

September 2014/17

**Special initiative**

**Invitation to apply for funds**

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Expressions of interest should be e-mailed to HEFCE by **noon on Friday 10 October 2014**

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This document sets out the arrangements for an additional allocation of research capital funding for higher education institutions for 2016 to 2017. It invites institutions with a significant track record of research excellence to submit bids for the capital grants on a competitive basis.

# UK Research Partnership Investment Fund

**2016-17**



# UK Research Partnership Investment Fund: 2016-17

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| 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                            | 2014/17  |
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| Enquiries to                         | HEIs in England should contact their HEFCE higher education policy advisers<br><br>HEIs in Scotland, Wales and Northern Ireland should contact:<br><br>for policy queries<br>SFC – Stuart Fancey, tel 0131 313 6559, e-mail <a href="mailto:sfancey@sfc.ac.uk">sfancey@sfc.ac.uk</a><br>HEFCW – Linda Tiller, tel 0292 068 2228, e-mail <a href="mailto:Linda.Tiller@hefcw.ac.uk">Linda.Tiller@hefcw.ac.uk</a><br>DEL –Scott Carson, tel 0289 0257650, e-mail <a href="mailto:scott.carson@delni.gov.uk">scott.carson@delni.gov.uk</a><br><br>for queries about the process<br>HEFCE – Steph Lynch, tel 0117 931 7048, e-mail <a href="mailto:s.lynch@hefce.ac.uk">s.lynch@hefce.ac.uk</a> |

## Executive summary

### Purpose

1. This document sets out the arrangements for a fourth round of the UK Research Partnership Investment Fund (UKRPIF) for 2016 to 2017. This is a two-stage process. This document invites higher education institutions (HEIs) with a significant track record of research excellence to submit expressions of interest to apply for the capital grants on a competitive basis. Successful HEIs at the expression of interest stage will then be invited to submit a full bid.

### Key points

2. The June 2013 Spending Round statement announced an extension of the UK Research Partnership Investment Fund to 2016-17, making available at least £100 million each year of matched funding to leverage private investment. This invitation relates to the funding available in the 2016-17 financial year.

3. The UK Research Partnership Investment Fund is available to all UK HEIs. The objectives of the fund are to:

- enhance the research facilities of HEIs undertaking world-leading research
- encourage strategic partnerships between HEIs and other organisations active in research

- stimulate additional investment in higher education research
  - strengthen the contribution of the research base to economic growth.
4. The fund will support large-scale projects that can attract substantial co-investment from private sources, building on the research excellence in the higher education sector.
  5. The panel is likely to favour bids which provide clarity on the following.
    - a. How the proposed facilities will strengthen future research, including developing research collaborations and collaborations with users of research to support innovation and growth.
    - b. The benefit to the private partners from the project.
    - c. Co-investment in the first five years (as well as any over a longer period of time).
    - d. The public benefits of research and broader activities arising from the development.
  6. The panel will take the balance of sectors and disciplines into consideration, recognising the spread of successful bids in the previous three rounds of the UKRPIF. Exceptionally, projects that do not meet the required lower limit for UKRPIF investment may be considered by the panel, if it can be shown that they meet the objectives of the fund and would extend the reach of the fund beyond the balance of sectors and disciplines achieved so far. Bids which extend the reach of the fund will be particularly welcomed.

### **Action required**

7. HEIs are invited to submit expressions of interest using the template at Annex A and e-mail it to [researchpartnership@hefce.ac.uk](mailto:researchpartnership@hefce.ac.uk) by **noon on Friday 10 October 2014**.
8. The expressions of interest should comprise the following.
  - a. A single PDF document covering the submission (Annex A) and evidence to support the case (letters of support from co-investors and the Vice-Chancellor).
  - b. Proposals should be predominantly text-based and the e-mail size should be no greater than 1MB.

