



Research  
England

# Changes to Research England terms and conditions – consultation document

## June 2019

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## Summary

1. This document invites comments on revised terms and conditions of funding administered through Research England under section 97 of the Higher Education and Research Act 2017 (see Annex 1), forming part of an overarching accountability framework between Research England and the higher education providers we fund.
2. The consultation questions can be found at paragraph 18. Comments are invited via a survey at [<https://www.smartsurvey.co.uk/s/RE-Terms-and-Conditions-consultation-2019-20/>] by 5pm on 8<sup>th</sup> July 2019.

## Introduction

3. The Higher Education and Research Act 2017 established UK Research and Innovation (UKRI) to oversee and support the majority of publicly funded research and innovation activity in the UK. Research England is the Council within UKRI with delegated funding and regulatory responsibilities for university research and knowledge exchange in England.
4. Research England's role is to create and sustain the conditions for a healthy and dynamic research and knowledge exchange system in English universities. Working closely with the Research Councils and Innovate UK, and with our partner funding bodies in the devolved administrations, we ensure that our nation's universities are effectively supported and encouraged to deliver excellent research with impact and world-leading knowledge exchange.
5. UKRI is a non-departmental public body. This means that while UKRI's remit (and the remits of its councils) are set by the Secretary of State for Business, Energy and Industrial Strategy, UKRI is not part of any government department. The 2017 legislation provides clear protections for academic freedom and provider autonomy under the Haldane principle and the 'dual support' system for research funding. These protections enable UKRI and its councils to make investments that deliver excellent research that promote and incentivise impact, and that support high-performance knowledge exchange and business-led innovation. These protections also enable Research England to act as a broker between universities and the Government ensuring the appropriate provider freedom for research and knowledge exchange.

6. Research England's funding powers under the 2017 Act are linked to the definition of eligible higher education providers as set by the Office for Students (OfS) and prescribed in detail by the OfS' regulatory framework. The regulatory framework becomes active on 1 August 2019, drawing the present interim arrangements to an end, and requiring updated terms and conditions of Research England grant.

## Accountability framework

7. Our accountability framework, and the terms and conditions that fit within it, are intended to safeguard both higher education provider and academic autonomy, which are widely regarded as key factors in the success of English higher education. The principle of provider autonomy and the systems of regulation on which it depends rely on clear lines of accountability for the proper stewardship of public funds and on being able to demonstrate to Parliament and the public that, in the exceptional circumstance when something goes wrong, there is a clear mechanism to put it right.
8. Higher education in England is made up of a diverse range of providers of varying size and complexity. To give expression to the principle of autonomy, every higher education provider is headed by a governing body or equivalent which is unambiguously and collectively responsible for overseeing the provider's activities, determining its future direction, and fostering an environment in which the provider's mission is achieved and the potential of all students (including postgraduate research students) is realised. The governing body or its equivalent ensures compliance with the statutes, ordinances and provisions regulating the provider and its framework of governance. Research England's funding is provided explicitly to the governing body as the higher education provider's ultimate authority.
9. As accounting officer, the chief executive of UKRI has a personal responsibility to safeguard public funds and achieve value for money as set out in HM Treasury guidance, 'Managing Public Money'. This includes responsibility for the public funds allocated by Research England to universities for research, knowledge exchange and associated purposes. The Executive Chair of Research England makes a clear personal contribution to fulfilling this responsibility, in line with the delegated responsibilities defined by legislation.
10. The approach to accountability described above draws on the expertise and diligence of governors, the effective academic management of higher education providers and a relationship of trust between Research England and English universities. Research England, in turn, has a responsibility to promote and protect the wider public interest, particularly in relation to the funding we provide.

## Terms and conditions of funding

11. The purpose of our terms and conditions of funding is to provide clarity and assurance around the formal funding relationship between UKRI (operating through Research England), governing bodies and heads of providers.
12. The updates we have made to our terms and conditions are intended to reflect wider changes in the regulatory landscape, in particular arising from the implementation of the Office for Students' regulatory framework and register of providers<sup>1</sup>. In developing these terms and conditions we have focused on two key principles:
  - Complementarity: replicating similar frameworks operated by other bodies and utilising existing sources of assurance where possible
  - Continuity: avoiding unnecessary major changes in the relationship between Research England and the providers it funds
13. Our application of these principles means that these terms and conditions are much less prescriptive than last year's. The Office for Students has slimmed down its own terms and conditions to avoid duplicating the requirements of its separate regulatory framework. We have taken the opportunity to do the same.
14. UK Research and Innovation regularly reviews its terms and conditions. We will strive to ensure that where our aims are the same as those of the rest of UKRI we do not generate additional conditions. Increasingly, the Research England conditions will focus specifically on areas where our distinctive model of assurance is fundamental to what we do, cross-referring to other documents where we share interests with others.
15. Research England's purpose is to create and sustain the conditions for a healthy and dynamic research and knowledge exchange system in English universities. Our role is in securing flexibility for universities and colleges to make their own judgements and take risks. We are responsible for the element of dual funding which protects the capacity of universities to respond quickly to opportunities central policymakers may not even be aware of and our approaches to funding will ensure that we do that. We are also responsible for ensuring that the research system across our universities is capable of sustaining its level of achievement. We will diverge from other existing accountability frameworks only in order to achieve these goals.

