About this booklet

Research England provides funding to English higher education institutions for research and knowledge exchange. This booklet gives an introduction to our funding methods, covering:

- how we calculate the amount that each institution receives
- the components of an institution’s annual grant
- the different types of funding that we allocate.

Detailed information about the full technical definitions and specifications used in our allocation and monitoring processes, plus the conditions of funding and requirements that institutions must meet to receive funding from us, can be found on our website re.ukri.org

Our website also lists the amounts of funding allocated each year – both the total, and a breakdown by institution.

There is more information about our mission, the activities that our funding supports and the impact of that investment, on our website re.ukri.org and in the booklet Research England: Who we are and what we do (download a PDF version from our website or email communications@re.ukri.org for a hard copy).

Clarification: higher education institution
A university or college of higher education.
Our mission

Our mission is to create and sustain the conditions for a healthy and dynamic research and knowledge exchange system in English higher education institutions.

We do this through providing performance-based, institution-focused funding to:

• deliver excellent research and high-performance knowledge exchange
• unlock potential
• generate economic and social impact
• meet local and regional priorities and tackle national and global challenges.

This includes a strong focus on high-value, strategic and agile funding streams such as quality-related research funding underpinned by the Research Excellence Framework (REF) and support for knowledge exchange via the Higher Education Innovation Fund (HEIF).

We want to make the best use of taxpayers’ money – prioritising funding where we can get the best value and ensuring that we deliver the Government’s policy aims. We also make sure that institutions are accountable for the money they get, but without creating an excessive burden on them.

Research England is part of UK Research and Innovation (UKRI), along with the seven discipline-focused research councils and Innovate UK, which funds innovation by businesses. There is more information about UKRI and its component parts at www.ukri.org

Clarification: knowledge exchange
This term covers a broad range of interactions between higher education institutions and the economy and society, in which universities put their considerable knowledge, expertise and assets to use through engaging with businesses, public services, the third sector and communities. Examples include: setting up businesses to develop new technologies grounded in university research; enabling small businesses to use specialist equipment and other facilities; delivery of professional training, consultancy and services; supporting graduates to set up their own business; and contributing to social innovation.

Clarification: Research Excellence Framework (REF)
The REF is the system for assessing the quality of research in higher education institutions in the UK. A periodic, peer-review exercise, it provides a profile of research quality in institutions and the numbers of research-active staff they have submitted for assessment across 36 subject areas. For each submission by an institution to a subject area, quality is assessed for three separate elements covering research outputs, impact and environment, which are combined into an overall quality profile for the submission. For more details see www.ref.ac.uk/2014
Our funding powers and responsibilities

The funding framework that gives us our powers and responsibilities was created by the 2017 Higher Education and Research Act.

In broad terms, we can fund research and knowledge exchange activities of higher education institutions. We can also fund other organisations that carry out services in relation to research or knowledge exchange in eligible higher education institutions.

We provide and administer funding for English universities, using formulaic and non-formulaic methods to divide money between institutions.

The majority of our funds are allocated using formulae that take into account certain factors for each institution. This includes the number of eligible academic staff, the amount and quality of research undertaken and the amount of research and knowledge exchange income received.

We have funding responsibility for a wide range of activities, but the limitations of our budget mean that we fund only a subset of what is potentially fundable. For example, we prioritise research funding towards activity that meets a high quality threshold.

Although we distribute funding, it is the Government that sets public expenditure for higher education as it does across all its departments, by carrying out periodic spending reviews that set expenditure levels for certain years. We provide confidential advice to Government about the financial needs of higher education, to inform its decision-making.
How we fit into the research funding system

In England, public research funds are provided to higher education institutions under a balanced funding system known as ‘dual support’ because funding is provided via two routes for two distinct purposes:

a. **Research England** provides funding to ensure that the research base has the capacity to undertake high-quality innovative research, and to contribute to supporting the research infrastructure. Most of our funding is not allocated to any specific activity – it may contribute towards the costs of salaries for permanent academic staff, premises, libraries or central computing, among other things. It supports fundamental and ‘blue skies’ research conducted by institutions, and contributes to the cost of training new researchers. This research is the foundation of strategic and applied work, much of which is later supported by research councils, charities, industry and commerce. There are equivalent funding bodies in each of the UK’s devolved nations.

b. Seven discipline-specific research councils provide funding to support specific programmes and projects, and some research students. The research councils operate across the UK.

