

May 2012/12

Special initiative

Invitation to apply for funds

Expressions of interest should be e-mailed to HEFCE by noon on Friday 8 June 2012

This document sets out the arrangements for an additional allocation of research capital funding for higher education institutions (HEIs) for 2012 to 2015. It invites HEIs to submit proposals for use of these capital grants.

UK Research Partnership Investment Fund

2012-2015

UK Research Partnership Investment Fund

2012-15

To	Heads of higher education institutions funded by the four UK funding bodies
Of interest to those responsible for	Senior management, Research, Finance, Estates
Reference	2012/12
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Enquiries to	HEIs in England should contact their HEFCE higher education policy advisers HEIs in Scotland, Wales and Northern Ireland should contact: For policy queries: SFC – Stuart Fancey, sfancey@sfc.ac.uk , 0131 313 6559 HEFCW – Linda Tiller, Linda.Tiller@hefcw.ac.uk , 029 2068 2228 DEL – Sheila Rodgers, Sheila.Rodgers@delni.gov.uk , 028 9025 7530 For queries about the process: HEFCE – Peter Seddon, p.seddon@hefce.ac.uk , 0117 931 7469

Executive summary

Purpose

1. This document sets out the arrangements for an additional allocation of research capital funding for higher education institutions (HEIs) for 2012 to 2015. It invites HEIs to submit expressions of interest on a competitive basis to apply for the capital grants.

Key points

2. The March 2012 Budget statement announced a new £100 million fund to support investment in higher education research facilities.
3. The UK Research Partnership Investment Fund is available to all UK HEIs. The objectives for the fund are:
 - a. Enhance the research facilities of HEIs undertaking world-leading research.
 - b. Encourage strategic partnerships between HEIs and other organisations active in research.
 - c. Stimulate additional investment in HE research.
 - d. Strengthen the contribution of the research base to economic growth.

4. The fund will support large-scale projects that can leverage substantial co-investment from private sources building on the research excellence in the higher education sector.

Action required

5. HEIs are invited to complete expressions of interest using the template at Annex A and e-mail it to researchpartnership@hefce.ac.uk by noon on **Friday 8 June 2012**.

Introduction

6. The March 2012 Budget statement announced 'a new £100 million fund to support investment in major new university research facilities. The fund will allocate its first bids in 2012-13 and will attract additional co-investment from the private sector'. This new fund is called the UK Research Partnership Investment Fund (UKRPIF), and we are now inviting expressions of interest for funding.

7. The funding is dedicated to supporting large-scale capital projects from higher education institutions (HEIs) which secure significant co-investment, for example from private sector, charities and endowments (individual philanthropy). This investment will be anchored in research infrastructure, but could also have broader benefits.

8. This is a UK-wide scheme, with BIS funding distributed by HEFCE. HEIs in Scotland, Wales and Northern Ireland that are interested in participating in the initiative should apply directly to HEFCE. Any funding awarded to these HEIs will be distributed via the relevant UK funding body.

9. The objectives of the funding are to:

- a. Enhance the research facilities of HEIs undertaking world-leading research.
- b. Encourage strategic partnerships between HEIs and with other organisations active in research.
- c. Stimulate additional investment in HE research.
- d. Strengthen the contribution of the research base to economic growth.

Funding available

10. Under the UKRPIF capital funding of between £10 million and £35 million is available for any individual project.

11. Funding will be allocated on the basis that HEIs have secured at least double funding from co-investment sources. That is, for every £1 from the UKRPIF, there should be an additional £2 invested. This means we are looking to support between three and ten projects, and a total investment in research infrastructure of at least £300 million. Loans do not qualify as co-investment.

12. Multiple bids (up to three per HEI) and collaborative bids between HEIs are permitted, provided the lead HEI is able to meet the criteria for scale and quality of research outlined below.

How funds can be used

13. The funding will support development of the physical infrastructure and equipment of HEIs undertaking high quality research, either through strategic partnerships with co-investors, or where HEIs are in receipt of donations. The funding might support partnership between institutions, or between HEIs and other public and private

organisations, including the sharing of buildings or equipment or the establishment of a new research campus. The bulk of the funding is likely to be allocated for new buildings or major refurbishment of existing facilities, or purchase of relatively high cost equipment.

