

Dear GCRF Award Holders,

I am writing again following the letter of 11 March 2021 from Professor Christopher Smith (UKRI International Champion) that outlined the requirement for UKRI to find substantial savings in the next financial year, across our large portfolio of Official Development Assistance (ODA) research and innovation. That letter set out the aim of working closely with you to try and maximise the benefits from the £125m of ODA funding that we have been allocated for the 2021/22 financial year, that represents about a £120m gap between allocations and commitments.

This letter sets out how we intend to manage the reduction in spend we have been asked to deliver within the Innovate UK Global Challenges Research Fund (GCRF) programmes. A separate letter will be issued shortly for Innovate UK Newton Fund grants. If you have received this letter, unfortunately your project is in scope for potential reduction.

How we will manage reduction in spend

As a first step, we will maximise the funding available for those grants within our portfolio that are directly delivering business-led innovation for development, specifically involving small and medium sized enterprises. This is in line with Innovate UK's mandate and approach related to innovation for development. We will write to the small number of grant holders who do not fall within that category, requesting them to terminate their projects next year.

As a second step, we are requesting information from you via this letter, that will help us determine the next steps for the grant or grants that you hold. This information request is set out below.

Information we require from you by midnight 11th April

1. Option Preference

The remaining funding we have for Innovate UK GCRF programmes is likely to cover forecast expenditure until end of July 2021. With this in mind, we want you to consider which of the following two options you would like to follow, for each grant you hold. Please let us know by midnight BST on Sunday 11th April.

Please note that we require only one response from each project. **This letter is going only to the lead partner for each project.** Therefore, please ensure that you share it with your project partners where applicable, and that your response represents the views of all project partners.

- A) Immediate termination: immediate termination of your grant or contract if your project will become inviable on this reduced level of funding (likely to be no more than what is currently in your forecast up to 31st July 2021). For example, a grant may no longer be able to realise development impact on a reduced level of funding.

If you advise us that this is your preference, we will issue a letter of termination immediately. If you are of the view that your project is no longer viable, please also ensure that this is reflected on IFSPA, including any resulting reductions in forecasts.



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B) Consideration for continued funding: if you do not wish to terminate your project immediately, your grant will be considered alongside all others. In most cases, we can only offer - with certainty - to fund what is currently in your forecast to 31st July 2021. However, we may be able to offer additional funding beyond 31st July to those projects which are closest to completion. This is because both businesses and Innovate UK have already invested the most into these projects, and they are likely to be closest to achieving their outcomes and impact.

If you select B) as your preferred option, could you also inform us:

- i) (on the assumption that we cannot fund more than what is in your forecast to 31st July), whether you would like to reprofile this four-month forecast across up to 12 months of financial year 2021-22? This option is available to help you continue to deliver elements of your original project.
- ii) whether there is an exceptional reason for which your project needs to receive an amount of funding additional to what is in your forecast until 31st July?

Please note that UKRI requesting information about exceptional cases is intended to recognise that, for a minority of grants/contracts, a different approach may be needed. For example, we envisage that a case for special consideration could be made where your grant-funded activities are governed by specific ethical or legal frameworks – e.g., research involving clinical work with human participants or research including the use of animals. In those circumstances, a proposal for additional support may be appropriate.

Once we have heard back from all grant holders, we will know the extent to which it is viable to continue providing support to your project beyond 31st July 2021. If it is not viable to provide continued support to your project, we will issue a letter of termination by the end of April, giving a notice period of three months. We will apply the provisions set out in the terms and conditions of your grant or contract. If it is viable to provide continued support, we will let you know by 30th April.

Through GCRF, UKRI is committed to both the principles of equality, diversity and inclusion and to equitable partnerships. Please explain in your response how the arrangements for project closure or the proposal to continue your project within a reduced funding envelope, will continue to respect these principles.

The deadline to send us your response is midnight on the 11th April. Please send to emergingeconomies@innovateuk.ukri.org copying odaenquiries@ukri.org.

2. Updating forecasts

In addition to sending us the above information, please ensure that your forecasts on IFSPA are accurate, as we will be using these data to model affordability. Please note that the letter of 11th March from Professor Christopher Smith required that you do not enter into any new activity beyond the date of the letter. Therefore forecasts, as updated by 11th April, should only include the costs of work ***already included*** in your workplan for the period 11th March – 31st July 2021



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when you received the letter on the 11th of March. Please do not bring forward into the first four months of FY 2021/22 workstreams that had been planned for later in the year. Unfortunately, you are only permitted to maintain or revise down your forecasts: you may not increase your forecasted spend. We will be using historical grant claim rates to verify this. Payments made up to end 31st July 2021 will continue to be on a costs-incurred and defrayed only basis.

If your project is not managed through IFSPA, please provide your Innovation Lead or Knowledge Transfer Adviser with an updated version of your forecast by 11th April, noting that the rules around reforecasting outlined above also apply to you.

During the period between now and the end of July 2021, you can continue to apply to vire funds between budget lines, using the usual Project Change Request process. If you experience any issues with IFSPA please contact Innovate UK customer services immediately (support@innovateuk.ukri.org), copying your Monitoring Officer and Innovation Lead.

Projects with forecast spend in 2022 onwards

UKRI will make the case for substantial investments in ODA research and innovation as part of the next Spending Review, expected in autumn 2021. We note that the Government's Integrated Review, published on 16th March 2021, reaffirmed the role of ODA research and innovation in Britain's global partnerships. However, at this time, we simply do not know how much ODA funding will be allocated to UKRI (and Innovate UK as part of that) from financial year 2022/23 onwards. In some cases, the grant(s) held by you include a profile of expected funding for future years. On balance of risks our preferred approach is to offer you the opportunity to find a way to maintain the capabilities and partnerships established through GCRF activities in a reduced form during the next financial year, to keep open the chance that these grants might continue to operate in the future.

We are committed to working closely with you as we seek to maximise the impacts of the UKRI GCRF investments that we have been allocated and the capability and partnerships for international development research and innovation that have been established through GCRF funding to date.

Yours sincerely,

Simon Edmonds

Deputy Executive Chair & Chief Business Officer