## Introduction

9. The UK Research Partnership Investment Fund (UKRPIF) was launched in May 2012, with £100 million of public finance available in 2014-15 to support investment in major new university research facilities. In response to the large number of high-quality bids, the Government tripled the public support for 2014-15 to £300 million.
10. The June 2013 Spending Round statement announced an extension of UKRPIF to 2016-17, making available at least £100 million in 2015-16 and again in 2016-17 to leverage private investment. This invitation relates to the funding for 2016-17.
11. To date a total of £351 million has been allocated to 25 projects which have collectively attracted a minimum of £960 million of additional private investment.
12. The funding is dedicated to supporting large-scale capital projects from higher education institutions (HEIs) with a significant track record of research excellence, provided that they secure co-investment from businesses, charities or endowments (individual philanthropy). This investment will be anchored in research activities, but could also have benefits for other areas of university activity.
13. The objectives of the funding are to:
- enhance the research facilities of HEIs undertaking world-leading research
  - encourage strategic partnerships between HEIs and with other organisations active in research
  - stimulate additional investment in university research
  - strengthen the contribution of the research base to economic growth.
14. This is a UK-wide scheme, with funding from the Department for Business, Innovation and Skills distributed by HEFCE. HEIs in Scotland, Wales and Northern Ireland that are interested in participating in the initiative should apply directly to HEFCE.

## Funding and eligibility

15. Under UKRPIF, capital funding of between £10 million and £35 million is available for any individual project.
16. Funding will be allocated on the basis that HEIs have secured at least double funding from co-investment sources. This means that, for every pound from UKRPIF, there should be an additional £2 invested. We are looking to support between three and 10 projects that collectively would attract investment in research infrastructure of at least £300 million. We expect co-investors to be sharing risk in the success of the proposed research development. Loans from private sources and funding from the public sector will not qualify as co-investment.
17. At the 'expression of interest' stage, multiple bids (up to three per HEI) are permitted. Collaborative bids which bring together collective capability and resource are particularly welcome, provided the lead HEI is able to meet the criteria for scale and quality of research outlined below. Each HEI is invited to make an additional collaborative bid outside the total of three bids permitted for individual HEIs.

18. Institutions should ensure they meet the requirements for the fund outlined below before preparing to submit an expression of interest. Exceptionally, projects that do not meet the required levels of UKRPIF investment may be considered where it can be shown that they meet the objectives of the fund, and extend its reach beyond the balance of sectors and disciplines achieved so far.

### **How funds can be used**

19. 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 through donations made to the institutions. This funding might support partnership between institutions, or between HEIs and other public and private organisations, including sharing buildings or equipment or establishing a new research campus. The bulk of the funding is likely to be allocated to projects that deliver new buildings, major refurbishment of existing facilities or the purchase of relatively high-cost equipment.

### **Applying for funds**

20. Funding is available on a competitive basis. The application and assessment process will be in two stages.
- a. **Stage one:** submission by HEIs of expressions of interest, 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 12 above.
    - iii. Supply clear evidence that the agreed co-investment is available.
    - iv. Demonstrate that the UKRPIF grant will have been spent by the end of March 2017.
21. HEIs are invited to submit expressions of interest by completing the template at Annex A (which can be downloaded alongside this publication at [www.hefce.ac.uk/pubs/year/2014/201417/](http://www.hefce.ac.uk/pubs/year/2014/201417/)) and e-mailing it to [researchpartnership@hefce.ac.uk](mailto:researchpartnership@hefce.ac.uk) by **noon on 10 October 2014**.
22. Documents must be submitted as follows.
- a. A single PDF document covering the submission (Annex A) and evidence to support the case (letters of support from co-investors and the Vice-Chancellor).
  - b. Proposals should be predominantly text-based and the e-mail size should be no greater than 1MB.
23. The sections in the template align with the criteria that the assessment panel will use to judge which institutions proceed to stage two. The panel is likely to favour bids which are informative, concise, not repetitive and with minimal marketing information.

