

FRAMEWORK AGREEMENT FOR FUNDING STRATEGIC RESEARCH ACTIVITY OF POTENTIAL NATIONAL ECONOMIC SIGNIFICANCE

Aims of Agreement

1. This Agreement provides a framework for Scottish Enterprise and Highlands & Islands Enterprise (the Enterprise Networks) and the Scottish Further and Higher Education Funding Council (SFC) to consider together the priority to be attached to, and support of, strategic research activity of potential national economic significance – unique or exceptional projects of scale. It represents a further development of these three bodies' joint approach to capitalising on research strengths to further economic development in Scotland.
2. This Agreement aims to facilitate decision-making, speed up responses and provide a mechanism for agreeing the lead partner for a project. It is not intended to replace or supersede arrangements to support research development or the existing requirements on each body to carry out due diligence on all funding propositions. It supplements the existing memoranda of understanding between the SFC and each Enterprise Network.
3. It also provides some agreed criteria for the preliminary consideration of projects. However, it does not take away from the need to seek out all sources of funding, including other Scottish public-sector funding, private sector, the ITIs, charitable (eg Wellcome Trust) and UK-level public sector funding (eg from Research Councils), as all these remain significant potential sources of funding. Nor does it presume that any of the partners to this Agreement will be able to secure additional funding. There is no dedicated budget for activity under this Agreement as the Scottish Executive has established that such activity falls within the existing powers and duties of the signatories to the Agreement. It is for the relevant organisations to consider how to plan and prioritise existing budgets in the light of emerging opportunities.

Projects within the scope of this Agreement

4. This Agreement is intended to cover projects that cross over the primary interests of the SFC and the Enterprise Networks: that is, projects of scale at the margin between strategic research (research which may have a practical application, but where the timescale or nature of that application is unclear) and applied research (knowledge developed with a specific objective in mind, such as converting existing knowledge into products, processes and technologies).
5. Projects may emerge from a range of sources and activities, but will generally fall into one of two broad categories:
 - Ideas sourced from within individual organisations, whether signatories to this Agreement or not, such as the proposals for a stem cell centre of excellence at the University of Edinburgh
 - Responses to external opportunities eg as resulted in the Translational Medicine Research Collaboration project

Any potential activity under this Agreement will be championed by one of the signatories to the Agreement.

6. Whilst not wishing to be too prescriptive, a project falling within the following categories will be more suited to being handled under the arrangements outlined in this Agreement:
- The potential investment provides a special opportunity for Scotland
 - The nature of the project means that it is not easily accommodated within a single funding scheme
 - The sponsoring university/ies¹ is/are likely to have a high RAE 2001 rating and/or be a world leader in their area of applied R&D
 - The proposed activity falls within an identified strategic priority²
 - The project has intrinsic research value, but also has the clear potential to benefit the economy of Scotland as a whole ie the proposal is in an area of emerging and rapidly changing technology relevant to the Scottish economy, and there are businesses both able and willing to exploit the resultant knowledge-base to create new market opportunities

Strategic Research Advisory Group

7. The Strategic Research Advisory Group (SRAG) oversees the operation of this Agreement.
8. Members of SRAG are:
- Director - Research Policy and Strategy Directorate, Scottish Funding Council
 - Managing Director - Industries, Scottish Enterprise
 - Director - Business Growth and Research, Highlands & Islands Enterprise

In addition, the Chief Scientific Adviser for Scotland, who leads on overall science policy and strategy in Scotland, is an associate member of SRAG.

The current postholders are provided in Annex A to this Agreement, which will be revised and republished as necessary.

9. Meetings of the SRAG will be chaired by an individual appointed by the group. SRAG will endeavour to ensure impartiality in the selection of the chair for each meeting. The chair will be independent person but may be someone whose experience is relevant to the particular project under discussion. In the first instance, the Chief Scientific Adviser for Scotland will automatically chair SRAG meetings unless there are over-riding reasons against this. In the second instance, but only by mutual consent of SRAG, a member of SRAG may chair the meetings. Lastly the chair would be drawn from a list of people previously agreed by the signatories to this Agreement.
10. The Office of the Chief Scientific Adviser (OCSA) provides the secretariat for SRAG. OCSA will ensure that the interests of all the various Departments of the Executive with an interest in a particular project are consulted as appropriate. OCSA and

¹ The term 'university' includes all higher education institutes within Scotland.

² In the medium term the Executive aims for these priorities to be agreed as part of the development of the Executive's science and innovation framework. In the meantime, key industries will be as identified by the Enterprise Networks. In addition, the Chief Scientist Office within the Scottish Executive Health Department defines priorities for healthcare research, and has well-defined systems for assessing projects; and the Scottish Executive's Environment and Rural Affairs Department also has similarly defined its research priorities.

Enterprise, Transport and Lifelong Learning Department (ETLLD) will lead for the Executive in connection with the future of this Agreement.

