

November 2012/31

Special initiative

Invitation to apply for funds

Bids should be e-mailed to HEFCE
by noon on Monday 11 February
2013

This document sets out the arrangements for an additional allocation of research capital funding for higher education institutions for 2013 to 2015. It invites HEIs that have a significant track record of research excellence to submit bids on a competitive basis to apply for the capital grants.

UK Research Partnership Investment Fund 2013-15

Invitation to bid



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UK Research Partnership Infrastructure Fund 2013-15

Invitation to apply

To	Heads of higher education institutions funded by the four UK HE funding bodies
Of interest to those responsible for	Senior management, Research, Finance, Estates
Reference	2012/31
Publication date	November 2012
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 – Pam Macpherson Barrett, p.macpherson-barrett@hefce.ac.uk , 0117 931 7471

Executive summary

Purpose

1. This document sets out the arrangements for an additional allocation of research capital funding for higher education institutions (HEIs) for 2013 to 2015. It invites HEIs that have a significant track record of research excellence to submit bids on a competitive basis to apply for the capital grants.

Key points

2. The Government has provided £300 million to support investment in higher education (HE) research facilities. £220 million has already been allocated, and this call for bids will enable us to allocate the remaining £80 million.

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

- 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 attract substantial co-investment from private sources, building on the research excellence in the HE sector.

5. The panel is likely to favour bids which provide clarity on:
 - 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. Public benefits for research and broader activities arising from the development.

Action required

6. HEIs are invited to submit bids using the templates at Annexes A, B and C and e-mail them to researchpartnership@hefce.ac.uk by **noon on Monday 11 February 2013**.

Part 1: Funding and assessment

Introduction

7. UK Research Partnership Investment Fund (UKRPIF) was first launched with £100 million of public finance in May 2012 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 to £300 million. Round one of the process allocated £220 million of public funding and attracted over £600 million in private support; the remaining £80 million is being made available through a further bidding round, for which this document provides guidance.

8. The funding is dedicated to supporting large-scale capital projects from higher education institutions (HEIs) with significant track records 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.

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 higher education (HE) research.
- d. Strengthen the contribution of the research base to economic growth.

10. This is a UK-wide scheme, with funding from the Department for Business Innovation and Skills (BIS) 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.

Funding and eligibility

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

12. 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 eight projects that collectively would attract total investment in research infrastructure of at least £240 million. Loans do not qualify as co-investment.

13. HEIs are permitted to submit one bid as project lead. Bids for collaborative projects between HEIs are permitted, provided the lead HEI is able to meet the requirements for scale and quality of research outlined below.

14. Institutions should ensure they meet the requirements for the fund outlined below before preparing to submit a bid.

How funds can be used

15. 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 the purchase of relatively high cost equipment.

Applying for funds

16. Funding is available on a competitive basis via the submission of bids. Institutions should follow the guidance given in Part 2 and should:

- a. Provide the rationale for the proposed development.
- b. Explain how the project will meet the objectives set out in paragraph 9 above.
- c. Supply evidence that finance, including the agreed co-investment, is available.
- d. Demonstrate that the UKRPIF grant will have been spent by the end of March 2015.

17. HEIs are invited to submit bids using the guidance in this document and including the information requested in the forms at Annexes A, B and C (which can be downloaded alongside this document at www.hefce.ac.uk/pubs/year/2012/201231/) and e-mail it to researchpartnership@hefce.ac.uk by noon on **Monday 11 February 2013**. A collaborative bid should be for a coherent project across the partners (and not for a series of smaller unconnected projects).

18. The decision on whether to bid is solely for the HEI to take. There are a number of bids likely to be taken forward from the previous stage of the project and we anticipate considerable interest from HEIs with strong fundable bids. Potential bidders may advise HEFCE of their intention to bid at any stage before the date above and ask about the criteria. No advice can be given on the details of any bid and the panel will take an independent decision on the quality of the bids as described below.

Assessment information

19. We have established an independent assessment panel chaired by Peter Saraga, the former Vice-President of the Royal Academy of Engineering and a former HEFCE Board member, which will assess bids. 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 to support the projects that will make best use of public funding. To do this, the panel will:

- a. Ensure the requirements for the fund have been met for those projects being recommended.
- b. Judge the relative strengths of each bid against the criteria.
- c. Take into account wider factors.