24. Institutions are permitted to submit a maximum of three expressions of interest, each of which must relate to a different proposition. A collaborative bid will be allowed in addition to the three permitted submissions for the institution named as lead HEI. A collaborative proposal should be for a coherent project across the partners, rather than a series of smaller unconnected projects.

25. Potential bidders may advise HEFCE of their intention to bid at any stage before the date above. They may ask about the criteria (including potential co-investment arrangements), but no feedback can be given on the relative strength of the bid. The panel will take an independent decision on the quality of the bids as described below.

## **Assessment information**

26. An independent assessment panel chaired by Peter Saraga, the former Vice-President of the Royal Academy of Engineering and a former HEFCE Board member, will assess the bids. HEFCE will provide information to the panel to help inform its decisions: this may include information provided to HEFCE by another organisation, such as a Research Council or a relevant government department. The assessment panel will make recommendations to the HEFCE Board to support the projects that will make best use of public funding.

27. To do this, the panel will:

- ensure the requirements for the fund have been met by those projects being recommended
- judge the relative strengths of each bid against the criteria
- take into account wider factors.

The requirements, criteria and wider factors are outlined below.

28. If necessary, the assessment panel may recommend declining some bids, reducing the funding allocations to individual projects or making pro rata reductions across all projects. HEFCE will explore with the relevant institutions the viability of projects where the funding applied for cannot be provided in full.

## **Stage one: criteria for assessing expressions of interest**

29. The criteria against which the panel 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 planned in the institution's existing research or estates strategy, or developed in response to this initiative. We do not wish to substitute 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 has already planned.

**b. Amount of funding applied for (this must be between £10 million and £35 million) with the exception noted in paragraph 6.**

i. Awards from UKRPIF should be used by March 2017.

**c. The indicative amount and nature of co-investment (for all projects this should be at least twice the amount of funding applied for, so at least £20 million co-investment in the case of £10 million from UKRPIF).**

i. Co-investment funding can be of a capital or recurrent nature or a combination of the two, and the profile of the commitment from the co-investor can be over a longer period than the grant from UKRPIF. We require a letter of interest or intent from each co-investor to be submitted with expressions of interest for stage one. This should indicate the value of the co-investment and whether it will be in cash or in kind. At stage two the panel will assess the strength of the co-investors' commitment, and take into account the period of commitment relative to other bids. Co-investment funding can be an existing commitment to the institution, provided that it is either not yet paid or paid and not yet utilised (as in the case of donations) and remembering that (as described in paragraph 29a) the panel will take additionality into account. If a proportionately small amount has been allocated to enabling works this will also be eligible as co-investment. The assessment panel will look at whether the proposed development is leveraging in the co-investment: in other words, new investment will be viewed more favourably than an existing commitment.

ii. Loans (and other forms of financing where the return to the investor is not dependent on the success of the research project) will not qualify as co-investment. Where investment will require new borrowing, this should be made clear and detailed within the submission.

iii. Co-investment funding should be sourced from outside the European Union (EU) public sector, which we define as including any EU-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 UKRPIF. We envisage that co-investors will typically be companies, charities and individuals. Contributions that do not count as co-investment (such as EU 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. For clarity, contributions from the following sources will not be accepted as co-investment:

- EU funding
- the NHS, including private finance initiative funding to hospital trusts
- local authorities

- an HEI or its trading subsidiary organisations (but donations to the HEI held as endowment funds are eligible provided there is evidence of the source of funds).

iv. Contributions in kind are permitted as co-investment funding. Proposals should clearly indicate how the financial value of such contributions has been calculated, to contribute to the total figure of co-investment attracted. Contributions in kind should have a present value that can be validated, and not be an assessment of future revenue streams. Examples of appropriate contributions might include land, buildings and equipment. Co-investment which is presented as a supplier discount may be ineligible, unless clear evidence is available of a further discount over the best price available and achieved in the market.

