1. This circular letter sets out how we will implement the actions falling to Research England from the Government response to the spinouts review. The Independent Review of spinouts report was published on 21 November 2023 and the Government response on 22 November as part of the Autumn Statement 2023¹.
2. Some actions are narrowly focussed and may only be of relevance to the minority of the HE sector that produce spinout companies, whereas some have broad relevance across the sector. It is not expected that all HEPs should produce spinout companies. We summarise the relevance of specific actions to different HEPs at [Table 1](#) below.

Review recommendations / RE actions	Milestones and/or dates	Relevant to:
Review recommendation 1 : Research England will monitor adoption of best practice policies (developed by Government with	Early adoptees email KEpolicy@re.ukri.org Spring 2024: publication of Addendum to RE-P-2020-03 :	TenU/PraxisAuril providing advice.

¹ <https://www.gov.uk/government/publications/independent-review-of-university-spin-out-companies>



<p>universities) for spinout deal terms and related issues by universities.</p>	<p>to embed best practice requirements in HEIF guidance; and set out processes for notification by HEPs of adoption/policy changes to RE and processes, for RE publication of adoptee list.</p> <p>By end of May at the latest: HEPs to notify RE of adoption in order to be included in first published composite list.</p> <p>End of 2024: stock take of progress of level of adoption, to update Government.</p>	<p>Research intensive universities (such as HEPs in KE clusters V and X) for attention for end 2024.</p> <p>Queries from other HEPs on adoption to KEpolicy@re.ukri.org</p>
<p><u>Review recommendation 2:</u> Research England and the Higher Education Statistics Authority will collaborate to produce better data on spinouts, including a database of all spinouts.</p>	<p>April 2024: HESA consultation on data collection (including company registration numbers) on current and previous stock of spinouts, and process for annual collection of new spinout data in HE-BCI.</p> <p>By mid-2024 (and subject to consultation) HESA request data and the register is published.</p> <p>Following publication of the register, discussion and delivery of initial evidence plan/outputs from use of CRNs including for end of 2024 stocktake for Government.</p>	<p>TenU/PraxisAuril providing advice.</p> <p>All HEPs with some activity and therefore relevant data.</p>



<p><u>Review recommendation 3:</u> Research England will review HEIF to ensure that it is delivering against government's objectives on both commercialisation and local economic growth.</p>	<p>No action needed at this time. Information on milestones and timelines in Spring communications</p>	<p>Representative bodies providing advice. All HEPs.</p>
<p><u>Review recommendation 4:</u> Research England will run a pilot programme to fund proposals for developing shared TTOs.</p>	<p>Spring 2024: information about the pilot will be provided through our communications on our CCF-RED programme.</p>	<p>HEPs with some track record in spinning out but infrequent – with appropriate (tech transfer expert) partners.</p>

Accountability and best practice

3. The review recommended acceleration towards the innovation-friendly university policies set out in the review report. Although this is voluntary, the Government expects research intensive universities to adopt these policies by the end of 2024, with Research England having responsibility for recording adoptees.
4. We will implement this responsibility through our approach to accountability for Higher Education Innovation Funding (HEIF). Our current plan (though subject to change due to matters such as timings of spending reviews) is to issue new HEIF guidance with updated policies and priorities, and call for next HEIF accountability statements, in time for when current accountability plans end at end July 2025. We intend therefore to implement the spinouts review recommendation through an interim approach, publishing an Addendum to current HEIF guidance [RE-P-2020-03](#) (HEIF policies and priorities accountability statements 2020-21 and 2021-22 to 2024-25) in Spring 2024.
5. The Addendum will clarify the suite of best practice documents that universities with spinout activity should consider for adoption and will set out the processes for HEPs to notify us of their decision on adoption, and of their changes to associated policies. An important principle to the review and Government's response is transparency, and hence we anticipate a simple approach to this notification process, with HEPs that choose to adopt the best practices providing us with a weblink to their associated policies which we will post in a composite published adoptee list, together with



appropriate contextual information. The Addendum will set a deadline for HEPs to inform us of adoption in order to be included in the first publication of the adoptee list, and this deadline will not be later than end May 2024. The Addendum will also set out in more detail the information to be submitted, how we will publish it and the approach to the rolling cycle of adoption after the first publication. We have asked TenU and PraxisAuril to provide us with advice on details of this.

6. Any universities that have already adopted or anticipate adoption in the next few months prior to publication of the Addendum should contact KEpolicy@re.ukri.org.
7. Adoption will not be relevant to many HEPs, and if any HEPs are unsure of its relevance to them, they may email KEpolicy@re.ukri.org for clarification.
8. We will take stock of the level of adoption at end of 2024 in providing update to Government and we would expect to reflect any new incentives identified thereafter in 2025 HEIF guidance.

