



# Research and knowledge exchange funding for 2018-19

## Recurrent grants and formula capital allocations

This document summarises our main recurrent funding and formula capital to higher education institutions for 2018-19.

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# Title of publication

<b>To</b>	Heads of Research England-funded higher education institutions
<b>Of interest to those responsible for</b>	Finance, planning.
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# Summary

Research England is responsible for funding research and knowledge exchange in English universities. This document summarises our allocations to institutions in 2018-19.

Recurrent funding is provided for the academic year (August 2018 to July 2019) and formula capital for the financial year (April 2018 to March 2019).

For 2018-19, the overall grant we are distributing is £2,078 million:

- £1,665 million for recurrent research grant
- £210 million for knowledge exchange
- £203 million for capital funding

This publication sits alongside three others:

- A covering letter and grant tables for each institution
- '2018-19 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 2018-19' (RE-P-2018-03), which explains the methods used to calculate our grant in more detail.

These documents are available on the Research England website<sup>1</sup>.

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.

Institutions received details of their individual grant allocations on 9 May 2018.

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<sup>1</sup> See <https://re.ukri.org/>

# Research and knowledge exchange funding for 2018-19

## Introduction

1. This publication summarises our recurrent grants for research and knowledge exchange and for formula capital allocations for research. Following the budgets we announced on 12 April 2018, we have agreed the allocations to institutions, which are outlined in this document. Unless otherwise stated, all years in this document relate to academic years.

## Research England budget for the 2018-19 academic year

2. The government's guidance to Research England confirmed the funding available to us for the 2018-19 financial year<sup>2</sup> and provided indicative funding for the 2019-20 financial year. 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 2018-19. As the 2018-19 academic year crosses over into the 2019-20 financial year, any changes to the government funding available next year could affect the funding we are able to distribute to institutions in the 2018-19 academic year. This may mean we need to revise these allocations later.
4. The total grant we are distributing in 2018-19 is £2,078 million, and this is broken down as shown in Table A<sup>3</sup>.

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<sup>2</sup> See <https://re.ukri.org/finance/guidance-from-beis-to-research-england-for-financial-year-2018-19/>

<sup>3</sup> See 'Guide to research and knowledge exchange funding 2018-19' (RE-P-2018-03) for further explanation of the methods used to calculate individual allocations.

**Table A: Research England grant to be distributed in 2018-19**

Funding stream	Total (£M)
<b>Allocations made by academic year</b>	
Institutional recurrent funding, made up of:	
Quality-related research (QR) funding – excluding GCRF	1,584
QR – Global Challenges Research Fund (GCRF)	58
Higher Education Innovation Funding (HEIF) <sup>4</sup>	210
<b>Total institutional recurrent funding</b>	<b>1,852</b>
National facilities and initiatives	23
<b>Total allocations (academic year basis)</b>	<b>1,875</b>
<b>Allocations made by financial year</b>	
Formula-based research capital	183
National facilities and initiatives	20
<b>Total allocations (financial year basis)</b>	<b>203</b>

Note - figures may not sum due to rounding.

5. Table B shows how the above recurrent funding total is split between different elements of grant.

**Table B: 2018-19 Budgets for elements of recurrent grant**

Elements of grant	Total (£M)
<b>Recurrent funding for research (excluding GCRF)</b>	
Mainstream quality-related research (QR) funds including London weighting	1,050
QR research degree programme (RDP) supervision funds	260
QR charity support fund	204
QR business research element	64
QR funding for National Research Libraries	7
<b>Total recurrent research (excluding GCRF)</b>	<b>1,584</b>
QR Global Challenges Research Fund	58
Knowledge exchange (Higher Education Innovation Funding)	210
<b>Total recurrent grant</b>	<b>1,852</b>

Note - figures may not sum due to rounding.

<sup>4</sup> Includes National Productivity Investment Fund (NPIF) formula uplift

6. Table 1 in Annex A summarises the recurrent funding for each institution, and is available to download alongside this document as a separate file. It does not include QR Global Challenges Research Fund allocations, as these will be announced later in the year, following consideration of institutions' strategies for the use of this funding.

## The funding method for research

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

‘to continue competitive allocations through the selective funding of world-leading and internationally excellent research with 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.’
8. Research funding methods are unchanged from 2017-18. Funding for research is informed by the results of the 2014 Research Excellence Framework.<sup>5</sup> This demonstrated the world-leading quality of research conducted in UK higher education institutions and highlighted the wide-ranging and significant benefits that UK research brings to the economy and society.
9. For 2018-19, we are maintaining in cash terms the total funding for mainstream quality-related research (QR), including London weighting but excluding GCRF. The QR business research element and the funding for national research libraries are also being maintained in cash terms.
10. The total allocation of QR research degree programme (RDP) supervision funds will be increased by £20 million to £260 million. The charity support fund will increase by £6 million to £204 million. Funding for GCRF (now identified separately) will increase by £10 million to £58 million.

## Knowledge exchange funding – Higher Education Innovation Funding (HEIF)

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

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<sup>5</sup> See [www.ref.ac.uk/pubs/201401/](http://www.ref.ac.uk/pubs/201401/).

