

## Circular letter

To	Heads of Research England-funded higher education institutions
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Enquiries to	Name Sacha Ayres Email <a href="mailto:Sacha.Ayres@re.ukri.org">Sacha.Ayres@re.ukri.org</a> Phone 0117 931 7385

Dear Vice-Chancellor or Principal,

### Knowledge exchange: Higher Education Innovation Fund: institutional strategies and plans

1. This letter sets out our requirement that higher education institutions (HEIs) in receipt of a Higher Education Innovation Fund (HEIF) allocation in 2018-19 submit additional information to their previously approved institutional knowledge exchange (KE) strategy in the format provided at the end of this document at Annex A, by email only, to [kepolicy@re.ukri.org](mailto:kepolicy@re.ukri.org), by **noon on Monday 30 July 2018**.
2. This additional information on the use that has been made of HEIF allocations in 2017-18, and on plans for use of HEIF for 2018-19, 2019-20 and 2020-21, is required to meet enhanced accountability requirements on new funding made available through HEIF. This letter confirms Government priorities related to additional funding for HEIF linked to the Industrial Strategy<sup>1</sup>, and provides information on initial priorities of the Office for Students.

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<sup>1</sup> <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

3. Our approval of plans by end September 2018 is a condition of grant for receipt of HEIF allocations from 2019-20 onwards.

## Institutional strategies and plans for HEIF

4. HEFCE 2016/16<sup>2</sup> set out long-term policy priorities for KE, but also noted that Government had announced plans to change the landscape of agencies, through creation of the Office for Students and Research England in UK Research and Innovation. In light of these potential changes, we asked HEIs primarily for information on their overall strategies for KE that reflect long-term institutional capabilities that are unlikely to change. These strategies related to all institutional KE activities, funded from all sources. We asked for less information than in past strategies on detailed plans for use of HEIF allocations. We approved strategies in Spring 2017 as part of 2017-18 HEIF allocations. HEFCE 2016/16 also set out a new approach to HEIF with allocations made annually.
5. HEIs were notified in HEFCE CL 25/2017<sup>3</sup> that we would need to collect additional information on use of HEIF to meet specific Government priorities, and in HEFCE CL 01/2018<sup>4</sup> that we had retimed our request for this information in line with notification of 2018-19 HEIF allocations.
6. We are now requesting additional information on use of HEIF focussed on providing further details related to Q12 of the institutional KE strategy template from 2016/16 *“How is your HEIF 2016-17 allocation being used to deliver the strategy set out in Section A, and what are your anticipated **priorities** for use of HEIF in future years?”*
7. Institutional strategies, together with the requirement for plans HEIF set out in this letter, form the basis of accountability for annual HEIF allocations.

## Priorities for use of funding

8. In providing us with plans for HEIF, HEIs should take account of policies for KE funding through HEIF set out in HEFCE 2016/16. Additionally, HEIs should take into account the following priorities:

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<sup>2</sup> <http://www.hefce.ac.uk/pubs/year/2016/201616/>

<sup>3</sup> <http://www.hefce.ac.uk/pubs/year/2017/CL.252017/>

<sup>4</sup> <http://www.hefce.ac.uk/pubs/year/2018/CL.012018/>

- a. The Government provided an additional £100 million from the science and research budget in 2016 for the Connecting Capability Fund (CCF), which supports university collaboration in research commercialisation. We allocated £15m from CCF as non-recurrent formula for 2017-18. HEIs were required to use this funding to increase university-university KE collaboration, in line with institutional strategies, including as preparation for bids for CCF competitive projects.
- b. The Government provided an additional £40 million from 2017-18 from the National Productivity Investment Fund (NPIF) to support delivery of the Industrial Strategy. For 2017-18, an additional £25 million was allocated as recurrent HEIF formula funding, and £15 million as non-recurrent formula. We announced in RE-CL-2018-01<sup>5</sup> that a further £25 million from NPIF is being allocated as recurrent formula HEIF from 2018-19. All these funds from NPIF must be used to deliver the priorities set out in the Ideas chapter to the Industrial Strategy White Paper.
- c. Initial priorities for the use of HEIF from the higher education budget were set out in HEFCE 2016/16. We ask HEIs to note the change in priorities under the Office for Students (OfS) as set out in an initial business plan for the financial year 2018-19<sup>6</sup>. HEIs should consider this when completing the template.

## Annual institutional allocations

9. HEIs were notified of their total HEIF allocations, including allocations for specific priority areas identified in this letter, for 2017-18, in Annex A to HEFCE CL 25/2017.
10. HEIs were informed of their individual institutional HEIF allocations for 2018-19, including allocations for specific priority areas, in letters to heads of institutions on 11<sup>th</sup> May. Details of these allocations are now available at <https://re.ukri.org/finance/annual-funding-allocations/2018-19-grant-tables-for-heis/>.
11. HEFCE 2016/16 set out that we apply a limit of  $\pm 10\%$  year-on-year change in allocations (subject always to meeting the lower threshold). The upper limit was changed to +30% in 2017-18 and 2018-19 because of increases in the total funds

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<sup>5</sup> <https://re.ukri.org/news-events-publications/publications/funding-for-higher-education-institutions-for-2018-19/>

<sup>6</sup> <https://www.officeforstudents.org.uk/media/1436/ofs-business-plan-2018-19.pdf>

to be allocated. However, for planning purposes, HEIs should use the normal  $\pm 10\%$  limit figure for their assumptions in determining their plans for HEIF for 2019-20 and 2020-21.

