

Research and knowledge exchange funding for 2020-21

Recurrent grants and formula capital allocations

This document summarises our main recurrent funding and formula capital to higher education providers for 2020-21.

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Research & Knowledge Exchange funding for 2020-21

To	Heads of Research England-funded higher education providers
Of interest to those responsible for	Finance, planning.
Reference	RE-P-2020-
Publication date	17 August 2020
Enquiries to	annualfunding@re.ukri.org

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Summary

Research England (RE) is responsible for funding research and knowledge exchange at Higher Education Providers (HEPs). This document summarises our allocations to HEPs in 2020-21. Recurrent funding is provided for the academic year (August 2020 to July 2021) and formula capital for the financial year (April 2020 to March 2021).

For 2020-21, the overall grant¹ we will be distributing is £2,239 million:

- £1,776 million for research grant, comprising:
 - £1,736 million allocated by formula
 - £40 million for national facilities and initiatives
- £29 million for the Strategic Priorities Fund
- £230 million for knowledge exchange
- £204 million for capital funding
 - £188² million for formula-based research capital
 - £16 million for national facilities and initiatives

This publication sets out the formula driven elements of the above funding, amounting to £2,150 million but excludes allocations for the Strategic Priorities Fund (SPF) and the Global Challenges Research Fund (GCRF) which will be announced at a later date.

¹ Figures exclude funding for the Connecting Capability Fund, the Research England Development Fund and the UK Research Partnership and Investment Fund (UK RPIF).

² The breakdown of the capital budget has been modified since the publication of Circular Letter 'Funding for 2020-21 (RE-CL-2020-06), and current figures reflect a £4 million reduction in requirements for national facilities and initiatives. This amount has been added to the RCIF budget instead.

Due to the timing of this grant announcement, the individual HEP grant tables and related material that would normally sit alongside this publication will be issued in mid-September.

The material will include:

- A covering letter and grant tables for each HEP
- '2020-21 Recurrent research and knowledge exchange funding: technical guidance', a technical document that explains in detail how the figures in the grant tables are derived.
- Our 'Guide to research and knowledge exchange funding 2020-21' (RE-P-2020-), which explains the methods used to calculate our grant in more detail. This document will be available on the Research England website September³. This publication is of interest to anybody who wants to know about the funding distributed by Research England, but as we will not go into the detail of our funding methods, it is recommended that you consult our other documents as necessary.

³ <https://re.ukri.org>

Research and knowledge exchange funding for 2020-21

Introduction

1. This publication summarises our formula-based recurrent grant allocations for research, knowledge exchange, and research capital. Following the budgets we announced on 27 July 2020 we are now confirming the allocations for individual HEPs. Unless otherwise stated, all years in this document relate to academic years.

Research England budget for the 2020-21 academic year

2. The government's guidance to Research England confirmed the funding available to us for the 2020-21 financial year³. The letter also identified the policies and priorities that should underpin our approach to funding.
3. In the light of the guidance, we have agreed budgets for 2020-21. In doing so, we have made a modest assumption for the value of recurrent research funding for financial year 2021-22. This assumption is required due to the overlap between the 2020-21 academic year and 2021-22 financial year. Any changes to the government funding available next year could affect the funding we are able to distribute to HEPs in the 2020-21 academic year. This may mean we need to revise these allocations once recurrent research funding for 2021-22 is known.
4. The total grant we are distributing in 2020-21 is £2,239million, and this is broken down as shown in Table A.

Table A: Research England grant to be distributed in 2020-21

Funding stream	Total (£M)
Allocations made by academic year	
Recurrent funding, made up of:	
Quality-related research (QR) funding – excluding GCRF	1,629
Higher Education Innovation Funding (HEIF)	230
Total recurrent funding	1,859
National facilities and initiatives	40
Strategic Priorities Fund	29
Additional QR funding	107
Total allocations (academic year basis)	2,035

Funding stream	Total (£M)
Allocations made by financial year	
Formula-based research capital	188
National facilities and initiatives	16
Total allocations (financial year basis)	204

Note: Figures may not sum due to rounding. Figures exclude funding for the Connecting Capability Fund, the Research England Development Fund, and the UK Research Partnership and Investment Fund (UKRPIF).