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

12. Knowledge exchange totals £210 million, of which £163 million is taken from ring-fenced science and research funding, and £47 million transferred from the Office for Students (OfS)'s teaching budget. This total is divided into a main allocation of £200 million and a supplement of £10 million. Allocations for 2018-19 are calculated using Higher Education – Business and Community Interaction (HE-BCI) survey data for 2014-15 to 2016-17, but also reflect decisions on the acceptability of institutions' five-year knowledge exchange strategies.
13. We are making changes to the way we allocate knowledge exchange funding in 2018-19<sup>6</sup>. In particular:
  - a. We are increasing the Industrial Strategy uplift by £25 million to £50 million. As such, the total for our main HEIF allocation has increased to £200 million.
  - b. We are increasing the maximum allocation cap for main HEIF funds from £3.325 million to £3.895 million.
  - c. Year-on-year changes to allocations for institutions are subject to a maximum decrease of 10 per cent or maximum increase of 30 per cent, subject to institutions being above the minimum threshold (£250,000), and below the maximum allocation (£3.895 million).
14. A supplement is provided to HEIs 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. The supplement is subject to a minimum allocation of £200,000 and a maximum allocation of £500,000.

## Recurrent funding outcomes for institutions

15. As a result of the changes described above, most institutions will receive different amounts of grant in 2018-19 from what they received in 2017-18. Institutions may also see differences because of changes, relative to the sector as a whole, to their:

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<sup>6</sup> See 'Funding for 2018-19' (RE-CL-2018-01), available from <https://re.ukri.org/news-events-publications/publications/funding-for-higher-education-institutions-for-2018-19/>

- a. Postgraduate research student numbers and research income data. Such changes affect institutions' share of the RDP supervision funds, the charity support fund and the business research element.
- b. HE-BCI survey data, Higher Education Statistics Agency (HESA) Finance record data and Knowledge Transfer Partnerships data. Such changes affect institutions' share of knowledge exchange funding.

## Capital grants

16. The capital funding made available to us by Government for the financial year 2018-19 totals £203 million<sup>7</sup>. The total that we are distributing comprises:
  - £183 million for formula-based research capital.
  - £20 million for national facilities and initiatives.
17. Table 2 of Annex A shows the distribution between institutions of £183 million of formula-based research capital allocations, comprising:
  - a. 'HEI Research Capital England', totalling £96 million, will be allocated in proportion to recurrent QR funding for 2016-17 and 2017-18 and research income from other (non-Research Council) sources for 2015-16 and 2016-17.
  - b. 'Higher Education Research Capital (HERC) England', totalling £87 million, 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 2018-19 to institutions whose share of the funds would be less than £10,000.

## Funding for national facilities and initiatives

18. We aim to provide as much as possible of our funding for research and knowledge exchange through recurrent grant allocations to institutions. 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 £23 million from our recurrent grant and £20 million from capital funding for these purposes. The distribution of this funding is not shown in this publication.

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<sup>7</sup> This total excludes funding allocated through the UK Research Partnership Investment Fund, where awards are made through a competitive bidding process.



## 2018-19 terms and conditions of funding

19. The conditions of grant that apply to our funding for HEIs are given in 'Terms and conditions of Research England grant' (RE-P-2018-02)<sup>8</sup> which was published on 11 April 2018. The terms and conditions include those related to provision of data, subscription to other bodies (such as the Quality Assurance Agency) and compliance with governance and data assurance requirements. Institutions should read the terms and conditions in conjunction with this publication.
20. Research England's funding powers under the Higher Education and Research Act 2017 are linked to the definition of eligible higher education providers as set by the Office for Students (OfS) and prescribed in detail by the OfS's regulatory framework. The regulatory framework is not effective until 1 August 2019. For the transitional period between 1 April 2018 and 31 July 2019, Research England and OfS will operate under the legal provisions of the Further and Higher Education Act 1992, which established HEFCE. During this transitional period, our grants to institutions are conditional on the funds being used for the eligible activities set out in Section 65(2) of the Further and Higher Education Act 1992.

## Use of formula-based research capital allocations

21. 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 institutions in advance of need and thus require capital grants to be spent in full by March 2019. 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.
22. Allocations of capital funding announced in this document are provided to sustain and develop the facilities and infrastructure that underpin research and enhance the research environment at institutions. The funds may:
  - Contribute to the long-term financial sustainability of an HEI'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 HEIs, industry, charities, Government and NHS Trusts

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<sup>8</sup> See <https://re.ukri.org/news-events-publications/publications/terms-and-conditions-of-research-england-grant/>

- Promote world-leading research capability in all disciplines with the capacity to respond to developing national priorities.
23. 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 institutions to adopt a pragmatic approach, whereby capital projects primarily focus on research activities.
  24. In deciding how these funds are spent we expect institutions to take account of the need to reduce carbon emissions as well as securing value for money.
  25. Institutions will be required to report in 2020 on their use of capital funding allocated during financial year 2018-19 and these returns may be subject to audit. Further details will be published nearer the time. If we are not satisfied that institutions have used the funds for the purposes described in paragraphs 21 to 25, we may seek to reclaim some or all of the funding provided.

## Further information

26. Institutions requiring further information should contact [annualfunding@re.ukri.org](mailto:annualfunding@re.ukri.org).

## Annex A: Institutional allocations

This is available to download as an Excel file alongside this document at <https://re.ukri.org/news-events-publications/publications/recurrent-grants-for-academic-year-2018-19>.

This consists of two tables:

1. Table 1: Recurrent grants for academic year 2018-19
2. Table 2: Formula-based research capital allocations for financial year 2018-19