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<sup>1</sup> [https://www.officeforstudents.org.uk/media/1406/ofs2018\\_01.pdf](https://www.officeforstudents.org.uk/media/1406/ofs2018_01.pdf)

16. This approach does require us, to a degree, to react to changes made elsewhere which affects our ability to publish terms and conditions as early in the year as we would like. For this reason, in this consultation, we would very much welcome comments, not just on the current text but on observations or concerns you would like us to consider in future years. Having these insights available to us when we embark on the creation of next year's instrument will help us to identify and eliminate both gaps in regulation and unnecessary or unduly burdensome conditions.
17. For example, we note that the Wellcome Trust requires funded organisations to publicly commit to the principles of the [San Francisco Declaration on Research Assessment \(DORA\)](#), Leiden Manifesto or equivalent. Though this is not yet a condition of our funding, we intend to incorporate the outcomes of the UKRI open access review into future iterations of these terms and conditions, including any mandatory requirement to sign DORA or equivalent. Research England commits to assessing the intrinsic merit of research and will not consider the publication channel, its impact factor (or other journal metrics), or the publisher when assessing quality. We expect research organisations we fund to uphold these values.

## Consultation questions

18. Although views are sought on any element of the revised terms and conditions, we have taken the opportunity to adjust a number of specific areas in our terms and conditions, reflecting wider policy developments. For ease of reference, the following paragraphs highlight the substantive amendments and additions. Paragraph references in brackets refer to the terms and conditions document at Annex 1:

### Concordat to Support Research Integrity (paragraph 36)

19. Following an inquiry into research integrity, higher education providers and research funders have consulted on and revised the Concordat to Support Research Integrity.
20. We intend for compliance with the Concordat to Support Research Integrity to remain a condition of funding, and invite views on this.
21. A new mechanism to confirm compliance with the concordat is being developed, and will be applied in line with wider UKRI policy and practice.
22. These revised terms and conditions now also include a specific, explicit reference to the pre-existing expectation for higher education providers to notify us promptly of the

outcome of all formal misconduct investigations conducted at the higher education provider.

## **Safeguarding and Equality, Diversity and Inclusion (paragraphs 37-42)**

23. A new section has been included which sets our expectations of higher education providers in terms of safeguarding for staff, students, volunteers, participants in research and direct and indirect research beneficiaries. In order to achieve consistency and clarity across the policy landscape, the wording and therefore the expectations set out in paragraphs 37-42 reflect those found in the existing Global Challenges Research Fund grant letters, and also in the UK Collaborative on Development Research (UKCDR) 'International Development Research Funders Statement on Safeguarding', of which UKRI are co-signatories.
24. A new section has also been added setting out our expectations for equality, diversity and inclusion to be considered and supported in the use of our funding. This expectation matches the expectation in the UKRI terms and conditions of grant funding.
25. Research England may update its expectations in line with national policy development, UKRI policy development, employment and sector good practice or legislative change, or as may be notified separately by Research England.

## **Knowledge Exchange and Intellectual Property (paragraph 51)**

26. As recorded in the minutes of the Committee of Public Accounts on the Thirty First to the Thirty Seventh reports from Session 2017-19, the Committee recommended that: 'the Government is still not doing enough to safeguard the economic benefits of its research assets'. In response, the following statement is included at paragraph 51:

Higher education providers are obliged to consider how Intellectual Property arising from publicly funded research may be optimally exploited, taking account particularly of guidance from the Intellectual Property Office, including its 'Intellectual Asset Management for Universities'.

27. The statement does not seek to dictate the terms of IP exploitation arrangements, but it does set an expectation on higher education providers in relation to IP arising from public funds.

## Allocation of Funds for Research Supervision (paragraphs 56-57)

28. Following the 2018 review of the UK Quality Code for Higher Education, references to the previous code's section B11 have now been removed. Instead higher education providers must demonstrate that arrangements for assuring and maintaining the academic standards and enhancing the quality of these programmes are compliant with the expectations and core practices of the 'UK Quality Code for Higher Education'<sup>2</sup>, including the UK Quality Code for Higher Education common practices and advice and guidance.

## Revision to Terms and Conditions of Research England Grant (paragraphs 78- 80)

29. Research England Terms & Conditions may be subject to further revision due to the dynamic funding environment in which we operate and the policy cycles of other organisations such as the OfS and UKRI. Therefore a section has been added on how we interpret our obligation to consult which includes a materiality test to determine the necessity for either a full public consultation or a lighter-touch consultation for minor or technical changes, and for changes which follow logically from principles already consulted upon.

30. The section also defines those with whom we would seek to consult in different circumstances.

## Next steps

31. Responses to this consultation should be submitted via a survey [\[https://www.smartsurvey.co.uk/s/RE-Terms-and-Conditions-consultation-2019-20/\]](https://www.smartsurvey.co.uk/s/RE-Terms-and-Conditions-consultation-2019-20/) by **8 July 2019**.

32. We will finalise the terms and conditions in light of feedback received through consultation. We will publish the final document on our website, together with a summary of the feedback received, before 31 July 2019.

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<sup>2</sup> See: <https://www.qaa.ac.uk/quality-code>

## Annex 1

# Terms and conditions of Research England grant

To	Heads of Research England-funded higher education providers
Of interest to those responsible for	Finance, Governance

### Purpose of this document

1. The terms and conditions of Research England grant (the ‘terms and conditions’) set out the formal relationship, in the form of terms and conditions made under section 97 of the Higher Education and Research Act 2017, between UK Research and Innovation (UKRI) and the higher education providers that it funds, and their governing bodies and accountable officers, in relation to UKRI funds administered through Research England. References to Research England (and ‘we’, ‘us’, ‘our’) in these terms and conditions relate to UKRI functions that are to be exercised by its Research England council<sup>3</sup>, under the provisions in the 2017 Act.
2. These terms and conditions underpin the funding we provide to higher education providers and describes the assurance we rely on in discharging our funding responsibilities. These terms and conditions also reflect UKRI’s responsibility to provide annual assurances to Parliament that:
  - funds provided to us are being used for the purposes for which they were given (regularity)
  - risk management, control and governance in the higher education (HE) sector are effective (propriety)

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<sup>3</sup> Research England is established as a committee in law.

