

## **PROJECT**

**Using the Viable System Model (VSM) to design governance for UKRI**

## **PRACTITIONER**

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## **SITUATION AND CONTEXT**

UKRI (UK Research and Innovation) were moving from 9 to 21 Industrial Challenges in their £9 billion Industrial Strategy Challenge Fund (ISCF). Each challenge was a major programme involving multiple projects and in some cases hundreds of organisations. The problem was how to govern such a large and diverse set of initiatives whilst balancing the concerns of BEIS and HM Treasury about control of what is inevitably speculative research, with the need for autonomy and speed of decision making for challenges where speed was essential and the existing controls too restrictive.

## **SYSTEM OF INTEREST**

The project was limited to the governance of the ISCF, not the whole of UKRI, but included all levels of ISCF from individual projects through programmes to challenges and to the choices of the portfolio of challenges and across all challenge areas. The characteristics of the system were high levels of complexity with hundreds of organisations across private, public and third sectors involved in challenges and high levels uncertainty as these were intended to be leading edge research. The uncertainty or risk of these projects created a particular challenge for the Treasury and BEIS as ministries ultimately accountable for the use of public funds

## **APPROACH TAKEN**

VSM was chosen as an approach proven for designing governance to cope with complexity and uncertainty.

## **MODELS AND INSIGHTS DEVELOPED**

The ISCF was modelled using VSM as a set of decision levels and the parameters of decision making at each level were re-calibrated and the ownership of decisions was in many cases re-assigned. Some decision rights were devolved down four levels of organisation. In parallel with this, the controls necessary for effective oversight were redesigned.

## **KEY INTERVENTIONS UNDERTAKEN**

A wide range of stakeholders were engaged using information gathering interviews with UKRI staff and also critically representatives from both HM Treasury and BEIS. The governance design was co-created with an internal team supported by an external consultant.

## **RESULTS**

UKRI originally expected a conventional consultancy approach costing several hundred thousand pounds and taking around a year. Using VSM, the new governance design was developed within five days spread over 2 months and was accepted and approved

unchanged by the ISCF board, BEIS and the Treasury in a 15 minute presentation and discussion at a board meeting. It was subsequently implemented and deployed across all challenges. On review a year later, there were no reports of any challenge being slowed down by the governance process, so the speed of decisions issue had been successfully addressed.

### **AFTERTHOUGHTS & OTHER METHODS THAT MIGHT HAVE ASSISTED**

It was relatively easy for the internal team to engage with VSM to co-create the new governance design.

A striking aspect of the work was that all parties (including ministries) understood that for some challenges speed of decision making was critically important and the current controls prevented that – decisions that needed to be taken in days could easily take months, but all parties felt trapped by the existing governance structure. Once presented with a logically coherent model that balanced the need for speed with accountability, all parties found it easy to agree.