Improving data on spinouts

9. The Government has tasked us to work with Higher Education Statistics Agency (HESA) to improve data on university spinouts, working through the HE-BCI review and our national KE metrics programme. Our national KE metrics adviser, Tomas Coates Ulrichsen, and his team advising us at UCI² Cambridge, will also play a key expert role in our implementation of work to improve spinouts data.
10. The Government response highlights the importance of the collection of the Companies House company registration numbers (CRNs) of spinouts in order to compile a national public register of university spinouts. This register will provide the foundations to unlocking more accurate spinout data, including by providing a more complete evidence base of the number and character of spinouts produced across the HE sector. (Our national adviser has previously shown that current evidence that informs policy is based on an incomplete dataset.³) In turn, the ambition of our KE metrics programme is to use the list of spinouts in the register and these registration numbers to link with other relevant data sources, with the aim of producing better quality data at lower burden to the sector and important evidence on performance for national policy, institutional practice, and use in KEF and our funding. This includes evidence to inform Government on its stock take on spinouts policy development at

² University Commercialisation and Innovation (UCI) policy evidence unit, University of Cambridge

³ See <https://webarchive.nationalarchives.gov.uk/ukgwa/20210802101911/https://re.ukri.org/sector-guidance/publications/independent-advice-on-university-investor-links-mike-rees-report/> , Section 4

end of 2024, and its policies thereafter. We also aim that the register should enable a wide range of other parties to produce better evidence studies to inform policy and practice.

11. Spinout activity is concentrated in the HE sector and hence this initiative will have significant implications for work of a small number of HEPs. We have asked TenU and PraxisAuril to provide advice throughout our work.
12. Our KE metrics programme is aimed long-term to improve the breadth of metrics far beyond spinouts data. We anticipate that the methods that we are using specifically related to spinouts have potential to improve data in other areas of wider interest across the sector in the future, such as startups and student enterprises. Our long-term programme will also explore other novel methods appropriate to improving breadth beyond spinouts. We therefore aim to put in place wider HEP stakeholder engagement relations for the overall programme in the longer run.
13. Our outline workplan is:
 - a. Our first goal is to compile and publish the register:
 - i. HESA will consult HEPs as is its normal practice on collection of company registration numbers as part of HE-BCI review from April.
 - ii. Subject to positive response to consultation, HESA will put in place an approach to collect CRNs for all currently active spinouts and historically active from HEPs to produce a first iteration of the spinout register, and set out how CRNs of new spinouts will be collected in annual HE-BCI returns to maintain the register.
 - iii. Publication of the register by Autumn 2024.
 - b. Following publication of the register, we will develop our initial evidence plan for use of the register, including delivering initial important evidence outputs. As well as setting long-term direction on data and evidence, this will include information for the Government stock take of progress of its policies at end of 2024.

HEIF review and reform

14. We are tasked by Government to review and reform HEIF to ensure it meets Government priorities focussed on the economic growth agenda. In particular,



Research
England

Government wishes us to increase the extent to which HEIF supports economic growth through commercialisation and business growth, including local/regionally.

15. This review is not narrowly focussed on spinouts, but will consider the range of commercialisation and business collaboration activities, including for local economic growth, and hence this activity is of relevance to the sector overall.
16. Our previous [KE review](#) focussed on testing that our mechanisms were fit for purpose. This review will focus on how HEIF is spent and its achievement of priority Government outcomes. We will use any relevant information provided to the KE review for this review. We also have already a significant stock of relevant evidence from information provided in HEIF accountability statements, Annual Monitoring Statements (AMS) and the ongoing [HEIF evaluation](#). Hence we are not planning to seek additional evidence from HEPs to inform this review. However, we will seek advice from the HE representative bodies on additional evidence that may be relevant and useful and where burden may be justified, such as emerging from new and relevant developments such as the Regional Innovation Fund and HEIF Business and Commercialisation supplement allocations.
17. Following consideration of evidence, we will publish further details of our approach, milestones and timelines in Spring communications on HEIF.

Commercialisation capacity and capability development

18. Our Connecting Capability Fund (CCF)-RED programme is our main approach to developing university commercialisation capability, through collaboration. We are shortly to publish our priority commercialisation themes for CCF-RED including a first opportunity to bid. We will issue further information on the piloting of the sharing of tech transfer functions as part of CCF-RED programme communications.

Yours sincerely

A handwritten signature in blue ink that reads 'Jessica Corner'.

Professor Dame Jessica Corner

Executive Chair