- economy, efficiency and effectiveness are being achieved (value for money).
3. These terms and conditions apply from 1 August 2019. Until that date, the transitional terms and conditions of Research England grant published in April 2018 (RE-P-2018-02) continue to apply. If you have received an award under the old terms and conditions but not yet received all payments due under that award, those terms and conditions continue to apply in respect of that award unless you agreed to abide by updated terms and conditions when you accepted that award, in which case these terms and conditions replace their predecessors. We do not envisage that the approach set out in this document will have any material impact on holders of existing awards.
  4. In this document, and elsewhere in Research England documentation, the term higher education provider is used to refer to
    - a. higher education providers receiving funding from Research England in line with regulatory arrangements in the transitional period;
    - b. Higher education providers that are registered with the Office for Students (OfS) and receive Research England funding from 1 August 2019.
  5. The terms and conditions set out the mandatory requirements placed on higher education providers as conditions of grant.
  6. These terms and conditions are intended to work alongside and complement any additional terms and conditions that may be issued in relation to separate Research England or UKRI administered grants or discrete funding streams<sup>4</sup>.
  7. Higher education providers are bound by the requirements of their charter and statutes (or equivalent) and by the law relating to their charitable status. This document does not supersede those requirements but is intended to complement and reinforce them.

## Eligibility for funding

8. For a provider to be eligible for grant funding from Research England, it must meet the following criteria:

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<sup>4</sup> See: <https://www.ukri.org/funding/information-for-award-holders/grant-terms-and-conditions/>

- a. The provider must be registered with the OfS in the Approved (fee cap) category of the OfS's register. This includes continuing to meet the OfS's ongoing conditions of registration.
  - b. The provider must be undertaking of research and related activities<sup>5</sup>
  - c. The principal – though not necessarily exclusive - aim of the provider's research activity should be the creation of new knowledge which is made freely available to all.
9. If a provider ceases to meet these criteria, then Research England reserves the right to terminate any funding arrangements and may require repayment of funds disbursed (see paragraph 67).

## Requirements of other bodies

10. Higher education providers must ensure compliance with European Union state aid law or successor arrangements in their own uses of Research England funding. In the case of any breach of state aid law we may be required to recover all or some funding, together with interest. Research England may also be required to withhold funding or aspects of funding to any provider which is subject to a state aid enquiry or which has an outstanding recovery notice against it.

## Our responsibilities

11. Research England provides grant funding for the undertaking of research and related activities<sup>6</sup> by those higher education providers eligible to receive Research England grant funding. The eligibility criteria are set out in paragraph 8 above.
12. Our grants to higher education providers are to fund certain activities defined by the Higher Education and Research Act 2017, 97(2). These are:
- a. the undertaking of research into, or knowledge exchange in relation to, science, technology, humanities or new ideas by the provider;

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<sup>5</sup> Including knowledge exchange.

<sup>6</sup> Including knowledge exchange.

- b. the provision of facilities, or the carrying out of other activities, by the provider which its governing body considers it is necessary or desirable to provide or carry out for the purposes of, or in connection with, research into, or knowledge exchange in relation to, science, technology, humanities or new ideas.
13. We will endeavour to work with higher education provider and others in the higher education sector to the highest standards of openness, integrity and consistency expected of public sector bodies. We recognise that higher education providers are autonomous bodies and acknowledge that they accept that they are accountable for the funding they receive. We will not ask for information that we already have, and as far as possible we will rely on data and information that higher education providers have produced to meet their own needs. We will make regulation efficient and effective and seek to ensure that its benefits outweigh the costs to higher providers, ourselves and other parties.
14. We will work with the OfS and others as appropriate to minimise where possible duplication of regulatory activity. Where we place reliance on information provided to the OfS or others in ensuring accountability for our funding, we will make our own regulatory judgements. These may differ from those of the OfS for reasons including:
  - The nature of the information means that it affects the integrity of Research England funding or processes to a different extent to OfS funding and processes
  - The nature and characteristics of the provider's activity mean that the impact of any action on research and research-related activities in English higher education is different to its impact on matters of concern to OfS.
15. We will respect commercial confidentiality within the constraints of the Freedom of Information Act 2000 and our own obligations to Parliament and under the framework document with our sponsor department.
16. Under the Higher Education and Research Act 2017, Research England has assumed certain responsibilities from the former Higher Education Funding Council for England (HEFCE). The OfS has assumed other responsibilities from HEFCE (relating to teaching and related activities) and those of the Director of Fair Access to Higher Education. Research England and the OfS will, individually or together as they consider appropriate, continue to monitor compliance with the former HEFCE terms and conditions of grant and take action against providers that are found to be in breach of them. This includes (but is not limited to) recalculating and adjusting grants previously announced where these are found to have been informed by incorrect data from providers.

17. Research England and the OfS will agree which of them will take such action for breaches of HEFCE terms and conditions according to the following general principles:
- a. Research England will take action in relation to recurrent and capital grants that relate primarily to research and knowledge exchange activities and research students.
  - b. The OfS will take action in relation to recurrent and capital grants that relate primarily to teaching activities and taught students.