Other public bodies also distribute government funding to support various other aspects of higher education research and knowledge exchange:

- **Medical and dental research.** While government funding for medical and dental research in university medical schools is distributed through Research England, the National Health Service supports the clinical facilities needed to carry out research in hospitals and other parts of the health service.
- **Loans for tuition fees.** Publicly funded loans to students, including loans available to research masters students and research doctoral students, are administered by the Student Loans Company (SLC), which is government-funded and non-profit-making.

- **Knowledge exchange and innovation.** Public funding for this comes from a variety of sources:
  - The research councils support a range of schemes for knowledge exchange to increase the impact of their funded research.
  - Innovate UK funds innovation by businesses, and some higher education institutions through partnership schemes such as Knowledge Transfer Partnerships.
  - Universities play a significant role in **local growth partnerships** and can receive funding through them to support knowledge exchange and skills activities.

Universities also receive other income from many sources. For example, funding from the beneficiaries of knowledge exchange in the economy and society provides a significant source of support to many institutions.

*Sources of public funding for research and knowledge exchange in English universities.*
Each year the Government provides guidance to us to confirm our funding available for the following financial year (April to March), and provides an indication of the likely funding available for future years in the spending review period. This guidance also provides an outline of the Government’s policy priorities for our funding.

Having been informed of the total available, we then determine the grants to individual institutions for research and knowledge exchange, which we generally allocate on an academic year basis. Each year we divide the total funds between research, knowledge exchange, and other funding, taking account of the guidance from Government.

We provide the following types of funding:

**Recurrent funding**
This is grant allocated annually by formula to higher education institutions for research and knowledge exchange.

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**Funding on an academic year cycle: how it works.**

* Percentage varies each year; figures shown here are for illustration only.
It is called ‘recurrent funding’ because it re-occurs, at relatively stable levels, from year to year.

It is by far the majority of what we distribute.

It comprises two elements with different purposes:

- **For research**, our funding method is designed to target funds where research quality is highest.

- **Knowledge exchange funding** aims to achieve maximum impact on the economy and society by supporting and rewarding institutions with significant knowledge exchange performance and partnerships.

## Non-recurrent funding

The remainder of our funding is referred to as ‘non-recurrent’ because these grants are announced as they are allocated, which may be at any time of the year.

They include funds designed to provide incentives for institutions which support projects that help us deliver our strategic aims and Government priorities for research and knowledge exchange in the higher education sector.

Non-recurrent funding comprises:

- **Funding for national facilities and initiatives.** This annual grant supports the development of the national infrastructure.

### Recurrent funding

| Quality-related research funding (see p12) | Higher Education Innovation Fund (see p20) |

### Non-recurrent funding

| Formula research capital funding (see p24) |
| Dedicated project funding (see p25 & p26) |
| Funding for national projects and initiatives (see p24) |

*Types of Research England funding.*
- **Formula capital funding.** This helps universities invest in their physical infrastructure and is allocated by formula.

- **Dedicated project funding.** This is for specific activities and includes the UK Research Partnership Investment Fund, the Connecting Capability Fund, the Expanding Excellence in England (E3) Fund, the International Investment Initiative (I3) Fund and the Research England Development (RED) Fund. This funding is allocated either competitively or selectively, based on specific criteria for each fund.

Research England also distributes a portion of UKRI’s Strategic Priorities Fund; for information see [www.ukri.org/research/themes-and-programmes](http://www.ukri.org/research/themes-and-programmes).

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**The balance between types of funding**

The yearly allocations of recurrent funding support ongoing core activities rather than shorter-term projects. Meanwhile, other funding streams are used to secure change or support activities that cannot be addressed through our recurrent research funding or the teaching funding that institutions receive from other sources.

We aim to provide an effective balance between recurrent and other funding, so we continually review the balance to ensure that it is justified.
How we allocate funding
Recurrent funding for research

What is recurrent research funding for?
Generally, institutions may spend their recurrent research funding largely as they choose; they are not expected to mirror our calculations in their own internal spending. (The exception is the Global Challenge Research Fund and there is more information about this below).