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

i. We wish to invest in institutions (and collaborations between institutions) that have a strong record of research excellence, at a significant scale, in the field of the additional activity proposed in the expression of interest.

ii. We want HEIs to provide the most recent and relevant appropriate evidence of research excellence.

iii. Proposals should provide evidence of research excellence at the level of the departments or Research Assessment Exercise Units of assessment most closely related to the bid. This should include volume of research activity (measured as full-time equivalent staff) at 3\* level and above in the relevant Units of assessment in the 2008 Research Assessment Exercise, but could also include external research income from the Higher Education Statistics Agency (HESA) finance record for 2012-13, Research Council funding, or other funding and awards in relevant disciplines<sup>1</sup>. Information from the 2014 Research Excellent Framework will be used by the panel after the results are announced.

**e. An indicative plan that shows delivery of the facilities.**

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

**Stage two: criteria for assessing full project proposals**

30. Bids at stage two will need to present a clear case for public investment in research facilities, including clearly defined objectives for their use, linked to outputs and outcomes. Institutions should demonstrate credible plans for the development and operational phases, including governance arrangements.

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<sup>1</sup> For bids proceeding to full bid stage, the panel will consider volume of research activity at 3\* and above in the relevant Units of assessment in the 2014 Research Excellence Framework.



31. The indicative criteria for full project proposals are broadly in line with the criteria used in previous rounds of UKRPIF. Following the outcomes of stage one, we will provide successful institutions with the final criteria and guidance on our requirements for full project proposals. The indicative criteria are as follows.

- a. Evidence of how the UKRPIF investment will lead to developments that build on the research excellence of the institution or institutions, including the extent to which the project will support the development of researchers for the future.
- b. Co-investment:
  - i. Evidence that commitment from co-investors is in place, and a clear explanation of the terms and conditions of the contribution.
  - ii. Scale, timing and nature of the co-investment funding relative to public investment, and to institutions' own contributions.
  - iii. The extent to which any co-investment supporting research activity is additional funding, specific to both the project and institution.
- c. Value for money:
  - i. Evidence that the project will contribute towards the objectives of the fund.
  - ii. Evidence that the requested UKRPIF investment will support additional activity, leading to public benefit, in keeping with the scale of the investment sought.
  - iii. 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 and users of research both nationally and internationally.
  - iv. Evidence of the long-term return on investment either through stimulating additional investment or through improvements to the quality of the underpinning research.
- d. Evidence that the project activity is new and innovative and that it will generate new kinds of translation activity that will be of value for the UK.

#### **Wider factors to inform assessment decisions**

32. In addition to the criteria, the assessment panel will take into account wider factors when finalising which bids to recommend for funding. These wider factors are as follows.

- a. The strategic position relating to research in particular disciplines and technologies. (For example, there may be potential overlaps between two bids, or with bids previously funded under this initiative or with other publicly funded research projects.)
- b. How projects align with other national developments, such as the Innovate UK Catapult Centres.
- c. The extent to which projects have been informed by the Government's industrial strategy and the 'eight great technologies' identified by the Chancellor

(the big data revolution and energy efficient computing, synthetic biology, regenerative medicine, agri-science, energy storage, advanced materials, robotics and autonomous systems, satellites and commercial applications of space).

d. The panel will also welcome projects from a broader range of sectors not identified in the previous rounds of UKRPIF, where significant benefit would arise and where funding is not available through other funds, such as HEFCE's Catalyst Fund.

e. Exceptionally, projects that do not meet the lower limit for UKRPIF investment of £10 million (£30 million including co-investment) may be considered by the panel if it can be shown that they meet the objectives of the fund and would extend the reach of the fund beyond the balance of sectors and disciplines achieved so far. However, double-matched private funding will still be required.

f. The extent to which bids demonstrate that they are attracting brand new streams of income into universities as co-investment, which they would not be able to leverage without UKRPIF funding, and which would not be available to them through alternative sources.

g. Whether a bid demonstrates how the proposed project relates to and complements other facilities and organisations in the relevant fields, both nationally and internationally.

h. The positive and negative environmental and social impacts likely to occur as a result of the proposal.

i. Evidence that estates and equipment costs are appropriate for the proposed development, and that the development is aligned to the institution's estates strategy.

j. Confirmation that an appropriate options appraisal has been carried out.