## Responsibilities of higher education providers

18. Research England will seek assurance from information provided to and by the OfS in ensuring that higher education providers have continued eligibility for funding. Providers may also need to provide some information directly to Research England to enable it to carry out effective oversight of the regulatory, propriety and value for money in the use of its funding. This is because we have a responsibility to protect the public interest and collective student interest in relation to a provider's research and knowledge exchange activities and their use of Research England funding.
19. Research England will make its own judgement as to the seriousness of any regulatory conditions imposed by the OfS, and the impact on both the eligibility for Research England's funding and the amount of that funding.

## Regularity and propriety

20. Higher education providers must use Research England funds only for activities that are eligible for funding under the Higher Education and Research Act 2017 (paragraph 12), as this is the intended purpose for which the funds have been provided by Parliament. When using these grants higher education providers should ensure they apply proper processes that ensure effective accountability.
21. This requirement also applies where the higher education provider passes on part of its Research England grant to another legally distinct entity for the provision of research or knowledge exchange facilities or for research or knowledge exchange to be undertaken. In such cases, as set down in Section 97(2) of the Higher Education and Research Act 2017, the higher education provider must obtain our consent before passing Research England funds to the connected institution. In these circumstances the higher education provider awarded the funding by Research England will be held accountable for those funds; and the higher education provider should therefore ensure adequate

accountability arrangements are in place when it passes on such funding to another entity.

22. Governing bodies<sup>7</sup> and accountable officers are accountable for their decisions and actions, and must submit themselves to whatever scrutiny is appropriate to their office. They should also be as open as possible about all the decisions and actions that they take that may affect funding provided by Research England and report these to Research England without delay.

## Governing bodies

23. Members of governing bodies of higher education providers have a set of legal responsibilities and other duties. Taken together, the responsibilities of members of a governing body and of the governing body as a whole are considerable, and must be met. The governing body of a higher education provider is collectively responsible and has ultimate responsibility that cannot be delegated for overseeing the higher education provider's activities, to determine its future direction, and to foster an environment in which the higher education provider's mission is achieved.
24. Higher education providers must comply with any conditions of registration applied by the OfS, including specific ongoing conditions.
25. They must also send Research England:
  - a. Information we may reasonably request.
  - b. Any data requested on our behalf by the designated data body.
26. Research England reserves the right to use and publish its own estimates of data, where we are not satisfied that the higher education provider's data are fit for purpose. Research England also reserves the right not to publish data. Responsibility for the quality of data used for internal decision-making and external reporting, which must be fit for purpose, rests with the higher education provider itself. Data submitted for Research England's funding purposes must comply with directions published by Research England; if in doubt about the reporting of research or knowledge exchange data, a higher education provider should ask Research England to provide an authoritative, written ruling.

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<sup>7</sup> 'Governing bodies' is defined as per section 85(1) of the Higher Education and Research Act 2017.

## Accountable officer

27. The head of a higher education provider is first and foremost responsible for leadership of the academic affairs and executive management of the higher education provider. The appointment (or dismissal) of the head of a higher education provider is governed by employment law, and this is clearly the responsibility of the governing body. Research England has no role, rights or responsibilities in relation to the appointment (or dismissal) of the head of a higher education provider. We expect that in a case where a head of a higher education provider does not discharge his or her duties or acts improperly the governing body will take appropriate action.
28. Under these terms and conditions, the governing body is responsible for the use of public funds. To assist and enable it to discharge this responsibility and to provide clear accountability, the governing body will designate a senior officer, normally the head of the higher education provider, as the 'accountable officer': that is, the officer who reports to Research England on behalf of the higher education provider. The accountable officer for Research England purposes must be the same person as the accountable officer for the OfS's purposes.
29. The accountable officer is personally responsible to the governing body for ensuring compliance with the terms and conditions in this document and for providing Research England with such assurances of this as it may require.
30. The accountable officer is also required to report to Research England as the case may be on behalf of the higher education provider in relation to the requirements set out in paragraph 23.
31. The higher education provider's accountable officer, the chair of the governing body or both may be required to appear before the Public Accounts Committee alongside the executive chair of Research England and the UKRI chief executive in his or her role as accounting officer, on matters relating to grants to the higher education provider.
32. In the event of a prolonged absence from work or a sudden departure by the accountable officer, the clerk to the higher education provider's governing body must ensure that Research England is made aware immediately of the identity of the interim accountable officer.

## Provision of information to Research England

33. Our information requirements are set out in these terms and conditions and in guidance on returns. It is a condition of grant that higher education providers provide the requested

accountability or other information. We keep these information requirements under review to ensure we only ask for the information we need.

34. Compliance with the code of practice for higher education data collections<sup>8</sup> is a condition of grant for all providers.
35. The provider agrees that non-statutory bodies which perform a function for the higher education sector, specifically the Student Loans Company, may provide to Research England such information (including financial information) relating to students at the provider as Research England may require for the purposes of the exercise of any of its functions under the Education Acts. These functions include the allocation and monitoring of funding and student numbers and the provision of advice to the Secretary of State. Research England will notify the provider in advance of any data request it may make to such bodies.

## Research integrity

36. In line with UKRI's terms and conditions for funding, it is a condition of grant for all higher education providers eligible to receive research funding administered through Research England to have in place procedures for governing good research practice, and for investigating and reporting unacceptable research conduct, that meet the requirements set out in the Concordat to Support Research Integrity (2012) <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Pages/research-concordat.aspx> and the <https://www.ukri.org/about-us/policies-and-standards/research-integrity/>, and any subsequent iterations of those documents. UKRI will assess compliance with this condition on a continuing basis. We expect higher education providers to notify us promptly of the details of allegations of misconduct which are referred for formal investigation, and the outcome of any formal investigations of misconduct. Notifications must be sent to [researchintegrity@re.ukri.org](mailto:researchintegrity@re.ukri.org).

