

September 2014/21

**Special initiative**

**Calls for expressions of interest**

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E-mail responses should be sent by **noon on Thursday 6 November 2014.**

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This document invites HEFCE-funded providers of higher education to express interest in bidding to the Catalyst Fund in one of three areas: universities as anchors; technical education at higher levels; and innovative knowledge exchange developments in small, specialist institutions. Criteria and assessment arrangements are set out for each of these three calls, and information given on plans for future calls.

# Catalyst Fund

## Calls for expressions of interest in three areas

# Catalyst Fund: Calls for expressions of interest in three areas

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges
Of interest to those responsible for	Economic impact of research and teaching; Employability, entrepreneurship, workforce development, continuing professional development and skills; Innovation, collaborative and contract research; Knowledge exchange; Regional and local development
Reference	2014/21
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Enquiries to	Institutional teams – contacts can be found at <a href="http://www.hefce.ac.uk/contact/contactsforinstitutions/">www.hefce.ac.uk/contact/contactsforinstitutions/</a>

## Executive summary

### Purpose

1. This document invites HEFCE-funded providers of higher education to express interest in bidding to the Catalyst Fund in **one** of three areas:
  - institutions as anchors
  - technical education at higher levels
  - innovative knowledge exchange developments in small, specialist institutions.
2. Criteria and assessment arrangements are set out for each of these three calls, and information given on plans for future calls.

### Key points

3. We are announcing three dedicated calls for expressions of interest to the Catalyst Fund on:
  - a. The role of **universities as anchors** in their locale.
  - b. Higher education's (HE's) potential to meet needs arising from our advanced economy, through innovative activity that will develop **technical education in HE** and support the Government's industrial strategy.
  - c. Information about innovative knowledge exchange (KE) developments of small, specialist institutions (that do not currently benefit from KE formula funding through the Higher Education Innovation Fund (HEIF)) to build evidence to inform future policy and funding for knowledge exchange.
4. We will accept bids of up to £8 million for expressions of interest to the universities as anchors and technical education in HE calls. However, we expect to fund a reasonable number of bids and those bids that deliver high value for more modest sums will have a higher chance of

success. For innovative KE projects we are looking for evidence of innovative KE developments, and would therefore expect bids of value commensurate with KE funding levels. We expect to fund a number of bids that deliver a significant amount of activity over a wide range of areas.

5. Individual higher education institutions and directly funded further education colleges can be involved in only one individual proposal and one collaborative proposal in response to any of the three calls.

6. This exercise prioritises projects that will inform our current policy development. During this process the Catalyst Fund will continue to accept proposals that fit within other themes. These will be developed over the usual Catalyst Fund timescales as detailed at [www.hefce.ac.uk/whatwedo/invest/funds/catalyst/](http://www.hefce.ac.uk/whatwedo/invest/funds/catalyst/), but we ask that institutions prioritise proposals that most closely meet the calls. We are likely to issue further calls for priority proposals in the coming months.

### **Action required**

7. Higher education institutions and further education colleges are invited to complete the expressions of interest response template at Annex A, and e-mail it to [CatalystFund@hefce.ac.uk](mailto:CatalystFund@hefce.ac.uk) by **noon on Thursday 6 November 2014**.

## Introduction

8. We launched the Catalyst Fund in August 2012 as the route for discretionary investment to support our objectives. We stated then that catalyst funding would be used most effectively by universities and colleges in collaboration and partnership – with employers, with each other, and with other funding bodies or key partners – and that matched funding or co-investment would likely be a key feature of successful proposals. We also highlighted our interest in supporting activities that could stimulate and sustain economic growth, and mentioned that from time to time we might issue calls for projects relating to a more specific topic.

9. We are now announcing three dedicated calls for expressions of interest to the Catalyst Fund, in line with HEFCE and government priorities, and building on our previous call 'Higher education's contribution to economic growth: Invitation to submit expressions of interest for funding through the Catalyst Fund' (HEFCE Circular letter 31/2012)<sup>1</sup>. These are detailed in paragraphs 17 to 27. Some additional material on the calls is available on the Catalyst Fund website ([www.hefce.ac.uk/whatwedo/invest/funds/catalyst/](http://www.hefce.ac.uk/whatwedo/invest/funds/catalyst/)) and we will maintain a series of Frequently Asked Questions.