11. Observers: Scottish Executive official/s, which will usually include officials from ETLLD and other Departments of the Executive with an strong interest in a project may attend meetings of SRAG to inform discussions where necessary, but will not be member/s of the group.
12. Meetings of SRAG will normally take priority over other business, so the presumption is that members of the Group will make best endeavours to be available. However, each member of SRAG shall also nominate a named substitute of suitable seniority to cover those exceptional occasions that a member is not able to attend a meeting. This substitute will have the same authority to make decisions about whether their organisation will be involved in a project.
13. SRAG will not have a set meeting schedule, but will convene on a demand-led basis. Any party to the Agreement can request a meeting, and by signing up to the Agreement members have all committed to attending such meetings, whether in person or by telephone/video-conference. By calling a meeting the party concerned is indicating that they believe the project should be considered under this Agreement, and that it is time-critical.
14. Time is of the essence in securing many valuable research proposals, so the presumption is that a preliminary meeting will take place within ten working days of a party to the Agreement making the request.
15. The purpose of this initial meeting is to agree whether the proposal falls within the scope of the Agreement, and whether all parties to the Agreement agree in principle that the project is of potential national economic significance.
16. Members will discuss and then decide
 - whether this is a proposal that requires the involvement of two or more parties to the Agreement;
 - the relative priority of the proposal;
 - who will lead/drive it forward;
 - who will lead on taking forward the appraisal of the proposal; and
 - overall timescale.
17. Proposals may be brought to SRAG at an early stage of development, or once there are more thoroughly worked-through proposals. However, given the relatively unusual nature of the type of activity covered by this Agreement we would not expect the group to convene more than 2-3 times per year.
18. The initial meeting to discuss a proposal will be arranged and hosted by the SRAG member requesting it. The person convening the meeting may also include representatives from the relevant university/ies, other funding bodies or potential partners in the preliminary part of the meeting to aid discussion. Thereafter, SRAG members will consider the available information before making their decision. The Scottish Executive will provide a minute secretary for meetings, and minutes will be circulated within one week for all members to agree.

19. The notification of a request for a meeting must include the following basic information - estimates are acceptable:
- nature of investment –
 - stage of research or relevant other activity
 - discipline
 - location
 - proposed timescale
 - planned outcomes
 - requirements –
 - overall scale
 - expertise
 - capital and revenue (premises, equipment, staff and other)
 - other sources of support for the proposal, including potential leverage
 - justification for considering it potentially strategically significant eg
 - potential economic benefit and return for Scotland
 - scale of potential market
 - need for innovation in sector
 - building on existing strengths and expertise, eg research standing, including RAE data; business base etc
20. The nominated project leader will then agree an overall timetable with the bodies who have agreed to be involved in the project. This will include the date by which they will seek approval from their Boards if the appraisal process indicates that public sector support is warranted.
21. Each body involved with a project will need to ensure that due diligence is carried out on any potential project. SRAG members will agree their information requirements and, where possible, ensure that this is undertaken as a single appraisal process covering the needs of all funding partners, thus avoiding duplication of effort.

Dissemination of Agreement

22. The details of this Agreement are a matter of public record.
23. It has been published on the websites of the Scottish Executive³, Scottish Enterprise⁴, Highlands & Islands Enterprise⁵ and the Scottish Funding Council⁶, and will be disseminated to appropriate partnership organisations.

Monitoring of Agreement

24. This Agreement will be subject to regular reviews to ensure that it is adding value and not slowing down the decision-making process. Reviews will be carried out annually at

³ www.scotland.gov.uk

⁴ www.scottish-enterprise.com

⁵ www.hje.co.uk

⁶ www.sfc.ac.uk

a minimum, but more frequently if the volume of business indicates that this is necessary.

25. Reviews will consider the impact of this Agreement on projects brought forward to be considered by SRAG, and assess whether the content of this Agreement should be amended in the light of experience eg refining definitions if appropriate. Any substantive changes proposed will be subject to agreement by the three signatories to this Agreement.
26. Reviews will be led by OCSA and ETLLED in the Scottish Executive, in consultation with the three signatories to this Agreement and other relevant bodies.

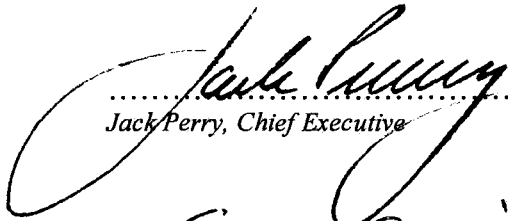
**FRAMEWORK AGREEMENT FOR FUNDING STRATEGIC RESEARCH
ACTIVITY OF NATIONAL ECONOMIC SIGNIFICANCE**

We the undersigned agree to abide by the terms and principles of this agreement:

Signature

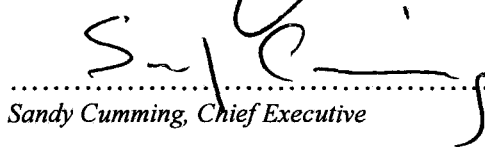
Date

Signed on behalf of:



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Jack Perry, Chief Executive

16 April 2007 Scottish Enterprise



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Sandy Cumming, Chief Executive

19 April 2007 Highlands & Islands Enterprise



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Roger McClure, Chief Executive

30 April 2007 Scottish Further & Higher
Education Funding Council