This allows them to target spending towards their own priorities, so long as these relate to the activities that we are empowered to fund: research, knowledge exchange and related activities. It enables institutions to be autonomous and does not impose a burden of accounting in detail for expenditure.

We are committed to promoting excellent research so we target funding where research quality is highest. We therefore allocate grant based on the quality, volume and relative cost of research in different subject areas.

Quality is measured in a periodic exercise known as the Research Excellence Framework (REF) which we administer on behalf of all four devolved higher education funding bodies (see www.ref.ac.uk for more information).

Because of its focus on quality, our recurrent research funding is known as quality-related research (QR) funding.

Types of QR
There are six elements of QR allocation:

a. **Mainstream QR.** This is based on the quality, volume and relative cost of research in different areas, with weighting for institutions in London. It accounts for about two-thirds of the total QR funding we allocate.

b. **QR research degree programme (RDP) supervision fund.** This allocation reflects postgraduate research student numbers in departments that attract mainstream QR funding, the relative costs of the subjects they are studying, quality and London weighting.

c. **QR charity support fund.** Many charities support research in higher education, particularly in medical disciplines, but they are not always able to meet the full economic costs of research. We therefore provide additional funding to higher education institutions in proportion to the London-weighted income they receive from charities for research.

d. **QR business research element.** We also provide funding to support higher education institutions undertaking research with business and industry. This is allocated in proportion to the income they receive from business for research.

e. **QR funding for National Research Libraries.** This is additional support for five research libraries which have
been designated as being of national importance.

f. **The Global Challenge Research Fund.**
This must be used to address 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).

**How we allocate QR funding**
Each institution receives a proportion of funding based on a number of different measures such as staff or income received by the institution. This ensures we are fair, transparent and efficient in how we distribute grants to institutions.

We have a fixed budget provided to us by Government, which does not change just because we choose one measure of activity rather than another. Our concern is to ensure that institutions receive an appropriate, fair share of that fixed budget, in a way that supports accountability but avoids an excessive burden or unwelcome effects.

We therefore choose our measures to reflect factors that are important in higher education, and to take into account the following considerations:

- the extent to which a particular factor can be measured and audited reliably
- the accountability burden on institutions in providing the data
- the extent to which a particular measure will influence the distribution of funding
- the messages and incentives that any particular measure may give to institutions and the behaviours (desirable or undesirable) it might therefore encourage.

These measures do not, though, define what we fund or what our funding should be used for. For example, where a measure relates to activities of specific academic departments the funding may be used to support the research activity of institutions more generally, not just the activity within those specific academic departments.

**Mainstream QR funding**
Mainstream QR funding is first separated into three ‘pots’ according to the contribution that the three elements of research assessed in the REF make to overall quality profiles (more details below).

These pots are then further divided by subject, and finally distributed to institutions. The distribution between subjects and institutions are informed by:

- the volume of research based on numbers of submitted research-active staff
- the quality of research as measured in the REF
- subject cost weights reflecting, for example, that laboratory-based research is more expensive than library-based research
- London weighting to reflect the higher costs incurred by institutions in London.
The volume measure

The volume measure in our research funding method is the number of research-active staff employed by the higher education institution and submitted to the REF (counted in full-time equivalent (FTE) terms), multiplied by the proportion of research that meets a quality threshold in the REF. This threshold is explained below.

The quality ratings and staff volume were determined from the 2014 REF. The volume measure for research determines what we count for funding purposes.

Quality profiles

The 2014 REF reviewed research in all disciplines, divided into 36 subject areas, known as units of assessment (UOAs). A two-tier panel structure was used to determine the profile of research quality in each submission. Each UOA was assessed in one of 36 sub-panels, with four main panels (A to D) co-ordinating and advising on the work of the sub-panels in related disciplines. It was for higher education institutions to decide which (if any) academic staff to submit for assessment in these UOAs.