Applying for funds

14. Funding is available on a competitive basis. The application and assessment process will be in two stages:
- a. **Stage one:** submission of expressions of interest by HEIs, which will be assessed by an independent panel. Successful institutions will proceed to stage two.
 - b. **Stage two:** submission and assessment of full project proposals, and the award of grants to lead institutions. At this stage proposals should:
 - i. Provide the rationale for the proposed development.
 - ii. Explain how the project will meet the objectives set out in paragraph 9 above.
 - iii. Evidence that finance, including agreed co-investment, is available.
 - iv. Demonstrate that the UKRPIF grant will have been spent by the end of March 2015.
15. HEIs are invited to complete expressions of interest using the template at Annex A (which can be downloaded at <http://www.hefce.ac.uk/pubs/year/2012/201212/>) and e-mail it to researchpartnership@hefce.ac.uk by noon on **Friday 8 June 2012**. The sections in the template align with the criteria that the assessment panel will use to judge which institutions proceed to stage two. Institutions are permitted to submit a maximum of three expressions of interest, and each must be a different proposition. A collaborative bid will count as one of the three permitted submissions for the institution named as lead HEI. A collaborative proposal should be for a coherent project across the partners (and not for a series of smaller unconnected projects).

Assessment information

16. We have established an independent assessment panel, chaired by Peter Saraga, former Vice-President of the Royal Academy of Engineering and former HEFCE Board member, which will assess proposals at both stages. The panel will judge the relative strengths of each proposal against the criteria outlined below. HEFCE will provide data and information to the panel to help inform its decisions; this may include information provided to HEFCE by another organisation, such as a Research Council. The assessment panel will make recommendations to the HEFCE Board. If necessary, the assessment panel may recommend declining some bids, reducing the funding allocations to individual projects or to pro rata reductions across all projects. HEFCE will explore with such institutions the viability of projects where the funding applied for cannot be met in full.

Stage one – Criteria for assessing expressions of interest

17. The criteria against which we will assess expressions of interest are highlighted in bold below (further guidance is provided under the criteria and in the template at Annex A):

a. An outline of the project, including an estimate of its total capital cost and arrangements to meet any additional operating costs.

i. The proposal should demonstrate the extent to which the project will support developments additional to existing activity. The proposed development could be one which the institution had already planned in its existing research or estates strategy, or one developed in response to this initiative. We do not wish to provide funding which merely substitutes for other sources of funding already secured, so at stage two we will scrutinise the additional benefits that will be gained through the UKRPIF investment for a development that the institution had already planned.

b. Amount of funding applied for – this must be between £10 million and £35 million.

i. Awards from the UKRPIF should be used by March 2015.

c. Indicative amount of co-investment – this should be at least twice the amount of funding applied for (i.e. at least £20 million co-investment in the case of £10 million from the UKRPIF). At stage two, we will need evidence that the co-investment funding will be available.

i. Co-investment funding can be of a capital and/or recurrent nature, and the profile of the commitment from the co-investor can be over a longer period than the grant from the UKRPIF. We require a letter of interest or intent from the co-investor to be submitted with expressions of interest for stage one. At stage two the panel will assess the strength of the commitment from co-investors, and take into account the period of commitment relative to other bids. We will not assess the extent to which co-investment funding is a new commitment – it can be an existing commitment to the institution (or payment already made). The key test is whether or not the intended development is additional to existing activity.

ii. Co-investment funding should be sourced from outside the UK public sector, which we define as including any UK-based contracting authority (for the purposes of the procurement regulations). An HEI's own subsidiary organisations are not permitted as co-investors for the purposes of the UKRPIF. We envisage that co-investors will typically be companies, charities and individuals. Contributions that do not count as co-investment (such as European Union funding and the bidding institution's own funds) will be taken

into account at stage two to inform judgements on affordability and value for money.

iii. In-kind contributions as co-investment funding are permitted. Proposals should seek to demonstrate the value of such contributions (and briefly describe how these are calculated). In-kind contributions should have a present value that can be validated and not be an assessment of future revenue streams. Examples of in-kind contributions would include (but are not limited to) land, buildings and equipment.

d. Evidence of significant scale of research, and track record of research excellence.

i. We wish to invest in institutions (and collaborations of institutions) that have a strong record of research excellence at significant scale, including in the broad field of the proposed additional activity outlined in the expression of interest. The two metrics we propose to use for this purpose are:

- external research income from the HESA finance record for 2010-11
- volume of research activity at 3* level and above (measured as staff FTE) in the relevant broad disciplines as identified in the 2008 Research Assessment Exercise.

e. Indicative plan that shows delivery of the facilities.

i. The plan should indicate the profiles of funding from the UKRPIF and co-investors.

