

January 2008/04

Core funding/operations

Allocation of funds

Action may be required

This document sets out the arrangements for the Capital Investment Fund, which includes capital funding for learning and teaching, research and infrastructure capital for higher education institutions for 2008 to 2011.

Capital Investment Fund

**Capital for learning and teaching,
research and infrastructure 2008-2011**

Alternative formats

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Capital Investment Fund

Capital for learning and teaching, research and infrastructure 2008-2011

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges
Of interest to those responsible for	Senior management, Finance, Estates, IT
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Executive summary

Purpose

1. This document sets out the arrangements for the Capital Investment Fund, which includes capital funding for learning and teaching, research and infrastructure capital for higher education institutions (HEIs) for 2008 to 2011.

Key points

2. The allocations to HEIs under the Capital Investment Fund are determined by formulae.
3. Using these formulae, we have allocated £1,086 million as the Learning and Teaching Capital Investment Fund and £1,276 million as the Research Capital Investment Fund.
4. These allocations can be used to invest in HEIs' supporting infrastructure. The allocations are at Annex A.
5. Annex B includes details of indirectly funded activity included within HEIs' Learning and Teaching Capital Investment Fund allocations.

Action required

6. Where institutions have satisfied the requirements of the Capital Investment Framework, no further action is required.
7. Where HEIs are not yet able to demonstrate that they meet the requirements of the framework, we will continue with the present requirements for programme and project-level information.

Background

8. We have provided capital funding through separate streams in previous years:

- a. Project capital allocations have addressed learning and teaching and IT capital requirements since 2000.
- b. The Science Research Investment Fund has addressed research capital requirements since 2002.

Capital Investment Fund

9. The new Capital Investment Fund should be seen as a single source of capital funding to support investment in HEIs' physical infrastructure. Within this there are two elements.

10. The **Learning and Teaching Capital Investment Fund** takes account of the capital requirements of initial teacher training. It aims to:

- a. Contribute to the long-term financial sustainability of an HEI's learning and teaching and supporting physical infrastructure, and its activities.
- b. Contribute to addressing the remaining past under-investment in an HEI's infrastructure for learning and teaching.
- c. Promote collaborative partnerships between HEIs and industry.
- d. Promote high quality learning and teaching capability in areas of national strategic priority, including through e-learning.

11. The **Research Capital Investment Fund**, which is funded from the Science Budget and HEFCE's capital funding, aims to:

- a. Contribute to the long-term financial sustainability of an HEI's research activities and the physical infrastructure that supports them.
- b. Promote collaborative partnerships between HEIs, industry, charities, Government and NHS Trusts.

- c. Promote high quality research capability in areas of national strategic priority, as set out in the Government's 10-year investment framework for science and innovation¹.

12. In developing their programmes, HEIs should ensure they consider 'whole-life' costs. As in previous capital rounds we expect all HEIs to adopt good practice in procurement, making investment decisions and in project management. We have updated the guidance in Annex C to HEFCE 2005/08² and this will be available at www.hefce.ac.uk/finance/fundinghe/capital/ under Good practice by mid-February.

Sustainable development

13. In 'Arrangements for the capital investment framework (HEFCE Circular letter 21/2007) we asked HEIs whether their infrastructure management was aligned with the goal of reducing environmental impact and conserving biodiversity. The supporting statements included details of the actions being undertaken by institutions and showed wide recognition of the importance of the issue. Momentum is growing but there is still significant variation in the extent to which good practice has been implemented.

14. The 2008-09 grant letter, dated 18 January 2008, from the Secretary of State for Innovation, Universities and Skills to the HEFCE Chair, includes the following:

'While higher education institutions have made some progress in reducing their carbon emissions, more needs to be done if the 2050 commitment to reduce emissions by 60 per cent is to be achieved. I expect HEFCE to work with the sector to ensure these targets are met. Over the spending review, all institutions in receipt of capital funding should have plans to reduce carbon emissions, and performance against these plans should be a factor in future capital allocations.'

¹ 'Science and innovation investment framework 2004-2014', HM Treasury, DTI, DfES, July 2004

² 'Capital funding for learning and teaching, research and infrastructure: 2006-08' (HEFCE 2005/08), January 2005

15. We will continue to work with sector bodies and HEIs to achieve these objectives and will monitor progress. In particular we are working to develop a new sustainable development action plan which will shape our role as catalyst and facilitator in this area. An early action, on which we are already working with the Association of University Directors of Estates, is the development of an environmental assessment methodology for higher education buildings.