5. Table B shows a breakdown of both core and additional QR funding.

Table B: 2020-21 Budgets for elements of QR grant

Elements of QR grant	Core £m	Additional £m
QR funding for research (excluding GCRF)		
Mainstream quality-related research (QR) funds including London weighting	1,095	97
QR research degree programme (RDP) supervision funds	260	
QR charity support fund	204	
QR business research element	64	10
QR funding for National Research Libraries	7	
Total research funding (excluding GCRF)	1,629	107

Note: Figures may not sum due to rounding.

The funding method for research

6. The underlying policy intent for our research funding, as set out in government guidance, is unchanged from previous years:

‘...allocations should continue to be made on the basis of academic excellence and impact wherever it is found; to provide selective support for the next generation of researchers; and to support research funding leveraged from external sources such as the charitable and business sectors’
7. Funding for research is informed by the results of the 2014 Research Excellence Framework.⁴ This demonstrated the world-leading quality of research conducted in UK higher education providers and highlighted the wide-ranging and significant benefits that UK research brings to the economy and society.
8. For 2020-21 the total funding for mainstream quality-related research (QR), including London weighting is maintained at 2019-20 levels at £1,095 million. Although we have an indicative allocation for funding for the 2020-21 GCRF, the actual allocation will be announced later as the budget is yet to be finalised.
9. In 2020-21 we have received additional funding of £107 million from the National Productivity Investment Fund (NPIF). NPIF was allocated by the UK Government as part of its Industrial Strategy. £97 million of this will be allocated in proportion to mainstream QR (including London weighting), and £10 million in proportion to QR business research funding. Table 3 in Annex A shows the distribution of additional QR by HEP. All other elements of recurrent research funding will be maintained in cash terms for 2020-21, including: £260 million for QR research degree programme (RDP) supervision funding, £204 million for QR charities support funding, and £7 million for National Research Libraries.
10. There are no changes to the funding method for research, though there has been a change to the way we count postgraduate research (PGR) students to inform the distribution of QR RDP supervision funding⁴.

Knowledge exchange funding (Higher Education Innovation Funding, HEIF)

11. Our formula-based knowledge exchange funding (through HEIF) provides incentives for and supports HEPs to work with business, public and third-sector organisations,

⁴ <http://re.ukri.org/news-opinions-events/news/change-to-the-pgr-counting-method-for-gr-rdp-supervision-funding/>

community bodies and the wider public, with a view to exchanging knowledge and thereby increasing economic and societal benefit.

12. Last year the government announced its commitment to increase knowledge exchange funding to £250 million in academic year 2020-21. The total recurrent formula allocations for knowledge exchange will total £230 million, of which £47 million has been transferred from the Office for Students (OfS)'s teaching budget. Allocations for 2020-21 are calculated using Higher Education – Business and Community Interaction (HE-BCI) survey data for 2016-17 to 2018-19, data from Innovate UK on Knowledge Transfer Partnerships (KTPs) and the HESA Finance Record.
13. HEPs must also comply with the policies, priorities and accountability arrangements for HEIF, as set out in RE-P-2020-3⁵.
14. The upper cap on main allocations will be increased from £3.895 million to £4.285 million and the maximum year-on-year increase will be increased from +10 per cent to +15 per cent. All other formula parameters remain the same as in 2019-20.
15. As in previous years, a supplement is provided to HEPs whose main allocation is capped at the maximum, to enable their knowledge exchange strategies to be enhanced where there is evidence that the cap on funding is a constraint on their support of economic growth.

Recurrent funding outcomes for HEPs

16. As a result of the changes described above, most HEPs will receive different amounts of grant in 2020-21 from what they received in 2019-20. HEPs may also see differences because of changes, relative to the sector as a whole, to their:
 - a. Postgraduate research student numbers and research income data. Such changes affect HEPs' share of the QR RDP supervision funds, the QR charity support fund and the QR business research element.
 - b. HE-BCI survey data, Higher Education Statistics Agency (HESA) Finance record data and Knowledge Transfer Partnerships (KTP) data. Such changes affect HEPs' share of knowledge exchange funding.

