

9 May 2018

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Dear [Name]

Research and knowledge exchange funding 2018-19

1. I am writing to provide details of your institution's recurrent grants and formula capital allocations for 2018-19. Please note that all information in this letter and associated documents is subject to embargo until 0001 on Tuesday 15 May 2018.
2. This letter explains in broad terms the main changes to Research England funding in 2018-19, compared to HEFCE recurrent grant for research and knowledge exchange in 2017-18. It is part of a suite of documents which set out information relating to your institution and to the sector more widely. A full list of all documents to be released as part of this grant announcement is described in **Annex A**. We do not require a reply to this letter.

Introduction

3. The guidance letter to Research England (Annex B of the allocations letter to UK Research and Innovation (UKRI)) of 31 March 2018 from the Department for Business, Energy and Industrial Strategy (BEIS)¹ confirmed the funding available for the 2018-19 financial year (April to March) and provided indicative funding for

¹ See <https://re.ukri.org/finance/guidance-from-beis-to-research-england-for-financial-year-2018-19/>

the 2019-20 financial year. The letter also identified the policies and priorities that should underpin our approach to funding.

4. In the light of that guidance letter, and with endorsement of the Research England Council, we have set the 2018-19 budgets for research and knowledge exchange. This assumes the indicative funding available for the 2019-20 financial year will be confirmed. As usual, any future changes to the grant made available by Government could affect the funding we are able to distribute to institutions in the 2018-19 academic year, and this may include revising allocations after they have already been announced.
5. 'Funding for higher education institutions for 2018-19' (Research England Circular letter RE-CL-2018-01)² set out developments to our funding methods and budgets for 2018-19. This confirmed that:
 - a. We will be maintaining the budget for mainstream quality-related research (QR) together with its London weighting element, and excluding the Global Challenges Research Fund (GCRF), in cash terms in 2018-19 at a total of £1,050 million.
 - b. We will be providing a separate additional allocation later this year from the GCRF for investment in cutting-edge research that addresses the challenges of economic development and wellbeing faced by developing countries (as listed on the Organisation for Economic Co-operation and Development's Development Assistance Committee's list of eligible countries). For 2018-19 the budget is £58 million, and funding is subject to the approval of individual HEI-level strategies (for which the deadline for submission was 26 March 2018).
 - c. We will be increasing the budget for QR research degree programme (RDP) supervision funding by £20 million, to a total of £260 million.
 - d. We will be increasing the budget for QR charities research by £6 million, to a total of £204 million.

² See <https://re.ukri.org/news-events-publications/publications/funding-for-higher-education-institutions-for-2018-19/>

- e. We will be maintaining the budgets for other separate streams within recurrent research funding. These are:
 - i. £64 million for QR business research
 - ii. £7 million for national research libraries.
- f. We will be reducing the overall budget for formula-based research capital by £6 million, to a total of £183 million. This comprises:
 - i. £96 million for 'Research Capital England'
 - ii. £87 million for HEI Research Capital.
- g. We will be increasing the overall budget for knowledge exchange, allocated through the Higher Education Innovation Fund (HEIF), by £25 million to a total of £210 million. The overall total includes £47 million which is provided from the Office for Students' teaching grant. We have also made the following changes to the method:
 - i. We have increased the top cap to main allocations from £3.325 million to £3.895 million
 - ii. We have continued to relax the annual modifier from +10 percent maximum year-on-year increase, to +30 per cent.

2018-19 Recurrent grant changes for institutions

- 6. Most institutions have grant changes as a result of the developments described above. In addition, institutions may also see changes because of:
 - a. Changes, relative to the sector as a whole, to institutions' postgraduate research student numbers and research income data. Such changes affect institutions' share of the QR allocations for RDP supervision funding and the charities and business elements.
 - b. Changes, relative to the sector as a whole, to institutions' HE-BCI survey, HESA Finance record and Knowledge Transfer Partnerships data, which affects their share of knowledge exchange funding.

7. We are looking to provide as much help as we can for institutions in understanding their funding outcomes and on the main factors that have led to funding changes. Institutions should address any questions on this to annualfunding@re.ukri.org.

Terms and conditions of funding from 1 April 2018 to 31 July 2019

8. On 11 April 2018, we issued the terms and conditions of Research England grant (RE-P-2018-02)³. This sets out the formal relationship, in the form of terms and conditions made under section 65 of the Further and Higher Education Act 1992, between UKRI and the HEIs that it funds, and their governing bodies and accountable officers, in relation to UKRI funds administered through Research England.
9. These terms and conditions should be read in conjunction with the terms and conditions of Office for Students (OfS) grant and funding agreement between the OfS and the institutions it funds⁴. Together, these documents supersede the 'Memorandum of assurance and accountability between HEFCE and institutions' (HEFCE 2017/08).

Further information and requests for changes

10. We do not intend to issue updated grant tables for 2018-19 later in the year for all institutions as HEFCE has done in previous years.
11. While we do not require a reply to this letter, there may be circumstances in which institutions wish to request changes to allocations. We only expect to accept data amendments to correct errors that are widespread, substantial and have a material impact on Research England's use of the data. Institutions that wish to request amendments should consult the technical guidance and note that the deadline for submitting a request for changes that might affect 2018-19 funding allocations is **31 May 2018**. (Further information is provided in the technical guidance.)

³ See <https://re.ukri.org/news-events-publications/publications/terms-and-conditions-of-research-england-grant/>

⁴ Available at <https://www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england/regulatory-notice-and-advice/>



12. If you would like informal advice about the effects of any data changes or have any questions about your allocations, please contact annualfunding@re.ukri.org.

Yours sincerely

David Sweeney
Executive Chair, Research England

Annex A

Documents and tables accompanying this grant announcement

1. Your institution has at least one nominated portal User Administrator who will be able to give staff at your institution access to these documents. If you have queries on this, please email portal@officeforstudents.org.uk.

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2. The following will be released alongside this letter, in the section '2018-19 Grant tables (Research England)' on the Office for Students' portal (<https://extranet.officeforstudents.org.uk/data>) on **9 May 2018 under embargo until 0001 on 15 May 2018**:

Detailed information relating to allocations for 2018-19

- a. 2018-19 recurrent research and knowledge exchange grant tables for your institution. This shows the funding allocated for 2018-19 under different funding streams and a breakdown of the data used to calculate the funding.
- b. A technical guidance document, which explains in detail how the figures in the grant tables have been derived. The guidance is aimed primarily at finance and planning officers. We would encourage them to read it carefully, as it should help with institutional planning. The guidance also specifies certain conditions of grant which were included in your institution's terms and conditions of grant in April 2018.
- c. 2018-19 recurrent research and knowledge exchange grant tables for the sector as a whole.

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3. Released on the Research England website on 15 May (following the embargo period) will be:

Publications

- a. 'Guide to research and knowledge exchange funding 2018-19', RE-P-2018-03. This guide provides an overview of our recurrent research and knowledge exchange funding methods.
- b. 'Research and knowledge exchange funding for 2018-19', RE-P-2018-04. This provides a summary report on the allocations, including totals for each institution.

Funding summary

4. In addition, we are releasing a funding summary with supporting documents, to show how we have used HESA data to support our QR RDP supervision funding allocations. We will be writing separately to heads of institutions on how to access this information.