The requirements, criteria and wider factors are outlined below.

20. 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 the relevant institutions the viability of projects where the funding applied for cannot be provided in full.

Requirements for the UKRPIF project bids

21. The requirements for the UKRPIF that project bids need to meet are as follows.
 - a. Bids must apply for UKRPIF funding of between £10 million and £35 million.
 - i. Awards from the UKRPIF should be used by March 2015.
 - b. Co-investment from private sources of at least twice the amount of UKRPIF applied for; evidence that co-investment is in place and relates directly to the project.
 - i. Co-investment must align with the guidance on the nature and security of co-investment at paragraphs 40 to 44.
 - c. Significant scale of research, and a 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 significant scale, including in the broad field of the proposed additional activity outlined in the bid. The two metrics we will use for this purpose are:
 - external research income from the Higher Education Statistics Agency finance record for 2010-11
 - volume of research activity at 3* level and above (measured in staff full-time equivalence) in the relevant broad disciplines as identified in the 2008 Research Assessment Exercise.
 - d. Clearly defined objectives for the use of the research facilities, linked to outputs and outcomes.
 - e. Evidence that the institution has considered the risks appropriate to the proposed development.
 - f. In relation to new build or refurbishment:
 - i. 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 respectively need to meet the 'excellent' and 'very good' standards within the Building Research Establishment Environmental Assessment Method.)
 - ii. Justification for any net increase in the HEI's floor area, and explanation of any impact on the HEI's 2020 carbon reduction target.
 - g. Evidence of credible plans to:
 - i. Implement the project successfully and utilise funding by March 2015 – including project management, governance arrangements, and arrangements with the co-investors and any partner HEIs.
 - ii. Staff, resource and operate the facility.
 - h. Details of the institution's arrangements to monitor and evaluate the success of the development.

Criteria against which bids will be scored or ranked

22. The criteria against which bids will be scored and ranked are outlined below.
- a. Evidence of how the UKRPIF investment will lead to developments that build on the research excellence of the institution, including the extent to which a project will support the development of researchers for the future.
 - b. Evidence of commitment from co-investors, and the summary terms and conditions of the contribution.
 - 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. The project should be an additional development that has not benefited previously from substantial public investment.
 - iii. Scale and timing of co-investment funding relative to public investment, and to institutions' own contributions. The extent to which any co-investment supporting research activity is specific additional funding to the project.
 - iv. Evidence that the development will be sustained, either:
 - 1) As a research collaboration with the co-investor(s).
 - 2) As world-leading research in the HEI or through collaborations with other research organisations and users of research.
 - v. Evidence that estates and equipment costs are appropriate for the proposed development, and that the development is aligned to the institution's estates strategy.
 - vi. Confirmation that an appropriate options appraisal has been carried out.
23. The assessment panel will weight the criteria a, b, c as 2:1:2 respectively.

Wider factors to inform assessment decisions

24. In addition to the criteria, the assessment panel may take into account wider factors when finalising which bids to recommend for funding. These wider factors are:
- a. The strategic position on research in particular disciplines and technologies. For example, if there are potential overlaps in two bids (or with bids previously funded under this initiative), the assessment panel will look at whether it is desirable to support the project(s).
 - b. How projects align with other national developments such as the Technology Strategy Board's Catapult Centres.
 - c. Balance across the bids in terms of research fields and anticipated applications.

Complying with state aid and other relevant legislation

25. 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 Department of Business Innovation and Skills web-site (www.bis.gov.uk/policies/europe/state-aid). If in doubt, institutions should seek legal advice, and we will expect such issues to be considered in the risk register in bids.

Managing public and private benefits

26. We expect that the research facilities we will invest in will 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 explain how potential risks to the institution will be managed.

Payment of funds and profile of co-investment funding

27. 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, these grants are not covered by the Capital Investment Framework.

Evaluation

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

Charity income

29. Where co-investment is from charities, institutions will not be able to include the same investment as income for the purposes of claiming the charity support element of research funding. As part of the monitoring arrangements under the UKRPIF, institutions will be asked to report progress of the co-investment payments. Any co-investment reported from charities under the UKRPIF initiative must then be reported through the HESA FSR under Table 5b column 3 'UK-based charities (other)', and not under column 2 'UK-based charities (open competitive process).'