⁵ <https://re.ukri.org/sector-guidance/publications/heif-policies-and-priorities/>

Capital grants

17. The capital funding made available to us by Government for the financial year 2020-21 totals £204 million⁶. The total that we are distributing comprises:
- £188 million for formula-based research capital.
 - £16 million for national facilities and initiatives.
18. Table 2 of Annex A shows the distribution between providers of £188 million of formula-based research capital allocations, comprising:
- a. 'HEI Research Capital England', totalling £101 million, which will be allocated in proportion to 2018-19 and 2019-20 recurrent QR funding and research income in proportion to research income in 2017-18 and 2018-19 from other selected (non-Research Council) sources.
 - b. 'Higher Education Research Capital (HERC) England', totalling £87 million, which will continue to be allocated in proportion to research income from Research Councils, reflecting finance data for the most recent three years.

We are not providing allocations in 2020-21 to HEPs whose share of the funds would be less than £10,000.

Funding for national facilities and initiatives

19. We aim to provide as much of our funding for research and knowledge exchange as possible through recurrent grant allocations to HEPs. Further allocations, in the form of funding for national facilities and initiatives, are provided for specific purposes and to promote change that cannot easily be achieved through other routes. We are allocating £40 million from our recurrent research and knowledge exchange grant and £16 million from formula-based capital funding for these purposes. The distribution of this funding is not shown in this publication⁵.
20. Our research funding supports infrastructure on which research and scholarship depends. This includes support for university museums, galleries and collections. We currently provide over £10 million per year to 33 higher education museums, galleries and collections across 19 HEPs. Our funding helps museums, galleries and collections to serve the wider research community, where this costs them significantly more than meeting the needs of their own researchers and students. Table 4 of Annex A shows the allocations for HEPs, where relevant.

⁶ For more information, see ['Guide to Research and Knowledge Exchange Funding 2019-20'](#), page 24

2020-21 Terms and conditions of funding

21. The terms and conditions of funding set out the formal relationship between UK Research and Innovation (UKRI) and the HEPs that it funds in relation to funds administered through Research England. The final terms and conditions applicable to funding provided to HEPs for the 2020-21 academic year were published on our website July 2020⁷. The terms and conditions include those related to provision of data and compliance with governance and data assurance requirements. HEPs should read the terms and conditions in conjunction with this publication.
22. Research England's funding powers under the Higher Education and Research Act 2017 are linked to the definition of eligible HEPs as set by the Office for Students (OfS) and prescribed in detail by the OfS's regulatory framework, effective from 1 August 2019.

Use of formula-based research capital allocations

23. Capital funding is provided on a financial year basis and must be used for the purpose intended. Research England is not permitted to make payments to HEPs in advance of need and thus require capital grants to be spent in full by March 2021. Research England funding should not be used for advance payments to contractors, or other financing arrangements (such as bonds) where payments precede production of goods or delivery of services.
24. Allocations of capital funding announced in this document are provided to sustain and strengthen the facilities and infrastructure that underpin research and enhance the research environment at HEPs. The funds may:
 - Contribute to the long-term financial sustainability of a HEP's research and the supporting physical infrastructure
 - Contribute to replacement of premises or infrastructure, improved space utilisation, and increased sharing and utilisation of research equipment
 - Promote collaborative partnerships between HEPs, industry, charities, Government and NHS Trusts
 - Promote world-leading research capability in all disciplines with the capacity to respond to developing national priorities.
25. Capital funding must be used for the purposes intended, though we recognise that it may be neither feasible nor desirable to create ring-fenced boundaries between research and teaching facilities. We look to HEPs to adopt a pragmatic approach, whereby capital projects primarily focus on research activities.

26. In deciding how these funds are spent we expect HEPs to take account of the need to reduce carbon emissions as well as securing value for money.
27. HEPs will be required to report in 2020 on their use of capital funding allocated during financial years 2018-19 and 2019-20 and these returns may be subject to audit. Further details will be published nearer the time. If we are not satisfied that HEPs have used the funds for the purposes described in paragraphs 22 to 25, we may seek to reclaim some or all of the funding provided.

Further information

28. HEPs requiring further information should contact annualfunding@re.ukri.org.

⁷ <https://re.ukri.org/documents/2019/terms-and-conditions-of-research-england-grant-final-pdf/>

Annex A: HEP allocations

This is available to download as an Excel file alongside this document at <https://re.ukri.org/>

This consists of four tables:

1. Table 1: Recurrent research and knowledge exchange grants for academic year 2020-21
2. Table 2: Formula-based research capital allocations for financial year 2020-21
3. Table 3: Additional QR allocations for academic year 2020-21
4. Table 4: Museums, Galleries and Collections Fund