Stage two – Criteria for assessing full project proposals

18. The indicative criteria for full project proposals are outlined below. We will agree the final criteria with the assessment panel during stage one. Following the outcomes of stage one, we will provide the final criteria and guidance on our requirements for full project proposals to institutions that are successful at stage one.

- a. Clearly defined objectives for the use of the research facilities, linked to outputs and outcomes.
- b. Evidence that the funding will support an additional development that builds on the research excellence of the institution (strong rationale backed by evidence).
- c. Evidence of commitment from co-investors, and summary terms and conditions of the contribution.
- d. Evidence that the institution has considered the risks, including those associated with the co-investment (for example, financial commitment, appropriateness, and the institution's own charitable status).

- e. Value for money:
- i. Evidence that the project will contribute towards the objectives of the fund.
 - ii. Scale and nature of co-investment funding relative to public investment, and institutions' own contributions.
 - iii. The extent to which the development has already drawn on substantial public funding.
 - iv. Confirmation that an appropriate options appraisal has been carried out.
- f. Sustainability:
- i. Evidence of credible plans for staffing and resourcing to operate the facilities.
 - ii. Evidence that the development will be sustained, either:
 - as a research collaboration with the co-investor(s), or
 - as world-leading research in the HEI or through collaborations with other research organisations.
 - iii. Justification for any net increase in the HEI's floor area and explanation of the impact on the HEI's 2020 carbon reduction target; and, if this is to be increased, explain why.
- g. Suitability of the project management and governance arrangements for both the development and its operation, including arrangements with the co-investor(s) and any partner HEI(s).
- h. Evidence that the HEI has clear plans for minimising carbon emissions and other environmental impacts from project inception to final re-use or disposal. As a minimum, new-build and refurbishment projects will need to meet BREEAM 'excellent' and 'very good' standards respectively.
- i. Details of the institution's arrangements to monitor and evaluate the success of the development, both generally and in relation to the four objectives for the contribution from the UKRPIF.

Complying with state aid and other relevant legislation

19. The funding to be allocated will need to be compatible with existing legislation, and institutions should take this into account when applying for funding. For example, institutions should consider issues of state aid in their co-investment relationships. Guidance on state aid is available from the BIS web-site¹. If in doubt, institutions should

¹ www.bis.gov.uk/policies/europe/state-aid

seek legal advice to inform stage two bids, and we will expect such issues to be considered in the risk register for project proposals.

Managing public and private benefits

20. We expect the research facilities we will invest in to potentially generate both private returns and public benefits. We expect each institution to manage this in the context of different sources of funding, with different aims and objectives, and in the context of their charitable status. Submissions to HEFCE should demonstrate the clear potential to generate public benefit from the development, and reflect how potential risks to the institution will be managed.

Payment of funds and profile of co-investment funding

21. We will pay capital grants through payments that align to the profile of project expenditure that we agree with each HEI. We expect institutions to advise us promptly if the expenditure profile changes significantly for any reason. For English HEIs, the grant is not covered by the Capital Investment Framework.

22. Funding is conditional on receiving a satisfactory project completion statement. HEIs are required to follow Assurance Practice Note 1/04 (on the web at www.hefce.ac.uk/whatwedo/reg/assurance/internalandexternalaudit/assurancepracticenote/). A sample of the projects may be audited.

Evaluation

23. We intend to evaluate the outcomes from the investment in research facilities, and we expect the funded HEIs to participate in this evaluation through providing information or by discussing the project with whoever carries out the evaluation.

Timetable

24. An indicative timetable is below.

Activity	Approximate timing
Deadline for expressions of interest	8 June 2012
Decisions on expressions of interest	End June 2012
Submission of project proposals	Late August 2012
Final assessment panel	Late September 2012
Allocations approved by HEFCE Board	11 October 2012

Freedom of information

25. HEFCE is subject to the Freedom of Information Act 2000, which gives a public right of access to information held by a public authority. This may result in applications, communications between us and the institution, information arising from this work, or the

outputs from the work undertaken being subject to disclosure if a valid request is made to us. We will comply with such requests in accordance with the legislation and our own policies.

26. Institutions can, if they wish, provide potentially sensitive information (such as information relating to commercial interests) in a separate annex attached to the application form. This will highlight to us that there are concerns about disclosure. With annexes, the proposal must not exceed the maximum length as stated in the application template.

27. Where we consider it to be appropriate and practicable we will seek the views of applicants before disclosing this information in response to a FOI request. The applicant acknowledges that information provided in the annex is of indicative value only and that HEFCE may nevertheless be obliged to disclose this information. Our assumption will be that all information in the main application documents can be disclosed on request.