For each submission made, the panels determined a quality profile, identifying what proportion of the research met certain quality thresholds. This profile was on a five-point scale:

- **four-star (4*)** – quality that is world-leading
- **three-star (3*)** – quality that is internationally excellent
- **two-star (2*)** – quality that is recognised internationally
- **one-star (1*)** – quality that is recognised nationally
- **unclassified** – quality that falls below the standard of nationally recognised work.

Each overall quality profile is composed from sub-profiles reflecting the three elements assessed in each submission. Each element is given a different weighting towards the overall profile. These elements are:

- the quality of research **outputs** – predominantly publications (65 per cent)
- the social, economic and cultural **impact** of research (20 per cent)
- the research **environment** – the resources and infrastructure that support research (15 per cent).

The weighting of ‘impact’ will go up to 25 per cent in the next REF (REF 2021) to balance the focus on impact with the production of excellent research; the weighting of ‘outputs’ will be reduced to 60 per cent.

Periodically, we review information about the relative costs of different types of activity. These reviews are informed by data provided by higher education institutions on their expenditure in academic departments.
Example institutional quality profile from REF 2014 for UOA3.

<table>
<thead>
<tr>
<th>UOA3 – Allied Health Professions, Dentistry, Nursing and Pharmacy</th>
<th>Percentage of research activity in the submission judged to meet the standard for:</th>
<th>FTE staff submitted:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4*</td>
<td>3*</td>
</tr>
<tr>
<td>Overall</td>
<td>49%</td>
<td>44%</td>
</tr>
<tr>
<td>Outputs</td>
<td>40.5%</td>
<td>52.3%</td>
</tr>
<tr>
<td>Impact</td>
<td>58.2%</td>
<td>36.8%</td>
</tr>
<tr>
<td>Environment</td>
<td>70.3%</td>
<td>20.7%</td>
</tr>
</tbody>
</table>

**London weighting**

This is 12 per cent for institutions in inner London and 8 per cent for institutions in outer London.

**Calculating mainstream QR funding**

There are four stages to the allocation of mainstream QR funds (summarised in the diagram overleaf):

- **Stage 1** – separating the mainstream QR total into three elements, reflecting the weight given to each sub-profile element in determining the overall quality profile
- **Stage 2** – distributing the three elements between the four REF main panel disciplines
- **Stage 3** – further distributing the main panel totals between the 36 UOAs
- **Stage 4** – distributing the totals for each UOA between higher education institutions.

**Subject cost weights**

There are three subject cost weights, as shown below.

| Subject cost weights. |
|---|---|
| Subject grouping | Weighting |
| A High-cost laboratory and clinical subjects | 1.6 |
| B Intermediate-cost subjects | 1.3 |
| C Others | 1.0 |

For UOA17 (Geography, Environmental Studies and Archaeology), we recognise that around half of all the research activity submitted in this UOA could reasonably be regarded as more closely analogous to science. To account for the varying costs in this UOA, we are funding it using the rates of funding per submitted staff FTE used for 2014-15, uplifted to reflect increases in the mainstream QR budget.
Allocation of mainstream QR funding.

Stage 1
Mainstream QR budget split into three sub-profile pots

Stage 2
Each sub-profile pot is distributed between the four main panels

Stage 3
The main panel is distributed between UOAs

Stage 4
Each UOA total is distributed between institutions

Note: Sizes of allocations are for illustrative purposes only
Stages 1 and 2: Determining the amount provided for the four main REF panel disciplines

The total mainstream QR allocation is separated into funding pots for each sub-profile element. This reflects the weighting given to the elements submitted to the REF in determining the overall quality profile:

- outputs – 65 per cent
- impact – 20 per cent
- environment – 15 per cent.

The next stage is to decide the amounts that will be allocated from these separate pots to the main subject panels. The total in each pot is divided in proportion to the volume of research in each panel that met or exceeded the 3* quality level in the REF, weighted to reflect the relative costs of research in different subjects.

Stages 3 and 4: Distributing the main panel totals between UOAs and then higher education institutions

In the final stages the totals for each main panel are distributed, firstly between its constituent UOAs, and finally between higher education institutions. The shares for each UOA, and within them for each higher education institution, are in proportion to their volume of activity reaching the 3* and 4* quality levels in the REF, multiplied by quality and cost weights.

