



**National Institute for  
Health Research**

## **BEST RESEARCH FOR BEST HEALTH**

### **IMPLEMENTATION PLAN 2.1 (established)**

### **FUNDING TRANSITION**

*Best Research for Best Health*<sup>1</sup> set out a 5-year Research and Development Strategy for the NHS in England. This plan provides more details on one of the key components of that strategy: Funding Transition.

**The Funding Transition plan has been fully implemented.**

*Gateway Reference: 6050*

*Version: 7 (final)*

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The Government's Science and Innovation Investment Strategy 2004-2014 tasks the Department of Health with implementing a transparent, sustainable funding system for NHS R&D, where funding follows changes in research activity and cross subsidies between R&D and other funding streams are eliminated.

To achieve this, we are proposing a range of objectives through the National Institute for Health research (NIHR) that are based on consistent principles of fairness, transparency and contestability. Some funding will be awarded to the best researchers and the best centres, whilst some will be allocated across the whole of England on a population-based model. The funding model used for the different schemes is dependent on the scheme aims.

#### **Aim**

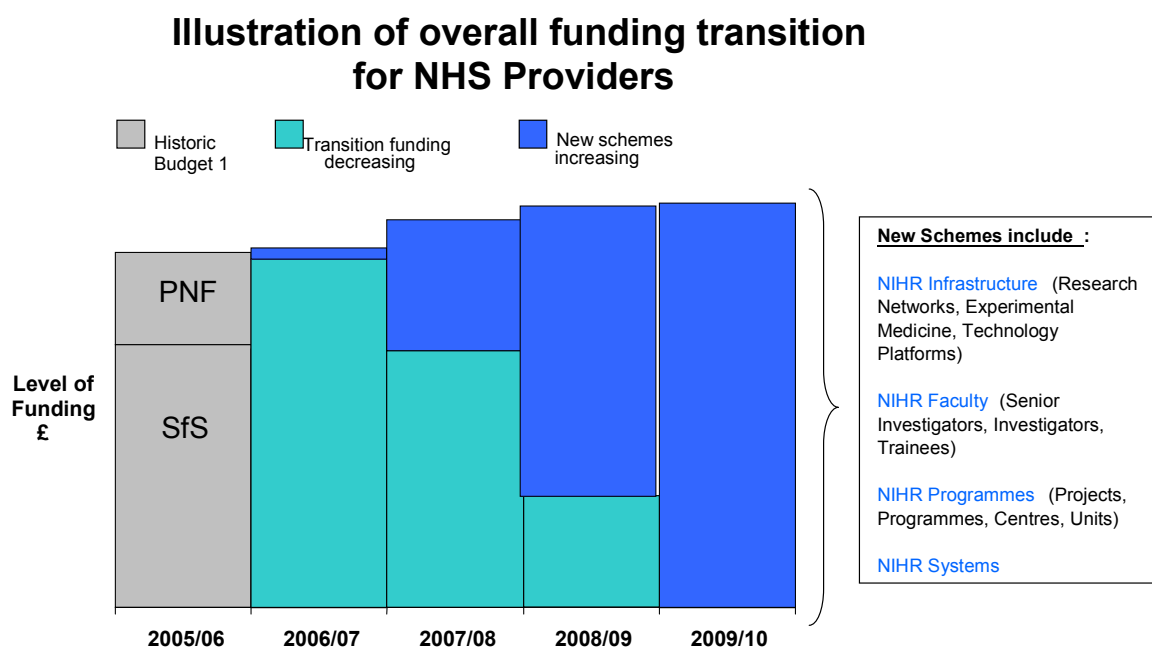
- To implement a transparent, sustainable, activity-based funding system for NHS R&D where funding follows R&D activity.
- To minimise destabilisation of individual NHS organisations.
- To use varied funding mechanisms dependent on individual scheme aims.

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<sup>1</sup> *Best Research for Best Health: A New National Health Research Strategy*. The NHS contribution to health research in England. Department of Health. 2006.

## Implementation Timetable

NHS R&D funding has previously been allocated to some 253 individual NHS organisations on a historic basis that does not generally reflect the current level, quality and relevance of research activity conducted. A phased implementation of the new funding schemes contained within the Strategy started in April 2006, and will be completed in 3 years. We are allocating *Transitional R&D Funding* to all previous recipients of NHS R&D Support Funding (“Budget 1”) at reducing levels over the next 3 years to enable the NHS to plan for the effect of transition. At the same time, we are awarding and allocating an increasing amount of NHS research funding through the new schemes for agreed purposes. It is therefore likely that funding levels for individual NHS organisations will change over the transition period – some will receive more and some less, than their current allocation. The overall impact of transition is illustrated in the diagram below.



## Transitional R&D Funding

New funding agreements covering the three-year transition period were issued to NHS providers on 30 June 2006. The agreement for each individual provider confirmed the Transitional R&D Funding allocations for that provider for 2006/07, and gave their indicative allocations for 2007/08 and 2008/09. Indicative allocations were based on two assumptions: that the total NHS R&D budget is maintained at 2006/07 levels, and that the new NIHR schemes are implemented as planned. Transitional R&D Funding allocations for individual NHS providers for 2006/07 and 2007/08 are available on the DH website at <http://www.dh.gov.uk/en/Researchanddevelopment/A-Z/NationalNHSRDFunding/index.htm>

Final Transitional R&D Funding allocations for 2008/09 were confirmed to NHS Providers in February 2008, and published on the NIHR website at [http://www.nihr.ac.uk/about/pages/about\\_funding\\_allocations.aspx](http://www.nihr.ac.uk/about/pages/about_funding_allocations.aspx)

The funding agreement clearly states that the first use call on the use of Transitional R&D Funding is to cover any costs incurred as a direct result of implementing *Best Research for Best Health*, eg closing down existing commitments that will not continue under the new system, or preparing bids for new funding streams.

### **Working with Stakeholders**

It is important that these changes are not regarded in isolation. The R&D Directorate is working closely with Department of Health colleagues responsible for the implementation of Payment by Results to ensure that the overall impact of any funding changes at an individual NHS organisation level is properly considered.

We are also working closely with other groups including the NHS R&D Forum (particularly the R&D Forum Finance Working Group) to ensure ownership and understanding by colleagues in the NHS of the issues raised through funding transition, and with the Association of UK University Hospitals Directors of Finance group.

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