



Department for  
Science, Innovation  
& Technology

# Innovating for success

Government response to the Independent  
Review: Reforming the DSIT business case  
process



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# Introduction

Just over a year ago, DSIT was created with the mission of cementing the UK's position as a science and technology superpower. This has given the UK a department to lead delivery of the Government's ambitions for science, technology, and innovation, which are essential to solving global challenges, creating the jobs of the future and improving people's lives. Since DSIT's creation we've made great progress setting out our vision through the Science and Technology Framework and committing to record levels of public investment in UK Research and Development (R&D). This is an important time for the UK, where we must maintain an R&D system that develops world-leading research and translates it into new industries and economic growth. We need to achieve this at a time of rapid technological change, where competition for talent and capital is fierce and investment in R&D is increasing globally<sup>1</sup>.

DSIT is an engine for innovation, supporting the government to deliver R&D in more agile and responsive ways to meet these challenges. This means stress testing our own systems to ensure they are fit for purpose and geared towards our science and technology ambitions. Our focus on improving DSIT's business case process is one of a series of reforms DSIT is leading to improve the efficiency of our R&D system. This includes reducing the burden of bureaucracy on researchers through actions set out in our response to Professor Adam Tickell's review of research bureaucracy. We are also introducing new innovations to improve how we support R&D, including adopting machine learning and AI tools to conduct more innovative analysis and forming a new metascience unit to improve the productivity of our research funding.

As part of this wider programme of driving organisational innovations, last year DSIT's Secretary of State asked the Rt Hon Lord Willetts to carry out an independent review to explore how our business case process could be designed better to support investments in science and technology. As a former science minister and civil servant at HM Treasury, Lord Willetts has a deep understanding of the importance of R&D for our economy and the unique role that the government plays in supporting the UK's R&D ecosystem. We'd like to thank Lord Willetts for the time he took to closely explore this issue and for his incisive analysis:

*“the [business case] was developed for conventional public spending – buying services and building stuff - not for promoting inherently uncertain Science and Innovation. It assumes more capacity to forecast costs and benefits than is possible when the Government is funding innovative and risky R&D”.*

**DSIT accepts the report's six recommendations** and we're now in the process of implementing changes in response. In some cases, we will be able to take immediate action. Others require a phased approach to achieve the outcomes desired.

The report acknowledges the importance of business cases as a tool for managing public spending and providing a framework to consider outcomes and delivery mechanisms for policy

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<sup>1</sup> <https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS>

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proposals. The business case and approvals process aims to secure transparent and accountable decision making. Business cases provide a consistent vehicle for Accounting Officers to meet their responsibilities and give assurance that public funds are being managed in line with Parliamentary expectations. The report highlights the need to streamline DSIT's approach to handling business cases, manage the impact of spending review cycles and delegate decisions to their appropriate levels. Addressing these points will reduce time spent by officials on writing cases and increase the focus of decision-takers on the issues that matter.

This response sets out actions we are taking against each of Lord Willetts' recommendations. Since the formation of DSIT, approval timelines for business cases have been 20 days shorter on average<sup>2</sup> compared to cases in BEIS, but we want to go much further.

DSIT is committed to driving forward the actions set out below and recognises their fundamental importance in our wider science and technology mission. We hope that by leading change in this area, we will help create greater efficiencies in the approach to R&D investment and business case development across government.

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<sup>2</sup> Based on a sample of cases for which good data exists. Baseline of UKRI cases in BEIS 2020-2023, against cases going to DSIT Investment Committee from DSIT's creation until December 2023

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# Recommendations and government action

- 1. Current DSIT guidance on business cases is withdrawn and new simple DSIT guidance substituted that caps business cases at 12 pages. The new guidance would need to be agreed with the Treasury and meet their requirements such as Managing Public Money. The aim should be that the new guidance should be agreed and clear access to advice should be available within the Department by the end of February.**

The DSIT Investment Committee have already begun using a significantly reduced template and guidance for R&D business cases that caps business cases at 12 pages. This is part of a pilot that will be evaluated, and a new permanent short-form template and guidance introduced later this year. HM Treasury (HMT) have been consulted and will continue to be engaged throughout the pilot. The result will be concise business cases that are easier to write and to assess. This will be supported by a wider programme to make improvements to DSIT's approach to project, programme and portfolio delivery.