In stages 3 and 4, we apply weightings to the volume of research attributable to each quality rating, as shown in the table below. This ensures that our funding of research is highly selective.

### Research funding quality weightings.

<table>
<thead>
<tr>
<th>Quality rating (with abbreviated description)</th>
<th>Quality weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>4* (world-leading)</td>
<td>4</td>
</tr>
<tr>
<td>3* (internationally excellent)</td>
<td>1</td>
</tr>
<tr>
<td>2* (recognised internationally)</td>
<td>0</td>
</tr>
<tr>
<td>1* (recognised nationally)</td>
<td>0</td>
</tr>
<tr>
<td>Unclassified (below the standard of nationally recognised work)</td>
<td>0</td>
</tr>
</tbody>
</table>

The cost weights used in the funding method for mainstream QR are shown on page 13.
Clarification: department
The term ‘department’ means a group of staff and their research activity returned in a single submission within one subject UOA, irrespective of whether this forms a single administrative unit within the institution.

Allocating London weighting on mainstream QR
We provide London weighting as a percentage of a higher education institution’s funding for mainstream QR (see above). This is calculated separately after Stage 4.

QR RDP supervision fund
Funding for RDP supervision is provided on the basis of FTE postgraduate research (PGR) student numbers in all departments that receive mainstream QR funding for research. These are derived from higher education institutions’ Higher Education Statistics Agency (HESA) data for previous years.

When determining RDP supervision fund allocations, we calculate a quality score for each department. This consists of the amount of 3* and 4* activity as a proportion of total activity at 2* quality and above, in its REF overall quality profile. For each eligible department, PGR student FTEs are subject to London weighting (using the same percentages as for mainstream QR), the cost weightings given on page 13 and the quality score. We then distribute the total available funding in proportion to these weighted FTEs.

PGR students are counted only if they are in years 1 to 3 of their full-time study, or in years 1 to 6 of their part-time study, and, as a transitional measure, up to a total 3.0 FTE over a six-year period. This 3.0 FTE limit applies to any single PGR student’s research masters and research doctoral study taken together, should they have chosen to do both.

We also take account of data that enables us to recognise the contribution of more than one higher education institution associated with a formal collaborative
research training programme and, in specific cases, directly fund the different institutions. This is because we recognise that collaborative research training programmes involving more than one higher education institution are increasing in number. Data on these collaborative programmes has been captured on the HESA Student Record since 2015-16.

**QR charity support fund**
The QR charity support fund is provided to higher education institutions in proportion to the amount of eligible research income from charities reported in their four most recent HESA Finance Records, subject to London weighting (the same percentages as mainstream QR). The research income has to have been awarded openly and competitively.

There is no minimum quality threshold for eligibility for this funding.

**QR business research element**
The QR business research element supports higher education institutions undertaking research with business and industry. The allocation is provided in proportion to the amount of research income higher education institutions receive from industry, commerce and public corporations, using data reported by higher education institutions on their four most recent HESA Finance Records. There is no minimum quality threshold for eligibility for this funding.

**QR funding for National Research Libraries**
Five higher education institutions receive supplementary funding because they have libraries designated as National Research Libraries (NRLs) on the basis of a review in 2007. The criteria for designation as an NRL are:

- have a unique collection or critical mass of rare material
- make a significant and essential contribution to the national research base
- incur associated costs beyond which the host higher education institution could be expected to bear
- have a track record of high quality services to external users.

**Global Challenges Research Fund (GCRF)**
Allocations from the GCRF are separate from mainstream QR allocations. GCRF is allocated to institutions, in proportion to their mainstream QR and London weighting funding. Allocation is subject to the submission and approval of individual institution-level strategies for the use of the funding. We monitor to ensure GCRF is used for the purposes it is allocated.
Recurrent funding for knowledge exchange

The Higher Education Innovation Fund (HEIF) is the mechanism through which we provide annual funding for knowledge exchange.

**What is knowledge exchange recurrent funding used for?**

HEIF is used to create and sustain a range of knowledge exchange activities in response to demand across the economy and society.

It is designed to support and develop a broad range of knowledge-based interactions between universities and the wider world, which result in economic and social benefit to the UK.