## Safeguarding

37. Protecting people and safeguarding responsibilities should be a priority for all higher education providers. We expect higher education providers to promote a culture in which harm and abuse is less likely to happen, and to act swiftly to respond to cases that do emerge. Tackling bullying, sexual harassment and other forms of abuse requires a multi-pronged approach, focusing on governance, human resources, whistle-blowing and risk management policies. Providers must have systems and policies which support

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<sup>8</sup> Available at [www.hesa.ac.uk/content/view/3685](http://www.hesa.ac.uk/content/view/3685)

everyone, integrating clear codes of conduct into processes of recruitment, professional development and promotion, and ensuring that timely, transparent, robust and fair processes are in place and accessible by all.

38. It is expected that higher education providers will take reasonable steps to protect people who come into contact with their organisation from harm. This includes staff, students, volunteers, participants in research and direct and indirect research beneficiaries. It may also include other people who come into contact with the work of higher education providers. We expect all researchers from funded higher education providers undertaking research to exercise good conduct.

39. All higher education providers are expected to

- a. make reasonable steps to ensure all staff, students, volunteers, participants in research and research beneficiaries know about relevant safeguarding and people protection policies and procedures
- b. have appropriate policies and procedures in place including risk management
- c. respond effectively to concerns and carry out appropriate investigations
- d. have a clear system of referring or reporting to relevant organisations.

40. We expect higher education providers to notify us if they become aware of any safeguarding issues or unlawful conduct related to research or researchers in the context of either local or UK legislation. This applies to QR funded activity and other research activity. Abuse or improper safeguarding of beneficiaries and poor research conduct in research could impact adversely upon both the research and reputation of a higher education provider.

41. Research England may update its expectations in line with national policy development, UKRI policy development, employment and sector good practice or legislative change, or as may be notified separately by Research England.

## Equality, Diversity and Inclusion

42. We expect higher education providers to ensure that equality, diversity and inclusion is considered and supported in the use of our funding taking into account UK Research and Innovation [policies and principles](#) for equality, diversity and inclusion. Providers' approach to supporting equality, diversity and inclusion is expected to exceed all relevant legal obligations, including but not limited to those of the Equality Act 2010.

## Sustainability of universities and colleges

43. Higher education providers must continue to meet the OfS's condition of registration related to financial viability and sustainability (condition D).
44. Higher education providers must also submit the Transparent Approach to Costing (TRAC) returns as required<sup>9</sup>. Where these are submitted to the OfS, the OfS will share the TRAC returns with UKRI.
45. The primary responsibility for assessing the affordability of, and risks around, financial commitments rests with higher education providers' governing bodies. A provider should determine the level of its financial commitments that are both affordable and consistent with its financial strategy. As part of ensuring its long-term viability, a higher education provider should know the full cost of its activities and use this information in making decisions. If it does not seek to recover the full cost, this should be the result of a clear policy set by the governing body and included in the financial strategy, and should not put the higher education provider in financial difficulty. We do not expect public funds to subsidise non-public activities.
46. Higher education providers should manage their estate in a sustainable way, in line with an estates strategy.

## Significant events

47. The higher education provider's accountable officer must inform Research England about major changes in research and knowledge exchange strategies. Where it is deemed appropriate, Research England will share any such information with UKRI.

## Contributing to meeting policy objectives

48. Knowledge exchange, as defined by the Higher Education and Research Act 2017, 93(4), means "knowledge exchange", in relation to science, technology, humanities or new ideas, means a process or other activity by which knowledge is exchanged where:
  - a the knowledge is in, or in connection with, science, technology, humanities or new ideas (as the case may be)

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<sup>9</sup> See: <http://www.trac.ac.uk/tracguidance/>

- b the exchange contributes, or is likely to contribute, (whether directly or indirectly) to an economic or social benefit in the United Kingdom or elsewhere.
49. Providers receiving recurrent funding for knowledge exchange<sup>10</sup> are required to comply with annual monitoring arrangements described in ‘Higher Education Innovation Funding: Institutional five-year knowledge exchange strategies’ (HEFCE 2016/16), or as may be notified separately by Research England.
50. These monitoring arrangements are to report on the progress of the five-year knowledge exchange strategy. Research England may withhold funding from the provider if it does not produce a five-year strategy, comply with monitoring arrangements, or if monitoring reveals that the provider is not achieving sufficient progress against its knowledge exchange strategy.
51. Higher education providers are obliged to consider how Intellectual Property arising from publicly funded research may be optimally exploited, taking account particularly of guidance from the Intellectual Property Office, including its ‘Intellectual Asset Management for Universities’<sup>11</sup>.
52. Research England allocates funding to higher education providers from the Global Challenges Research Fund (GCRF). GCRF funds must be used to support Official Development Assistance (ODA) eligible activity. This means it must be used to support cutting edge research that addresses the challenges of economic development and well-being faced by developing countries on the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) list<sup>12</sup>. Within the aforementioned limits, acceptable use of funds may include: capacity and capability building; challenge-led interdisciplinary and collaborative research; impact generation activity; pump-priming activity; rapid response to emergencies with an urgent research need; and meeting the full economic costs (FEC) of eligible research funded from other sources. Providers should seek advice from Research England on the acceptability of any other uses they propose for the GCRF funding by emailing [globalchallenges@re.ukri.org](mailto:globalchallenges@re.ukri.org). Providers receiving this funding are required to comply with annual reporting arrangements. As part of these reporting arrangements we will expect providers to confirm, at the end of the academic year, that they have spent their

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<sup>10</sup> As defined by the Higher Education and Research Act 2017, 93(4)

<sup>11</sup> See:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/308072/ipa\\_sset-management.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/308072/ipa_sset-management.pdf)

<sup>12</sup> The DAC list is available from [www.oecd.org/dac/stats/daclist.htm](http://www.oecd.org/dac/stats/daclist.htm).

allocation and used it in accordance with the terms of the funding and provide examples to evidence the benefits of the spend.