12. Dependent on Government spending review planning, our current timetable is to request new institutional strategies in 2019 to cover the five year period from 2020-21.

## Completing the template and approving plans

13. All HEIs in receipt of HEIF formula allocations for 2018-19 should complete the template at Annex A and return to us by email only, [kepolicy@hefce.ac.uk](mailto:kepolicy@hefce.ac.uk), by noon on Monday 30 July 2018.
14. The plan for HEIF should be consistent with the institutional five year KE strategy submitted in response to 2016/16 and approved by HEFCE. We do not expect strategies to need to change due to the new funding and priorities set out in this letter. However, the template at Annex A gives an option for HEIs to set out any changes to their over-arching strategy that they wish to make.
15. We will continue to ask HEIs to provide data on the previous year's HEIF expenditure (Annex A2 to 2016/16) in our annual monitoring process in Autumn each year, and hence that data is not collected in this exercise.
16. Plans for HEIF will be assessed by the Research England knowledge exchange team (in discussion with the Office for Students) and HEIs will be notified of our approval of their plans by end September 2018. We may request further information or ask for amendments to plans if funds do not appear to have been used, or will be used:
  - a. For KE activities.
  - b. Focussed on activities in line with the specific priorities identified for additional funds in this letter.
  - c. In line with the institution's approved strategy (or in line with a change to the strategy set out in the template and approved by us).
17. Our approval of plans is a condition of grant for receipt of HEIF allocations from 2019-20 onwards and hence HEIs may lose the opportunity for future HEIF allocations if their plans are unacceptable.

18. From Autumn 2018, we will monitor institutional strategies and plans for HEIF together, as part of our annual exercise based on previous HEFCE approaches.
19. We intend to publish a synthesis of plans focused on delivery of Industrial Strategy priorities in Autumn 2018.
20. We stress the importance of providing high quality information in plans for HEIF, focussed on key activities being funded from our allocations, as these will inform our evaluations of HEIF and future spending review cases.

## Further information

Any questions about this letter should be addressed to Sacha Ayres, 0117 931 7385, [Sacha.Ayres@re.ukri.org](mailto:Sacha.Ayres@re.ukri.org).

Yours sincerely

David Sweeney  
Executive Chair

## Annex A: institutional KE strategies: plan for HEIF

This template should be completed and sent, by email only, to [kepolicy@re.ukri.org](mailto:kepolicy@re.ukri.org), by **noon on Monday 30 July**.

This plan should be consistent with your institution's approved long-term KE strategy submitted in response to HEFCE 2016/16, providing further details related to Q 12 of the strategy *"How is your HEIF 2016-17 allocation being used to deliver the strategy set out in Section A, and what are your anticipated **priorities** for use of HEIF in future years?"*

Name of institution	
<b>Contact person for correspondence who is also responsible for ensuring that the head of institution has approved this strategy for submission to Research England</b>	
Name	
Position	
Address	
E-mail	
Telephone	
<b>Please note that we intend to engage with this contact person in the event of queries regarding the plan for HEIF. We will contact this person annually as part of our HEIF monitoring process.</b>	
<b>Has this plan for HEIF been approved for submission to Research England by the head of institution?</b>	
Yes/No (delete as appropriate)	

**Q1 [Note: optional] Are you proposing to make any changes to your approved institutional KE strategy in order to accommodate new priorities reflected in plans in this template?**

500 words maximum

**Q2 How are you/will you use your main and supplementary (if applicable) HEIF allocations over the remaining period of your strategy?**

*Note: main and top cap allocations may be used for all forms of KE, but should reflect overall guidance on use of HEIF in HEFCE 2016/16. Please include use of this funding for 2017-18, and planned use for 2018-19, 2019-20 and 2020-21, focussing on describing key activities funded by HEIF, and any main changes in use of HEIF over the period.*

500 words maximum

**Q3 Related to main and supplementary (if applicable) allocations above:**

**a. How are you using funds to support the teaching and student related aspects of KE**

*Note: Examples may include but are not restricted to: student/graduate and other enterprise activity (such as business mentoring); work placements; student engagement with business/industry and the community; institutional engagement with business/industry and other employers to inform curriculum development, work related learning, support for graduate outcomes and transition to work and the talent pipeline around equalities, diversity or inclusion.*

**b. Please highlight where these activities support the priorities set out in the Industrial Strategy White Paper, particularly the People chapter.**

500 words maximum

**Q4 How did you use your 2017-18 CCF formula?**

*Note: must be used to advance strategy for HE-HE collaboration in KE.*

250 words maximum

**Q5 How are you/will you use your additional NPIF allocations (expressed in the grant table as 25% of main allocation) over the period of your strategy?**

*Note: must be used to deliver priorities set out in the Industrial Strategy White Paper Ideas chapter. Please include use of this funding for 2017-18 (both recurrent and non-recurrent allocation), and planned use for 2018-19, 2019-20 and 2020-21, focussing on describing key activities funded by NPIF HEIF, and any main changes in use of these funds over the period.*

500 words maximum

**Q6 Any other comments that you wish to make on Research England or Office for Students KE policies and funding**

250 words maximum



## List of abbreviations

<b>CCF</b>	Connecting Capability Fund
<b>HE</b>	Higher education
<b>HEFCE</b>	Higher Education Funding Council for England
<b>HEI</b>	Higher education institution
<b>HEIF</b>	Higher Education Innovation Funding
<b>KE</b>	Knowledge exchange
<b>OfS</b>	Office for Students
<b>UKRI</b>	UK Research and Innovation