It supports, and provides incentives for, institutions to work with business, public and third-sector organisations, community bodies and the wider public, with a view to exchanging knowledge and thereby increasing economic and social benefit.

**Working with the Office for Students**

Although we provide most of the HEIF from our budget for supporting knowledge exchange, a proportion of it is provided by the Department for Education from its budget for teaching in higher education providers.

We therefore work with the Office for Students, which oversees teaching funding, to support its evaluation of the teaching and student elements of HEIF and to ensure joint agreement of strategic objectives and the criteria for HEIF funding that reflect the teaching elements of knowledge exchange.

**How we allocate HEIF**

HEIF is allocated by formula to all eligible institutions, subject to acceptance by Research England of an institutional strategy and plan for knowledge exchange.

In order to receive HEIF, institutions must provide to us, and have approved, a strategy and plan. These strategies must meet the following criteria:

- The institution must have a sound strategic approach to knowledge exchange, in line with the institution’s individual corporate strategies and core institutional mission, and linked with appropriate management systems. It must have identified its main intended outcomes and impacts for the economy and society, and must give us confidence that it has ways to monitor and evaluate activity to demonstrate that it is achieving those outcomes and impacts.

- The institution must have a sound approach to management of its knowledge exchange activities, including demonstrating that it is actively seeking efficiency and
effectiveness. It must have a strategy in place to maximise the opportunities to collaborate with other UK higher education institutions to use higher education and research grant most efficiently.

- HEIF is being spent in line with the overall objectives of the programme, and appropriately in the context of the institution’s overall strategic approach to knowledge exchange and national policies/priorities.

We assess and publish the five-year strategies to spread good practice and provide assurance of effective use of public funding, and monitor spending and activities annually.

To target knowledge exchange funding where it can support higher education knowledge and skills to have the greatest positive impact on the economy and society, we only give HEIF to institutions with evidence of significant knowledge exchange performance and partnerships. To judge this, we use data on the income received by an institution from its users – businesses, public and third sector services, the community and wider public – as a proxy measure for the impact of its knowledge exchange activities.

We calculate allocations for individual institutions by adding together their main knowledge exchange income indicators. This data is collected through:

- data that institutions submit to the Higher Education Statistics Agency (HESA) in the Finance Record and Higher Education – Business and Community Interaction (HE-BCI) Record
- data on knowledge transfer partnerships from Innovate UK.

We take account of income over a three-year period, weighted towards the latest year of performance, providing a balance between stability and dynamism. Income from small and medium-sized enterprises is given a double weighting within this component, to signal the importance of working with such businesses and to recognise the higher costs involved.

There is an allocation threshold for all higher education institutions: if the allocation calculated by the formula for an institution is lower than this threshold, the institution will not receive any allocation at all. This is intended to ensure that our funding for knowledge exchange is efficient, by targeting it to institutions with the most significant knowledge exchange performance and partnerships.

Criteria for approval of an institutional strategy for knowledge exchange.
<table>
<thead>
<tr>
<th>Purpose</th>
<th>Support for a broad range of knowledge exchange activities across all subjects which result in economic or societal impact.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>Formula funding released against a high-level strategy for knowledge exchange and plan for use of HEIF. Annual monitoring of spend and progress against strategy.</td>
</tr>
</tbody>
</table>
| Data used to calculate allocations | • HE-BCI Contract Research  
• HE-BCI Consultancy  
• HE-BCI Equipment and facilities  
• HE-BCI Regeneration  
• HE-BCI Intellectual property income  
• HESA Finance Record Non-credit-bearing course income  
• Innovate UK Knowledge Transfer Partnerships income  
Note: SME income double weighted where data is available |
| Data years and weighting | Allocations recalculated annually using the three most recent available years of data, weighted 2:3:5. |
| Threshold (minimum allocation) | Higher education institutions that do not achieve an allocation equal to or higher than a threshold get no allocation at all. |
| Cap (maximum allocation) | Cap on maximum allocation per institution. |
| Moderation | Annual transition so no institution (subject to being above the minimum threshold, and below the maximum allocation) sees its allocation increase or decrease by more than a set percentage of its allocation. Ordinarily this is ±10%, although this may be varied depending on total funds to allocate. |
| Top-up allocations | Allocated pro-rata between those institutions on the maximum allocation (although awards are calculated with a minimum and a maximum to provide effective incentives for all institutions on the cap). There are no transitional modifications, and the top-up is not considered as part of the institution’s core allocation from which future years are calculated. |

