



[REDACTED]

23 November 2020

[REDACTED]

Freedom of Information request: FOI2020/00308

Thank you for your Freedom of Information request received on the 21 September, which was refined on 1 October, in which you requested the following:

Your request:

I am requesting under the Freedom of Information act the following, to aid with my understanding of the current process for assessing and determining an organizations Undertakings in Difficulty status during the due diligence period of application assessment pertaining to Innovate UK led competitions.

Please can you supply the following:

- 1) The number of individual employees of Innovate UK, UKRI and its associate, who perform the Undertaking in Difficulty test - broken down by organisation where applicable.*
- 2) A detailed step-by-step description of the process decision pathway followed by the employee/representative performing the Undertaking in Difficulty test of the organisation*
- 3) The decision flow chart (or equivalent) including trigger points for UID testing, and the request parameters for further information*
- 4) The training documentation provided to IUK employees for performing UID testing*
- 5) Any email templates used in association to UID communications with applicants; including and not limited to: Notifications of further investigations; Requests for further information; Communications for successful UID outcomes.*

Our response:

I can confirm UK Research and Innovation (UKRI) hold the information relevant to your request. Please see the information below and attached.

- 1) The number of individual employees of Innovate UK, UKRI and its associate, who perform the Undertaking in Difficulty test - broken down by organisation where applicable.*

12 members of the Project Finance Team are employed by Innovate UK to perform the Undertaking in Difficulty test. Competitions run in collaboration with the Research Councils, where businesses are involved and receiving funding, also come through the Project Finance Team for review. All of Innovate UK has been informed of the Undertakings in Difficulty (UID) test and what the Project Finance Team has been instructed to carry out.

- 2) A detailed step-by-step description of the process decision pathway followed by the employee/representative performing the Undertaking in Difficulty test of the organisation*

Detailed guidance which outlines the process for conducting the UID test is provided in the attached document *“UID SOP new amendment v2 FINAL (redacted)”*. This document should also be viewed in conjunction with *“UID Process Flow chart”*, which provides an overview of the decision process.

It is worth noting that the original process instructions, which began in August 2018, included a preliminary run of the UID test before the Funder’s Panel meetings. This preliminary test has since been discontinued and the UID test is now run when the financial reviews begin post Funder’s Panel meetings, aligning the appropriate “point in time” and performing the test once only.

This change was implemented because the upfront test was performed on historic filed accounts (at Companies House) and the test post Funder’s Panel was run using up-to-date management accounts, or more recently due to the impact of the Covid pandemic, using managements accounts or year-end accounts as of 31 December 2019.

- 3) *The decision flow chart (or equivalent) including trigger points for UID testing, and the request parameters for further information*

The document *“UID Process Flow chart,”* referred to in question 2, and page 10 of the attached document *“Undertakings in Difficulty with examples of a fail”* are used as decision flow charts and also identify trigger points for UID testing. An example of a trigger point is the action to be taken when a participant passes or fails the UID test.

- 4) *The training documentation provided to IUK employees for performing UID testing*

Members of the Project Finance Team use the presentation *“Undertakings in Difficulty with examples of a fail”* and document *“Undertakings in Difficulty – Ops briefing”* as part of their training. They are also able to use *“Project Finance Reviews”* as an ongoing reference point.

The documentation above is only one element of a comprehensive month-long training process which includes continuous mentoring and checking by one of the senior level experienced members of the Project Finance Team. No decision is returned to an applicant until it has been checked by a mentor.

In addition, it is important to note that all Project Finance Team members are management accountants.

- 5) *Any email templates used in association to UID communications with applicants; including and not limited to: Notifications of further investigations; Requests for further information; Communications for successful UID outcomes.*

There are a number of templates used in association to UID communications to applicants. The templates *“Undertakings in Difficulty Letter (redacted)”* and *“UID Comms Note to Applicant”* are used to inform an applicant of initial findings from the UID test and request further information. Also attached are the documents referred to in paragraph 4 of the latter; *“Confirmation of State aid received under the Covid”* and *“UID Covid 19 Temp Framework”*.

Please note, organisations are not informed of a successful Undertakings in Difficulty outcome, only in the event of a fail.

In addition to the above, the Standard Operating Procedure (SOP) was produced by the State Aid Team and Project Finance Team, but the responsibility for performing the Undertakings in Difficulty Test lie solely with the Project Finance Team. The SOP is available for all staff members to consult.

Any updates to the SOP are made by the State Aid Team in conjunction with the Project Finance Team. They are then signed off by our Deputy Director - Operations Delivery, Business Operations and Chief Operating Officer.

Prior to 2019, the Undertakings in Difficulty Test was performed by the Portfolio Manager. The Undertakings in Difficulty Test is now performed after competitions close, to allow the Project Finance Team to contact applicants more freely for further information they may need. This also reduces workload, as they are not compelled to perform Undertakings in Difficulty Tests on applicants that are found to be ineligible.

We are exempting a small amount of third party personal data of the individuals involved in writing these documents from those marked as *(redacted)* under section 40(2) of the FOIA. Disclosing this information would contravene the first Data Protection Principle as defined under Section 86 of the Data Protection Act 2018 and Article 5 of EU General Data Protection Regulation (GDPR) 2016.

Section 40(2) is an absolute exemption and does not require a public interest test

If you have any queries regarding our response or you are unhappy with the outcome of your request and wish to seek an internal review of the decision, please contact:

Head of Information Governance


Email: foi@ukri.org or infogovernance@ukri.org

Please quote the reference number above in any future communications.

If you are still not content with the outcome of the internal review, you may apply to refer the matter to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the review procedure provided by UKRI. The Information Commissioner can be contacted at: <http://www.ico.gov.uk/>

If you wish to raise a complaint regarding the service you have received or the conduct of any UKRI staff in relation to your request, please see UKRI's complaints policy: <https://www.ukri.org/about-us/policies-and-standards/complaints-policy/>

Yours sincerely,


Information Governance
Information Rights Team
UK Research and Innovation
foi@ukri.org | dataprotection@ukri.org