

MI/SB/DB/124

26th July 2006

Sir David Cooksey
Consultation Response
Cooksey Review Secretariat
HM Treasury
1, Horse Guards Road
London SW1A 2HQ

Dear Sir David

I write on behalf of the Chairmen of the nine NHS Innovations Hubs in England which are independent bodies set up with DH/DTI support to identify and manage intellectual property arising from NHS activity and to encourage the transfer of technical and service innovations from the NHS front line into marketable ventures. This is an exercise which you will immediately recognise fits in with the Treasury drive to encourage “translation, entrepreneurship and innovation”.

May I commence by stating that we support the proposals to unite the NHS R and D and MRC budgets in to a single fund for health research under an independent joint supervisory body. The case for such a re-positioning of the resources for health research is well described in *Health Research in the UK: the price of success; by Richard Horton, Lancet 368 93-97, July 8th 2006* and there is no point in me repeating the arguments in favour of such a move.

One of the principal problems with NHS R and D has been the extent to which resources have been directed into other activities. Nowhere has this been more apparent than in the use of Culyer monies, allocated for infrastructure support of research, being diverted into service delivery. In this letter we wish to draw your attention to another potential source of inefficient use of funds, this time associated with duplication of support for the priorities in question 6 of your consultation document.

The NHS Innovations Hubs operate across the nine Regional Development Agency geographies in England with titles such as NHS Innovation North. Similar bodies have been established in Scotland and Wales. We are distinct entities within the NHS R and D process (with an emphasis on the D side of the process). However, recently the DH funding for the Hubs was transferred outside the R and D budget where it would naturally sit. This has created a real gap between R and D and the Hubs at the top. It is perhaps for this reason that the Hubs are not mentioned in your consultation document.

The Hubs more than anybody else in DH interface directly with industry. Their purpose is to identify and exploit innovations useful to the NHS (including their implementation). They can have a real impact on the competitiveness of British industry, a fact recognised by DTI which has supported the Hubs heavily through PRSE funding. The Hubs, through the lead NHS Trusts involved in their inception, have won about half of all the money DTI allocated for developing capacity in Intellectual Property management in PSREs.

The Treasury was one of the biggest supporters when the Hubs were being introduced and we think they would be surprised if they were not mentioned in your conclusions arising from the consultation process.

The Hubs are now undoubtedly well established and successfully encouraging innovation in the NHS without significant R and D funding. The licensing and marketing of new products to industry and the setting up of spin-out companies are new to the NHS, and the new expertise now available in the NHS will help to bridge the gap between the NHS and its supply industry.

You will be aware that recently the NHS has established a separate Special Health Authority designated the NHS Institute for Innovation and Improvement. The Institute is the channel for DH funds to the Hubs, though as remarked earlier these funds are not formally part of the NHS R&D budget. Given that innovation generally works bottom-up, while research funds are allocated top-down, the hubs and NIII should have clearly defined and complementary roles. This will be even more important within this new environment, to ensure that duplication is avoided.

Another possible source of duplication for the Hubs should amalgamation of funds take place is with MRC Technology which has a history of very successful technology transfer mainly through licensing and spin-out companies associated with advances in developmental biology and thus principally applicable to pharmaceutical companies.. The analysis of British Science published in the 1st July issue of the New Scientist comments that applied activity aimed at specific products and processes is almost non-existent within the MRC portfolio. This needs to be addressed in the new combined MRC and NHS R and D portfolio. The Hubs and MRC Technology have common interests and have already collaborated. We suggest there is advantage in considering these activities together. As with the NIII, maximising complementarity whilst avoiding duplication requires a clear distinction between the top-down and bottom-up roles of MRC Technology and Hubs respectively.

The main purpose of this letter is to draw attention to the fact that the potential exists for duplication, and even triplication, of efforts in this important area of activity, and the uncertainties outlined here are a threat to the success of the proposed amalgamation. We consider that Hubs have already proved their effectiveness and are becoming increasingly accepted within the NHS and by industry as experienced facilitators of technology transfer. We believe that they should be maintained and resourced from the proposed united fund and be accountable to the new joint body. With clarity about respective roles, and the right balance between 'Research' and 'Development' aspects in the governance arrangements, there is now an opportunity to ensure that this activity is properly and transparently resourced.

Yours sincerely

Sir Miles Irving Fmed Sci
Chairman – NHS Innovations North