Features and parameters of the HEIF formula.
There is a cap on individual allocations, so that no one institution receives a level of funding that disadvantages others. Where there is evidence that the cap is a constraint on an institution’s support of economic growth, we provide a supplement to enable their knowledge exchange strategies to be enhanced. The supplement is based on the institution’s shares of qualifying income (calculated according to the main knowledge exchange allocation method).

Allocations are re-calculated annually based on the latest data, to encourage dynamism and to reward recent performance. But we also moderate year-on-year changes so that institutions have a level of predictability so that they can draw up five-year knowledge exchange strategies.

For full details of the policies and processes for allocating formula funding for knowledge exchange, see ‘Higher Education Innovation Funding (HEIF): Institutional five-year knowledge exchange strategies’ (HEFCE publication number 2016/16, available at www.bit.ly/HEFCE201616) – this was published by the Higher Education Funding Council for England, which distributed funding for research before Research England was created in 2018, but we continue to use the same methods.
Funding for national facilities and initiatives

We allocate a small proportion of our total funding to support special programmes, promote specific policies and contribute towards additional costs that are not recognised through our recurrent funding methods.

For example, the Museums, Galleries and Collections Fund supports museums and galleries in the higher education sector that have research significance beyond their home institution. For a full list of recipients, see our website re.ukri.org.

Funding for national facilities and initiatives also supports work commissioned from some sector bodies, such as Jisc (www.jisc.ac.uk) which funds development and champions the use of digital technologies in UK education and research.

Formula-based research capital

Capital grants are additional funding provided by the Government to support sustainable investment in higher education. It has two elements:

- HEI Research Capital England, allocated in proportion to the most recent two years’ recurrent QR funding and research income from other (non-research council) sources.

- Higher Education Research Capital (HERC) England, allocated in proportion to the most recent three years’ research income from research councils.
UK Research Partnership Investment Fund (UKRPIF)

The UKRPIF funds higher education research facilities and strategic partnerships at UK higher education institutions that can attract substantial co-investment from private sources.

Awards are made through a competitive bidding process. There have been six rounds of UKRPIF since it was established in 2012, with private co-investment amounting to at least £2 for every £1 from the fund.

Connecting Capability Fund (CCF)

The CCF supports higher education institutions in commercialisation, stimulating strategic collaboration between universities, enabling them to pool expertise, build connecting capacity and share good practice.

The fund complements and builds on established HEIF mechanisms. Set up in 2017-18, it was allocated by formula for its first year but is now allocated through competition.

The UKRPIF helped fund the University of Manchester’s Graphene Engineering Innovation Centre. The facility supports the application and commercialisation of graphene, a highly versatile material with the potential for a great number of purposes such as biomedical tissue implants, superfast semiconductors or ultra-fine water filtration systems.
Expanding Excellence in England (E3) Fund

E3 supports the strategic expansion of small-scale, excellent research units and departments. It is allocated through a two-stage process, based on an expert panel’s assessment of research excellence, small size, expansion plans and strategic commitment.

International Investment Initiative (I3) Fund

I3 is a competitive fund that helps higher education institutions expand existing research collaborations with universities and research organisations outside the UK. We have worked with Universities UK International on the development and delivery of I3.

Research England Development (RED) Fund

The RED Fund supports projects that aid the development and interaction of the UK’s higher education research and knowledge exchange activity in line with government and UKRI priorities. It is selectively allocated by assessment and focuses on innovative approaches, collaboration, risk-sharing, sustainability and projects that look to:

- demonstrate additionality to achieve wider societal and economic benefits beyond those of an institutional setting
- share learning about effective approaches around the higher education sector
- deliver activities that are unable to be supported through any other means.

Investment from E3 has enabled the Natural Resources Institute at the University of Greenwich to expand collaborations with universities in Africa, addressing food and nutrition security in less developed countries.