

**EXPLANATORY MEMORANDUM TO
THE GRANT FOR RESEARCH AND DEVELOPMENT (TRANSFER OF
CONTRACTS ETC) ORDER 2011**

2011 No. 1953

1. This explanatory memorandum has been prepared by the Department for Business, Innovation and Skills and is laid before Parliament by Command of Her Majesty.

2. **Purpose of the instrument**

This Order transfers all property, rights, liabilities and obligations held by the Secretary of State for Business, Innovation and Skills in connection with the grant agreements originally entered into by the Regional Development Agencies (RDAs) under the regional Grant for Research and Development Scheme.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

Although this is a non-Parliamentary Order, it should be noted that the time between the making of the Order and its coming into force will only be three days, two of which are non-working days. Due to the nature of the Order, no adverse impact is anticipated as result of this. Moreover, it is felt that such a swift resolution of this transfer is necessary to maintain continuity of service for those contracts that are still paying out grant monies.

4. **Legislative Context**

4.1 Under section 6(1) of the Regional Development Agencies Act 1998 (RDA Act), the function of regional delivery of Grants for Research and Development was delegated to each of the RDAs in April 2005. As part of the RDA transition programme, this delegation will be revoked under section 6(5) and those contracts that sit with the RDAs as a result of them exercising this function will transfer to BIS via a transfer scheme drafted under Schedule 3 of the RDA Act.

4.2 It is considered that the most suitable new host for these contract assets will be the Technology Strategy Board (TSB), not least due to the technical nature of the projects funded by these grants. Therefore once the contracts have been transferred to BIS, they are to be transferred on again to TSB. The Order will facilitate this transfer and is made under the powers provided by section 3(6) of the Science and Technology Act 1965.

4.3 This two stage transfer is necessary as the powers of the RDA Act do not allow for a straight transfer to the TSB. Furthermore, those contracts that are closed – i.e. where the grant has been paid in full and any claw-back provisions have expired – will remain in BIS for archiving.

5. Territorial Extent and Application

The Order only applies to England in that it is concerned with the transfer of those property, rights, liabilities and obligations originally held by the English RDAs for the operation of certain functions within their region.

6. European Convention on Human Rights

As the Order is not subject to Parliamentary procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 The Coalition's Programme for Government made a clear commitment to replace the RDAs and move towards a new framework for regional development and enterprise. The legislation needed to implement this commitment was introduced into Parliament in the Public Bodies Bill (which provides the necessary powers to abolish the eight RDAs outside of London) and the Localism Bill (which will abolish the London Development Agency as part of a wider devolution settlement for London).

7.2 As part of that transition, those functions that were delegated to the RDAs under section 6(1) of the RDA Act are to be revoked under section 6(5), with many of the functions and relevant assets or burdens first moving to the Secretary of State under the transfer powers provided by Schedule 3 to the RDA Act. With these particular contracts it has been decided that the most suitable new host for them is the TSB due to their primary focus on research and development in the technology and science sphere.

8. Consultation outcome

As this Order does not impose any additional burdens on businesses, there was no consultation requirement in this matter and therefore no consultation was undertaken.

9. Guidance

No guidance will be issued for this Order, however all grant recipients have been written to notifying them of the change in administration and contract responsibility for this grant scheme.

10. Impact

An Impact Assessment has not been prepared for this Order, as it imposes no regulatory obligation on the private or voluntary sectors.

11. Regulating small business

The legislation does not directly affect small businesses, however it is acknowledged that some small businesses active in the field of research and development could have received a grant under the scheme administered by the RDAs. This transfer will not impose any new obligations on those businesses.

12. Monitoring & review

The Department will monitor developments to ensure that the transition provisions have maintained a smooth flow of grant payments for those contracts that are active and that suitable monitoring is continuing for those contracts that have completed the grant payment period but which remain in conditions for potential claw-back.

13. Contact

13.1 Paul Driver at the Department for Business, Innovation and Skills tel: 0114 207 5064 or email: paul.driver@bis.gsi.gov.uk can answer any queries regarding the instrument.