53. Higher education providers in receipt of GCRF allocations from Research England from 2019-20 must have produced a three-year strategy for their QR GCRF allocations that was assessed as complying with the ODA conditions for this funding<sup>13</sup>. It is also a condition of funding that higher education providers in receipt of GCRF allocations comply with annual monitoring exercises of the fund conducted by Research England.

## Other requirements

54. Higher education providers are required to subscribe to Jisc's core network package from April 2019 to July 2021.

55. Higher education providers must ensure that their use of JANET and SuperJANET networks conform to acceptable practice and current legislation.

56. Table D of the 2018-19 grant tables and the equivalent table in future grant tables identify any allocation of funds for research degree programme (RDP) supervision. We require that the arrangements for assuring and maintaining the academic standards and enhancing the quality of these programmes are compliant with the expectations and core practices, of the 'UK Quality Code for Higher Education'.<sup>14</sup>

57. Providers' approach to maintaining the academic standards and enhancing the quality of these programmes should also be informed by good practice including the 'UK Quality Code for Higher Education' common practices and advice and guidance.

58. There is an Exchequer interest that has built up over time in higher education providers in receipt of Research England capital funding and some previous HEFCE capital funding.

59. If either of the following remote events occurs, they will trigger immediate liability for the institution to repay the full amount of the Exchequer interest (as shown in the Exchequer interest register at that date). The proportion of the total liability to be repaid will be subject to any agreements made between UK Research and Innovation and other public

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<sup>13</sup> Guidance on ODA is available at: <https://www.ukri.org/research/global-challenges-research-fund/criteria-of-funding/fund/criteria-of-funding/>

<sup>14</sup> See: <https://www.qaa.ac.uk/quality-code>

bodies in respect of the ownership of the Exchequer Interest. The institution will recognise UK Research and Innovation as unsecured creditors until such repayment is made. If a liability to make repayment arises, Research England may agree to accept repayment of some other sum, or to delay repayment, at their absolute discretion, and such agreement may be on terms and conditions as Research England think fit.

- The first trigger event will be if the institution becomes insolvent, including going into liquidation or administration, or if it dissolves or transfers its undertaking to some other body (for example, by the exercise of the Secretary of State's powers under the Education Reform Act 1988), or if it experiences any analogous event.
- The second trigger event is if the institution ceases to be eligible for Research England funding, as set out in paragraph 8.

60. If either of the triggers is activated, Research England have the right, but not the obligation, to request repayment. Research England has discretion to waive the requirement for repayment, and the discretion to waive the proportion of the total repayment that is liable to Research England. In making these decisions, Research England will consider the extent of any continuing public benefit arising from the use of previous HEFCE, OfS and Research England capital grants.

## Payment of grant

61. Each year we determine how much money to allocate to each higher education provider. Higher education providers should use this money only for the purposes we are empowered to fund, as defined in the Higher Education and Research Act 2017 or other relevant legislation.
62. All funding provided by Research England is subject to the terms and conditions set out in this document, and in accepting funding, the provider is agreeing to comply with those conditions.
63. The provider is free to distribute internally at its own discretion all funding from Research England which is not earmarked or provided for a specific purpose, subject to that funding being used for the activities eligible for funding under section 97 of the Higher Education and Research Act 2017, as amended. Any funds that have been earmarked or provided for a specific purpose must be used solely for the purpose for which those funds were earmarked or provided.
64. United Kingdom Shared Business Services (UKSBS) will normally pay recurrent funds to the provider on behalf of Research England in monthly instalments, in accordance with a

funding profile for the whole academic year that will be notified separately. While Research England reserves the right to amend the UKSBS profile during the year, it will make adverse changes to the profile only in exceptional circumstances and following consultation with the provider.

65. Research England allocations may be amended in the light of any data assurance work carried out with individual providers or other data amendments that we agree to accept.
66. We reserve the right to revise any allocation to take account of changes to the grant available to us from Government, or where we believe the size of any allocation that we have announced has been affected by erroneous or incomplete data.
67. We will withhold or amend future payments, or require a higher education provider to repay part or all of a grant, whether through the non-compliance of current or former terms and conditions we attached to the grant, or if it has been found to have been incorrectly over-funded via information received from the provider itself or Research England. We reserve the right to charge interest, at 2 per cent above the Bank of England base rate.

## **Changes to the grant available to us**

68. UKRI confirms the funding available for Research England for each financial year (April to March), with indicative funding advised for subsequent financial years. Research England confirms funding for the related academic year, assuming that any indicative funding available for the following financial year will be confirmed. Any future changes to the grant made available to us by UKRI could affect the funding we are able to distribute to providers in the relevant academic year, and this may include revising allocations after they have already been announced.

## **Provider engagement, support and safeguarding actions**

69. As a public sector funding body Research England must be confident that the bodies it funds have adequate and effective risk management, control and governance arrangements to protect the investment of Research England funding; and arrangements for delivering value for money (VFM) from public funds.
70. Research England will seek to secure this confidence through our accountability framework. This includes:

- a. our reliance on the OfS' regulatory framework and providers' continuing compliance with the continuing conditions of registration as a key source of assurance for Research England funding;
- b. Monitoring providers' activities and strategies relating to research and knowledge exchange, including through submissions by providers of such returns as we may require (including as described in paragraph 49) and the undertaking (or commissioning) of data assurance investigations.