Part 2: Guidance on preparing a bid

30. To facilitate easy onward transmission to readers and assessors, we would like documents submitted in a single e-mail as follows:

Part 1: a single PDF document covering the submission and evidence to support the case (including proof of co-investment). The cover sheet for this is available at Annex A.

Part 2: estates and equipment information (the template can be found at Annex B) as a PDF document.

Part 3: financial information (the template can be found at Annex C) as an Excel spreadsheet.

The main part of the bid (part 1) should be no more than 20 pages in length (excluding the evidence of co-investment), and the e-mail file size of the whole bid (including financial information) should be no greater than 5MB.

31. Annexes A, B and C can be downloaded from the HEFCE web-site alongside this publication at www.hefce.ac.uk/pubs/year/2012/201231/.

Contents of the guidance

32. The guidance on preparing a bid is split into two sections:

Section one: Guidance on the structure and content of bids.

Section two: Process following submission of the bids.

Section one: Guidance on the structure and content of bids

33. Please ensure that the bid includes the cover sheet found at Annex A. The main body of the bid should follow the format outline in the following paragraphs.

Summary

34. Summarise the project, including its intended outcomes, in no more than 300 words. We will publish the text from successful bids on our web-site when these are announced.

Development of the facilities

35. Outline the proposed development of research facilities. Taking into account the objectives of the UKRPIF initiative, provide the following in relation to the proposed project:

- Project objectives
- Key outputs to deliver the objectives
- Outcomes against which you will evaluate success

The above could be reflected in a table.

36. Show how the proposed development relates to the HEI's plans for research and estates development. We expect that most, if not all, developments proposed will have been planned or thought about prior to the UKRPIF. However, we do not wish to provide funding which merely substitutes for other sources of funding already secured. The bid should provide clarity on the following:

- the extent to which the development is new, has brought forward longer-term planning or has increased the scope of previously planned developments
- whether the proposed project is part of a wider development – and (briefly) how this wider development is being or has been financed
- how the development would be taken forward if there were no UKRPIF funding, or if you were to be offered a lower level of funding than you are applying for.

More detailed information on estates development is required in a later section.

How the facilities will lead to excellent research

37. Show how the facilities being financed from the UKRPIF will:

- Strengthen research in your institution in the disciplines related to your bid.
- Enhance strategic partnerships with other HEIs and organisations active in research.

- Provide public benefit in relation to research, and any wider benefits.

38. Where the co-investment is recurrent and funding research activity, please provide information on the nature of the research to be supported and how it will deliver public benefit.

Collaboration

39. In relation to the proposed development, institutions should outline the extent and depth of collaboration with users of research that encourages the take-up and application of research. This could include risk-sharing, longevity of collaborations, shared objectives and outcomes.

Nature and security of co-investment

40. Please summarise the sources of co-investment and amounts. For each co-investor, provide information on:

- the relationship (in brief) between the HEI and each co-investor
- the nature of the agreement with each co-investor, and the anticipated return to the co-investor from their involvement in the proposed development
- evidence of clear commitment from each co-investor including the amount of co-investment. Co-investment should be secured at the point of submission but may be contingent on a successful UKRPIF bid.

41. Evidence will typically be a letter stating a specific commitment to the project and the terms on which this will be made. Co-investment included in the bid should relate directly to the project rather than being part of a broader development. This will help to ensure that the UKRPIF maximises public value in line with the objectives of the fund.

42. Co-investment funding can be of a capital 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. However, the assessment panel will take into account the length of time over which the co-investment is being committed. For example, co-investment which is committed in the next five years will be looked on more favourably than a commitment of the same amount over ten years. 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 donation already made). The key test is whether or not the intended development is additional to existing activity. For an existing commitment, the funds must not have been utilised/spent at the point of submission, other than for a proportionately small amount which may have been allocated to enabling works.

43. 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 (or any organisation which is controlled by the HEI or is a vehicle for investment only in the HEI) are not permitted as co-investors for the purposes of the UKRPIF. We envisage that co-investors will typically be companies, charities and individuals. For clarity, contributions from the following sources will not be accepted as co-investment:

- a. European Union funding.
- b. The NHS, including private finance initiative funding to hospital trusts.
- c. Local authorities.

- d. An HEI or its own trading subsidiary organisations (donations to the HEI held as endowment funds are eligible provided there is evidence of the source of funds).
- e. Any co-investment that the assessment panel might consider to be a loan.