### **Complying with state aid and other relevant legislation**

33. When applying for funding, institutions should take into account the need for allocations to be compatible with existing legislation. For example, institutions should consider issues of state aid in their co-investment relationships. Guidance on state aid is available from the Department of Business Innovation and Skills web-site ([www.bis.gov.uk/policies/europe/state-aid](http://www.bis.gov.uk/policies/europe/state-aid)). If in doubt, institutions should seek legal advice. We will expect such issues to be considered in the risk register for the bids.

### **Payment of funds and profile of co-investment funding**

34. We will pay capital grants in financial year 2016-17, during which the bulk of project expenditure should take place. We will pay funds in equal quarterly payments over the 2016-17 financial year. We expect institutions to advise us promptly if the project's expenditure profile changes significantly for any reason.

### **Monitoring and evaluation**

35. HEFCE will monitor the progress of successful UKRPIF projects. Institutions will be expected to provide information on the progress of the capital development, and information on the drawing down of co-investment. Each of the higher education funding

bodies (HEFCE, HEFCW, SFC and DELNI) will carry out its own monitoring process for projects awarded funding under each round of UKRPIF in its respective country. HEFCE may also seek information from successful projects on an ad hoc basis to inform updates to the Department for Business, Innovation and Skills and the Treasury. Each institution will also be required to submit a final evaluative report at the end of the project.

36. HEFCE will also evaluate the outcomes from the UKRPIF investment in research facilities more broadly. We expect the funded HEIs to participate in this evaluation by complying with requests for information, and being prepared to discuss the project with whoever carries out the evaluation.

### **Charity income**

37. Where co-investment is from charities, institutions will not be able to count the same investment as charity income when claiming the charity support element of research funding from the UK higher education funding bodies, as these bodies' contribution to UKRPIF has already taken sustainability into account. As part of the monitoring arrangements under UKRPIF, institutions will be asked to report the progress of the co-investment payments. In the annual HESA Finance Statistics Return (FSR), any co-investment reported from charities under the UKRPIF initiative must be reported under Table 5b column 3 ('UK-based charities (other)'), not under column 2 ('UK-based charities (open competitive process)'). Similarly, on Table 5b of the HESA FSR, UKRPIF grants from EU and non-EU charities should be returned under columns 9 ('EU other') and 12 ('Non-EU other'), respectively.

### **Business income (England only)**

38. Equally, where co-investment is from business, institutions in England will not be able to count the same investment as income when claiming the business research element of research funding from HEFCE. In calculating the business research element of research funding, HEFCE will deduct the amounts of UKRPIF grants from businesses from the FSR figures. In the annual HESA FSR, any co-investment from businesses for the UKRPIF initiative must be reported through Table 5b in the usual way: HEFCE will contact individual institutions separately to establish the income to be deducted when calculating the business research element of quality-related research funding.

### **Timetable**

39. An indicative timetable is below.

| <b>Activity</b>                      | <b>Approximate timing</b> |
|--------------------------------------|---------------------------|
| Deadline for expressions of interest | 10 October 2014           |
| Decisions on expressions of interest | November 2014             |
| Submission of project proposals      | Early January 2015        |
| Final assessment panel               | February 2015             |
| Allocations approved by HEFCE Board  | March 2015                |

## **Freedom of information**

40. 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.

41. 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.

42. Where we consider it to be appropriate and practicable we will seek the views of applicants before disclosing this information in response to a Freedom of Information 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.

43. Further information about the Freedom of Information Act is available at [www.ico.org.uk](http://www.ico.org.uk).