Funding available

16. On 24 January 2008 the HEFCE Board agreed that £1,086 million would be distributed through the Learning and Teaching Capital Investment Fund (LCIF) to HEIs. These allocations are at Annex A.

17. These funds are available to support learning and teaching. The total of £1,086 million includes £90 million for science and engineering teaching laboratories.

18. The Science Research Investment Fund (SRIF) has helped HEIs to address the past under-investment in the research infrastructure. The 2007 Comprehensive Spending Review announced the new Research Capital Investment Fund (RCIF). On 24 January 2008 the HEFCE Board agreed that total funding available to be distributed is £1,276 million, comprised as follows:

Science Budget – RCIF	£425,326,647
Science Budget – Transitional funding	£113,527,503
HEFCE – RCIF	£737,000,000
Total RCIF	£1,275,854,150

These allocations are at Annex A.

Bases for the allocations

19. The formula we have used to allocate funding to HEIs are based on the following.

Learning and Teaching Capital Investment Fund

20. For the Learning and Teaching Capital Investment Fund £996 million has been allocated pro-rata to the sum of:

- final 2007-08 mainstream standard teaching resource
- 2007-08 widening participation allocations
- 2007-08 Training and Development Agency for Schools resource for initial teacher training
- 2007-08 clinical consultants' pay allocations
- 2007-08 resource for non-mainstream teaching allocations.

For science and engineering laboratories, £90 million has been allocated pro-rata to the final 2007-08 mainstream standard teaching resource and standard resource for Model 2 Lifelong Learning Networks for price group B only (see Annex B).

Research Capital Investment Fund

21. For the Research Capital Investment Fund:

- a. The Science Budget element is distributed to HEIs in proportion to their research income from Research Councils UK. An average of three years' worth (2003-04 to 2005-06) of research income from the Research Councils was used to calculate this element, and the data sum of research income for academic departments taken from the Table 4 Column 1 of the Higher Education Statistics Agency (HESA) finance statistics return (FSR).
- b. The Science Budget transitional element is allocated to HEIs in proportion to the difference between the Science Budget portion of their previous SRIF allocation (announced in HEFCE 2005/08 'Capital funding for learning and teaching, research and infrastructure: 2006-08') and the Science Budget portion of their RCIF allocation.

- c. The HEFCE element is distributed to HEIs in proportion to the sum of 2007-08 HEFCE quality-related research funding³ and 2005-06 research income from the following sources:
- UK-based charities⁴
 - UK central government bodies/local authorities, health and hospital authorities⁵
 - UK industry, commerce and public corporations⁶
 - EU sources (both EU government bodies and other EU sources)⁷.
- d. Where the operation of these formula would result in an allocation of less than £10,000 in total over the three years we do not believe this represent value. In such cases we have allocated no funding. In all other cases HEIs will receive a minimum of £10,000 a year (£30,000 in total) over the three years.

Funding for the support of the infrastructure

22. HEFCE recognises that, in many cases, capital investment supports both learning and teaching, and research. Consequently, funding from both LCIF and RCIF allocations can be used for this purpose, but institutions must ensure that the value of their investment in research infrastructure does not fall below the Science Budget element.

Action required

23. Where institutions have been informed that they have satisfied the requirements of the Capital Investment Framework, no further action is required. The capital grants will be paid on a profile; details will be available at www.hefce.ac.uk/finance/fundinghe/capital/ under Payment profiles by mid-February.

24. Continuation of funding in this way is subject to the annual review of the Capital Investment Framework metrics through the 'single conversation'.

25. Where HEIs have been informed that they have not yet demonstrated that they meet the requirements of the Capital Investment Framework, we will continue with the present requirements for programme and project-level submissions. Details of the timetable and requirements will be available at www.hefce.ac.uk/finance/fundinghe/capital/ under Proposals by mid-February.

Annexes are in a separate Excel file alongside this document at www.hefce.ac.uk under 2008 Publications.

³ These elements are included: mainstream QR; London weighting on mainstream QR; QR charity support fund; QR business research element; QR funds for the 'best 5-star' departments (including supplement); QR research degree programme supervision funds for departments rated 4 and above; capability funding

⁴ HESA FSR Table 4 Column 2, research income for academic departments only

⁵ HESA FSR Table 4 Column 3, research income for academic departments only

⁶ HESA FSR Table 4 Column 4, research income for academic departments only

⁷ HESA FSR Table 4 Columns 5 and 6, research income for academic departments only



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