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 to inform judgements on affordability and value for money.

44. In-kind contributions as co-investment are permitted. Bids should demonstrate the value of such contributions and describe how these valuations are calculated. In-kind contributions should have a present value that can be validated, and must not be an assessment of future revenue streams. Examples of in-kind contributions would include (but are not limited to) donated land, buildings and equipment. Co-investment which is presented as a supplier-discount may be judged as ineligible unless clear evidence is available of a further discount over the best price available and achieved in the market.

Estates development and purchase of equipment

45. Where the UKRPIF will support estates development or equipment purchase, institutions should provide complete information on building works and the purchase of equipment in Annex A.

Financial information

46. Please provide financial information in the template provided at Annex B. This asks for information in two main areas:

- a. expenditure and sources of finance in each year relating to the capital development. UKRPIF must be utilised by March 2015.
- b. income and expenditure in each year until the proposed facilities reach normal operating capacity.

47. Where bids include contributions from HEIs' own resources (outside of the co-investment), bids should explain how these contributions are being financed and whether the institution will need borrowing consent from its funding body.

48. Describe how the institution expects to meet the recurrent costs of the project, such as staffing, operating costs and maintenance.

Planning and governance

49. Please provide information on the institution's plans to develop the research facilities and sustain them. This should include:

- a. A summary plan to implement the project successfully, and plans to monitor and evaluate the success of the development. You should show key milestones and timings covering the key aspects of the development (estates, equipment and staffing).
- b. Project management and governance arrangements.
- c. Arrangements to manage the relationship with co-investors and any partner HEIs.

50. Where bids will result in the development of a new facility, we would expect clear information on:

- a. The ownership of the facilities being developed within the project. Where the HEI does not own the facilities, describe the arrangement that ensures the HEI can access the facilities, and the period over which access is granted.
- b. The governance structure of that facility.

Monitoring and evaluation

51. Describe how the HEI will monitor both the progress in developing the facilities and the co-investment commitments outlined in the bid. We expect that bids will include plans to evaluate the success of the completed project as well as monitoring progress during development.

Risks

52. Highlight the potentials risks to the project and the planned mitigating actions.

Consideration of risks should include those relating to:

- a. The successful implementation of the project.
- b. The use of UKRPIF funding within the timeframe to March 2015 (such as potential delays in planning consent).
- c. The security of the co-investment, including any recurrent funding.
- d. Longer-term sustainability of the research facilities.

Agreement of head of institution

53. We require confirmation from the head of the HEI that they have agreed the bid being submitted. A signed statement or confirmation e-mail should be incorporated into this bid.

54.

Section two: The process following submission of project bids

55. Following receipt of the bids, a team of HEFCE officers including Assurance and Estates advisors will review each bid and determine:

- a. Whether the lead institution has met the eligibility requirements described in paragraph 21 including on research excellence.
- b. Whether the bid contains all the information requested in the guidance.
- c. Whether the documentation raises any queries that need to be addressed by the institutions before the panel can agree its assessment.

56. HEFCE will prepare comments on the bids to guide the assessment panel in its deliberations.

57. Membership of the assessment panel is as follows:

- Peter Saraga (Chair), former HEFCE Board member, former Vice-President of the Royal Academy of Engineering and former Head of Philips Research Labs
- Lynne Brindley, formerly Chief Executive of the British Library
- Anne-Marie Coriat, Research Councils UK
- Andrew Milligan, Standard Life

- John Pethica, The Royal Society.

58. The panel will consider **all** bids, and assure itself that any to be discounted on the basis of not meeting requirements have been discounted reasonably. The panel will assess, score and rank the remainder against the criteria, then take into account the wider factors in recommending bids for funding.

59. The assessment panel will discuss bids at its meeting in March 2013. Following this meeting we may need to raise additional queries with institutions. Recommendations of the panel will then go forward to the HEFCE Board at its April meeting.

Timetable

60. An indicative timetable is below.

Activity	Approximate timing
Submission of bids	11 February 2013
Final assessment panel	Mid March 2013
Allocations approved by HEFCE Board	29 April 2013

Freedom of information

61. HEFCE is subject to the Freedom of Information Act 2000, which gives the public right of access to information held by any public authority. This may mean that applications, communications between us and institutions, information arising from this work, or the outputs from the work undertaken, are 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.

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

63. 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.