- 2. Over-arching business cases should cover an entire strategy or programme with operational spending decisions taken with separate commitments to spend which fall under it.**

We will set a default expectation that the Department and its ALBs manage investments at programme level, wherever possible. Assessment and oversight at programme level will result in fewer overall business cases and reduced bureaucratic burden. Increased spending limits for DSIT are an important factor (see Recommendation 5) as they will help increase the speed of delivery. Programmes will establish clear governance arrangements for spending decisions within the programme. These will be periodically reviewed in order to establish best practice to apply across the Department.

- 3. The Treasury's significant increase in DSIT delegated authority limits should be matched with a proportionate increase in DSIT delegated authorities to its ALBs with their own accounting officers enabling ALBs to operate with fewer business cases.**

We are working with HMT to formally adopt new higher delegated authority limits (DALs) for the department, which Lord Willetts estimated could reduce business case approval times by 30%. We intend to increase DALs to DSIT's ALBs to help them deliver on our shared priorities and respond to emerging national science and technology needs. This will be done within 3 months of receiving formal notification from HMT of DSIT's increased delegations.

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There is a necessary balance between delegating authority and maintaining an appropriate level of oversight, coordination, and control. We must ensure that ALBs have high-quality systems in place to scrutinise business cases to ensure public money is being managed appropriately. On that basis, we are working with DSIT's Arm's-Length Bodies (ALBs) to ensure agreement and alignment on clear strategic frameworks and priorities, alongside which greater autonomy can be delegated over spending decisions, with limits increasing as processes mature.

**4. DSIT and HMT work together to review Green Book references to science and technology and to produce supplementary guidance to support assessment of science and technology business cases.**

We are producing new appraisal guidance for R&D business cases in DSIT, which we expect to roll out to the department later this year. We will pilot this in DSIT to learn lessons, before rolling out across government. We expect this process to form the foundation of our approach to the longer-term goal of agreeing supplementary Green Book guidance for R&D investment, so that all R&D spending departments can benefit from an appraisal framework that is tailored to the unique features of R&D. This work will be carried out with HMT to ensure alignment and consistency, including review by the Chief Economist Appraisal Group.

**5. Wherever possible, outline business cases should be prepared in advance of the Spending Review as an input to it.**

We agree that completing a business case ahead of a Spending Review (SR) would be optimal, but also recognise that sometimes this will not be practically possible or desirable. DSIT will put in place a mechanism to better assess and proactively manage DSIT's business case pipeline to smooth the cycle of approvals as part of SR settlements. This will help prioritise spending approvals for major projects and programmes that are successful at SR. It will ensure that policy development is advanced and seek to have more developed plans in place.

At SRs, departments need the opportunity to test new ideas and thinking, many of which will not ultimately gain approval to take forward. There is a risk that doing business cases routinely as part of SR preparations would increase bureaucracy and reduce efficiency. There is a significant amount of evidence provided into SRs, and HMT already uses the business case form as part of the SR to set high-level capital spending envelopes. We will also explore the full range of opportunities, as set out above, to improve the profile of launch of public investment opportunities following an SR, seeking to address the "feast and famine" highlighted by Lord Willetts.

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**6. Successful implementation of these proposals should involve the National Audit Office and the Cabinet Office as well as the Treasury.**

DSIT agrees that it is important that we involve the National Audit Office (NAO), Cabinet Office<sup>3</sup> and HM Treasury to ensure successful implementation. We have engaged with them throughout and will continue to do so as we further develop and implement these reforms. Consulting the NAO will be particularly important as we develop and agree the R&D specific appraisal guidance.

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<sup>3</sup> For oversight on for functional spend controls covering areas such as commercial activities, digital and technology, advertising and marketing, and contingent labour: <https://www.gov.uk/government/collections/cabinet-office-controls#:~:text=The%20Cabinet%20Office%20spend%20controls,and%20encourage%20cross%2Dgovernment%20collaboration>

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