71. The OfS' regulatory judgements in relation to a higher education provider's risk may be shared with Research England. Research England will determine what, if any, regulatory action it wishes to take in relation to such a breach as set out in paragraph 67.

72. The two safeguarding actions at the disposal of Research England, which could be deployed if other routes to secure compliance are not successful, are:

- a. **Financial** – through the recovery of grant funding or the denial of access to future grant funding, including access to specific grants or to discretionary funding. Ultimately Research England can withdraw funding entirely, should circumstances warrant such action.
- b. **Informational** – through making public our concerns about a higher education provider where there are strong grounds to do so and where this is in the public or collective student interest (both current and prospective students, and past students where relevant).

## Data assurance

73. Higher education providers are required to supply Research England with data to inform allocations of funding and for other purposes. The responsibility for the quality and accuracy of that data rests with the higher education provider. Research England relies on the provider's own data assurance processes where possible.

74. Research England monitors the reasonableness of data and undertakes verification, validation and reconciliation work between HESA data and other datasets. Research England may undertake (or commission) audits at a higher education provider if it deems this necessary. Data audits will assess the strength of the provider's systems and controls as well as assessing the accuracy of the data submissions.

75. We will audit data selectively in this and future funding exercises, through audit visits and other processes. We will also use data which providers provide to the designated data

body, the OfS and other organisations to verify the data providers send directly to us. We will use the outcomes of these data audits and reconciliations to review funding allocations both for the year in question and all subsequent years.

76. If we find, either through reconciliations with the OfS, the OfS designated data body, or other organisations' data, or any data audit, that erroneous data has resulted in providers receiving incorrect funding allocations, then we will adjust these accordingly (subject to the availability of our funds). We will recover funding from a provider for all years informed by the audited or reconciled data (including any consequential effects on funding for subsequent years). If there is evidence that a provider has deliberately not complied with the funding rules or has ignored previous HEFCE, Research England or OfS advice/recommendations, then in these exceptional circumstances we may recover funding over a longer period, up to a maximum of seven years (including in relation to years when funding was provided by HEFCE).
77. Research England will place reliance on providers' compliance with the OfS's ongoing conditions of registration in relation to the provision of accurate data (conditions F3 and F4). This is imperative in order to improve the reliability of data which is crucial for the efficiency of our funding, the accuracy of public information and to reduce the number of significant funding allocation adjustments arising from data corrections.

## Revision to terms and conditions of Research England grant

78. We will make material revisions to this document only after consulting the higher education sector or its representative bodies, as appropriate.
79. Future changes to the terms and conditions are highly likely given the need to minimise duplication with approaches taken by other bodies and to cross-refer to their processes as appropriate. In the light of the sensitivity of our approach to the approaches of others, we will not be able, on every occasion, to publish revised terms and conditions as early in the year preceding their adoption as we would like; nor will be able to ensure that all revisions are sufficiently material to justify a full open consultation.
80. We will, therefore, work with HE sector representative bodies to ensure:
- that representative bodies are consulted on any changes, however minor
  - that they have the capacity to advise their members on the changes and take soundings on their response

- that a full open consultation is employed wherever it is both feasible (in terms of timing) and necessary (in terms of the materiality of the changes)
- that the interpretation of ‘feasible and proportionate’ for this purpose is the subject of discussion with the representative bodies
- that we offer the representative bodies an ongoing dialogue on the development of new iterations of the terms and conditions so that they are able to advise us both on issues raised by the T&Cs themselves and on the feasibility and necessity of full open consultation
- that we will consider changes less material and full open consultation less likely to be necessary where the changes represent the logical application of the following principles:
  - RE will try to minimise duplication with the regulatory practice of OfS or other parts of UKRI where the distinctive purpose of RE funding does not suggest a distinctive approach and where those other bodies are engaged in consultations of their own
  - RE will make necessary amendments to its terms and conditions where these are necessitated by changes in the practices of other bodies and will consider these changes less material if their sole purpose is to replicate the position in third-party approaches
  - RE reserves the right to consider changes where the sole purpose is to simplify and clarify the language of these terms and conditions to have a low level of materiality
  - Where, due to circumstances beyond our control, the time available for consultation is very short we reserve the right to employ whatever method of consultation is feasible under the circumstances. In the event that this limits the scope of consultation into highly material changes we may seek to reopen consultation on novel elements of the terms and conditions after they come into force.

# Annex A: Definitions and abbreviations

<b>Accountable officer</b>	A senior officer (normally the head) of a provider responsible and accountable to OfS and Research England (and ultimately to Parliament) for ensuring that the provider uses OfS and Research England funds in ways that are consistent with the purposes for which those funds were given, and complies with the conditions attached to them. These include the conditions set out in the Higher Education and Research Act 2017 and in these terms and conditions of Research England grant.
<b>Accounting officer (of UKRI)</b>	As accounting officer, the chief executive of UKRI has a personal responsibility to safeguard public funds and achieve value for money as set out in HM Treasury guidance, 'Managing Public Money' and any subsequent guidance. This includes responsibility for the public funds allocated by UKRI to higher and further education providers and other bodies for education, research and associated purposes.
<b>Accounts direction</b>	OfS publish an annual accounts direction, which states OfS's and Research England's financial reporting requirements. OfS registered providers and their external auditors must comply with it.
<b>ANOC</b>	Adjusted net operating cash flow.
<b>ASSUR</b>	Annual sustainability assurance reports.
<b>Governing body</b>	The university council, board of governors or other body ultimately responsible for the management and administration of the provider's revenue and property, and the conduct of its affairs.
<b>HE</b>	Higher education.
<b>HEFCE</b>	Higher Education Funding Council for England.
<b>Higher Education Provider</b>	Higher education provider. The use of this term refers to: (a) higher education providers receiving funding from Research England in line with regulatory arrangements in the transitional period; (b) registered higher education providers that receive Research England funding from 1 August 2019 under the OfS regulatory framework.
<b>HESA</b>	Higher Education Statistics Agency.
<b>JANET</b>	High-speed computer network supported by all the four higher and further education funding bodies, which links universities and colleges in the UK.

