

December 2013/35

**Special initiative**

**Invitation to apply for funds**

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Expressions of interest should be e-mailed to HEFCE by **noon on Friday 24 January 2014**

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This document sets out the arrangements for an additional allocation of research capital funding for higher education institutions (HEIs) for 2015 to 2016. 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

**2015-16**



# UK Research Partnership Investment Fund: 2015-16

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	2013/35
Publication date	December 2013
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, tel 0131 313 6559, e-mail <a href="mailto:sfancey@sfc.ac.uk">sfancey@sfc.ac.uk</a> HEFCW – Linda Tiller, tel 0292 068 2228, e-mail <a href="mailto:Linda.Tiller@hefcw.ac.uk">Linda.Tiller@hefcw.ac.uk</a> DEL – Gavin Campbell, tel 0289 025 7516, e-mail <a href="mailto:Gavin.Campbell@delni.gov.uk">Gavin.Campbell@delni.gov.uk</a>  for queries about the process 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 third round of the UK Research Partnership Investment Fund for 2015 to 2016. It invites higher education institutions (HEIs) that have a significant track record of research excellence to submit expressions of interest on a competitive basis to apply for the capital grants.

### 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 match-funding to leverage private investment. This invitation relates to the funding of at least £100 million in 2015-16. A further call for bids relating to funding for 2016-2017 will follow.

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 two rounds of the UK Research Partnership Investment Fund. Exceptionally, projects that do not meet the required levels of 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.

### **Action required**

7. HEIs are invited to complete 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 24 January 2014**.

## **Introduction**

8. The UK Research Partnership Investment Fund (UKRPIF) was launched in May 2012, with £100 million of public finance 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.

9. To date a total of £301 million has been allocated to 22 projects which have collectively attracted a minimum of £826 million of additional private investment.

10. 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 match-funding to leverage private investment. This invitation relates to the funding for 2015-16. A further call for bids for funding in 2016-17 will follow.

11. 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.

12. 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.

13. 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**

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

15. Funding will be allocated on the basis that HEIs have secured at least double funding from co-investment sources. That is, for every pound from the UKRPIF, there should be an additional £2 invested. This means we are looking to support between three and ten 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 and funding from the public sector will not qualify as co-investment.

16. At the 'expression of interest' stage, multiple bids (up to three per HEI) are permitted. Collaborative bids are 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. Exceptionally, projects that do not meet the required levels of 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.

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

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

18. 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 receive donations. The 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 or major refurbishment of existing facilities, or the purchase of relatively high-cost equipment.

### **Applying for funds**

19. 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 evidence that the agreed co-investment is available.
  - iv. Demonstrate that the UKRPIF grant will have been spent by the end of March 2016.

20. 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/2013/201334/](http://www.hefce.ac.uk/pubs/year/2013/201334/)) and e-mailing it to [researchpartnership@hefce.ac.uk](mailto:researchpartnership@hefce.ac.uk) by **noon on 24 January 2014**. The sections in the template align with the criteria that the assessment panel will use to judge which institutions proceed to stage two. Institutions are permitted to submit a maximum of three expressions of interest, 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.

21. 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 advice can be given on the details of any bid. The panel will take an independent decision on the quality of the bids as described below.

## Assessment information

22. 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. 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:

- 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.

23. If necessary, the assessment panel may recommend declining some bids, reducing the funding allocations to individual projects or 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

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

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

i. The proposal should demonstrate the extent to which the project will support developments additional to existing activity. The proposed development could be 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 had already planned.

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

i. Awards from the UKRPIF should be used by March 2016.

**c. Indicative amount and nature of co-investment (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 the UKRPIF).** At stage two, we will need evidence that the co-investment funding will be available.

i. Co-investment funding can be of a capital 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 the UKRPIF. We

require a letter of interest or intent from the co-investor to be submitted with expressions of interest for stage one. At stage two the panel will assess the strength of the 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). 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.

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 the UKRPIF. We envisage that co-investors will typically be companies, charities and individuals. Contributions that do not count as co-investment (such as European Union funding and the bidding institution's own funds) will be taken into account at stage two to inform judgements on affordability and value for money.

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

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

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

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

iii. Proposals should provide evidence of research excellence at the level of the department(s) or Unit(s) of assessment most closely related to the bid. This should include volume of research activity at 3\* level and above (measured as full-time equivalent staff) in the relevant Unit(s) 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 2011-12, Research Council funding, or other funding and awards in relevant disciplines.

**e. Indicative plan that shows delivery of the facilities.**

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

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

25. 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.

26. 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 the final criteria and guidance on our requirements for full project proposals to institutions that are successful at stage one. 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, including the extent to which a project will support the development of researchers for the future.
- b. Evidence that the development will be sustained, including through:
  - i. Sources of investment in world-leading HE research.
  - ii. Collaborations with other research organisations and users of research.
- c. Value for money:
  - i. Evidence that the project will contribute towards the objectives of the fund.
  - ii. Evidence of commitment from co-investors, and the summary terms and conditions of the contribution.
  - iii. Evidence that the requested UKRPIF investment will support a significant improvement in research capacity, in keeping with the scale of the investment sought. The project should be an additional development that has not benefitted previously from substantial public investment.
  - iv. Scale and timing of co-investment funding relative to public investment, and to institutions' own contributions.
  - v. Evidence that the institution has considered the risks appropriate to the proposed development.
  - vi. Evidence that estates and equipment costs are appropriate for the proposed development, and that the development is aligned to the institution's estates strategy.
  - vii. Confirmation that an appropriate options appraisal has been carried out.



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

27. 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 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.
- b. How projects align with other national developments, such as the Technology Strategy Board's Catapult Centres.
- c. The extent to which projects have been informed by the government's industrial strategy and the 'eight great technologies'<sup>1</sup>, although the panel will also welcome projects from a broader range of sectors not previously identified in the previous rounds of the UKRPIF where significant benefit would arise and where funding is not available through other funds, such as the Catalyst fund.
- d. Balance across the bids in terms of research fields and anticipated applications, recognising the spread across sectors and disciplines of the successful bids in the previous two rounds of the UKRPIF. Exceptionally, projects that do not meet the required levels of 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.

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

28. When applying for funding, institutions should take into account the need for the funding allocated 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**

29. We will pay capital grants through payments that align to the profile of project expenditure that we agree with each HEI. Generally we will start payments at the 'breaking ground' stage, following the appointment of the main contractors. 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**

30. 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.

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<sup>1</sup> In autumn 2012 the Chancellor highlighted eight great technologies where the UK can lead the world, announcing an additional £600 million investment to support their development:

<https://www.gov.uk/government/speeches/speech-by-the-chancellor-of-the-exchequer-rt-hon-george-osborne-mp-to-the-royal-society>

## Charity income

31. 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 the UKRPIF, institutions will be asked to report 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, UKRPIF grants from EU and non-EU charities should be returned under columns 9 ('EU other') and 12 ('Non-EU other'), respectively, on Table 5b of the HESA FSR.

## Business income (England only)

32. 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 (QR) research funding.

## Timetable

33. An indicative timetable is below.

Activity	Approximate timing
Deadline for expressions of interest	24 January 2014
Decisions on expressions of interest	March 2014
Submission of project proposals	Late April 2014
Final assessment panel	Late June 2014
Allocations approved by HEFCE Board	3 July 2014

## Freedom of information

34. 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.

35. 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.

36. 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.

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