	SuperJANET is the enhanced network.
<b>OfS</b>	Office for Students
<b>Operating Framework</b>	The Operating Framework explains how higher education providers in England are held to account and regulated.
<b>Regularity</b>	Regularity is a public finance requirement for funds to be applied only to the extent and for the purposes authorised by Parliament.
<b>Research England</b>	The Research England committee of UKRI. References to Research England in this these terms and conditions relate to UKRI functions that are exercised by its Research England committee under Section 97 of the Higher Education and Research Act 2017, but should be read as including UKRI, which retains responsibility for those functions.
<b>Secretary of State</b>	Usually refers to the Secretary of State for Education, but depending on context can refer to the Secretary of State for Business, Energy and Industrial Strategy.
<b>SLC</b>	Student Loans Company Limited.
<b>UKRI</b>	United Kingdom Research and Innovation
<b>VFM</b>	Value for money.

<b>Shall</b> and <b>must</b> denote mandatory requirements, and <b>should</b> denotes our view of good practice.
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# Annex 2

# Accountability framework

This document describes the broad accountability framework that exists between Research England and the higher education providers that Research England funds.

Web: [www.re.ukri.org](http://www.re.ukri.org)

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# Accountability framework

## Introduction

33. This document describes the broad accountability framework that exists between Research England and the higher education providers that Research England funds, drawing on the authorities and legislative provisions that underpin Research England's funding role.
34. It is intended to provide contextual information for anyone seeking to understand how Research England's funding relationship with higher education providers works. It is not to be used as a substitute for legal advice.

## Research England's statutory funding powers

35. Research England was established as a Council of UK Research and Innovation (UKRI) in the Higher Education and Research Act 2017 ("the 2017 Act"). The 2017 Act, along with any related secondary legislation, provides the legal basis for Research England's funding role. Under the 2017 Act, Research England provides funding to registered higher education providers for:
- a. The undertaking of research or knowledge exchange;
  - b. The provision of facilities for research or knowledge exchange.
36. In the transitional period, parts of the Further and Higher Education Act 1992 ("the 1992 Act") continue to apply, along with any related secondary legislation. In particular, during the transitional period Research England provides funding to higher education providers in line with provisions under Section 65 of the 1992 Act. After August 2019, Research England provides funding to higher education providers in line with provisions under Section 97 of the 2017 Act, as above.
37. UKRI routinely delegates specific responsibilities to Research England. This is required by the 2017 Act and by the BEIS-UKRI framework document. This is done through strategic delegations from the UKRI Board to the Research England Council, and through financial, policy and operational delegations from the UKRI CEO to the Research England Executive Chair. These delegations are set out in Research England's Strategic Delivery Plan, which is approved by the Research England Council and the UKRI Board.

38. In the transitional year, additional guidance was provided by BEIS to the Research England Executive Chair for the financial year 2018-19. This reflected prior arrangements under the Higher Education Funding Council for England (HEFCE) where the government wrote to HEFCE annually with budgets and priorities for the financial year (known as the HEFCE Grant Letter).
39. UKRI (and by extension Research England) is subject to the requirements of Managing Public Money.<sup>15</sup> That document sets out the main principles for dealing with resources in UK public sector. UKRI is also required to present to Parliament an annual report and accounts for each financial year, in line with requirements in the 2017 Act.
40. There is a framework document underpinning the relationship between the government Department for Business, Energy and Industrial Strategy (BEIS) and UKRI. This includes a range of requirements and commitments on both bodies, helping to secure optimal outcomes for the public funding flowing through UKRI.

## Terms and conditions of grant

41. Higher education providers in receipt of Research England grant funding are required to comply with the Terms and Conditions of Research England Grant. These terms and conditions set out the formal relationship between UKRI and the higher education providers that it funds, and their governing bodies and accountable officers, in relation to UKRI funds administered through Research England.
42. Research England is required, under the 2017 Act, to consult such persons as Research England considers appropriate before determining any terms and conditions to be imposed on its funding. In practice, this means Research England will consult before changing its terms and conditions of grant.

## Regulatory arrangements

43. The OfS is the main regulator of higher education providers in England, and Research England will rely on OfS carrying out its regulatory role for assurance on its own funding. For instance, it is a condition of registration that a higher education provider be well-managed, well-governed and financially sustainable; compliance

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<sup>15</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/742188/Managing\\_Public\\_Money\\_MPM\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742188/Managing_Public_Money_MPM_2018.pdf)

with such conditions, and the associated regulatory monitoring, remains a sensible and non-duplicative form of assurance for Research England.

## **Additional assurance**

44. In addition to provider-level assurance activity, Research England undertakes other specific audit and assurance activity from time to time, including routine assurance and audit of higher education providers' data that underpin its funding methods, and assurance of capital funding provided through schemes such as the UK Research Partnership Investment Fund (UKRPIF).
45. Assurance is further derived from Research England's formula funding processes, which fund in line with performance (e.g. as measured through assessment in the Research Excellence Framework). Research England also draws additional assurance on with the HEIs that it funds through formal institutional engagement and dialogue.