10. These three calls for expressions of interest will operate alongside our normal Catalyst Fund process. They are designed to encourage institutions to prioritise those projects that fit with HEFCE and government priorities, arising from priorities set out in our last economic growth call and focused on areas where we believe more attention is needed to develop policy and practice. As HEFCE's Chief Executive will set out in an article for the *Times Higher Education* on 2 October, this approach is intended to use the Catalyst Fund to highlight the scope and potential for higher education (HE) to deliver key policies and priorities in preparation for future public funding decisions.

11. In addition to fitting with one of the three calls and the specific criteria in paragraph 33, projects must be consistent with the main principles and criteria of the Catalyst Fund, as follows.

- a. **Meeting policy priorities:** As discretionary funding, Catalyst Fund investments should be focused on achieving key priorities derived from those of Government, rather than the positioning of individual institutions. We will invest on the basis of ideas from and negotiation with institutions.
- b. **Exceptional funding:** The fund should be used to secure benefits that could not adequately or reasonably be achieved by HEFCE or by universities and colleges through other means (such as formula funding, increased tuition fee income or other funders), or through the operation of the system alone.
- c. **Delivering public benefit:** We expect there to be substantial benefits to the sector and the economy from Catalyst funding: benefits to students, to the public and to universities and colleges in general should outweigh those to the institutions receiving funding.

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<sup>1</sup> All HEFCE publications are available at [www.hefce.ac.uk/pubs/](http://www.hefce.ac.uk/pubs/).

- d. **Consistency:** Catalyst Fund investments should be consistent with the Government's aspiration for a dynamic and competitive system for teaching, and for research and knowledge exchange that build on strength and success.
- e. **Value for money:** This includes the quality and novelty of the proposal, clear success criteria, full economic costing, return on investment and contributions from other partners.
- f. **Robustness of project management:** This includes dissemination, evaluation and risk management.

## **Funding and eligibility**

12. We are not specifying an amount of funding for these calls, but we wish to fund a reasonable number of bids which deliver substantial benefit on our limited Catalyst Fund investment. We will prioritise the best projects, taking into account the strength of proposals under each call and other normal Catalyst Fund business. We expect a wide range of proposals in terms of ideas and funding levels, reflecting institutional and national opportunities and priorities, and synergies with local priorities and partners.

13. Funding for universities as anchors and technical education at higher levels is available to higher education institutions (HEIs) and further education colleges (FECs) which are directly funded by HEFCE. Due to the legal restrictions to our funding responsibilities, we can only consider proposals from directly funded FECs where proposals are directly linked to the development and delivery of prescribed courses of HE. The investment should be proportionate to the scale of HE provision directly funded by HEFCE. We cannot provide funding to support infrastructure or other more general developments or for research or knowledge exchange (KE) activity.

14. To maximise available funding and the opportunities open to them, FECs may wish to consider collaborative proposals. Indirectly funded FECs can be partners in proposals led by an HEI or a directly funded FEC.

15. Funding for innovative KE developments of small, specialist institutions is available only to those HEIs that were eligible for but did not receive a KE formula (HEIF) allocation from 2011-12 to 2014-15.

16. Individual HEIs and directly funded FECs can be involved in only one individual proposal and one collaborative proposal across all three calls. This will allow us and institutions to prioritise those projects that will be ready for early funding.

## **Calls for funding**

### **Universities as anchors**

17. This new call builds on HEFCE Circular letter 31/2012, where we previously set out our understanding of the concept of universities as anchors. We want projects which enhance the nature, range and value of this important role of institutions, and which deepen our understanding and available evidence. This includes institutions' role in securing investment and talent for their localities, and positioning themselves in local economic growth plans, through their engagement in teaching, research and knowledge exchange activities. Bids in response to this call may involve a capital element.

18. In particular, we are seeking to demonstrate the concept of universities as anchors further, identifying and evidencing how it meets key government priorities. Proposals should focus on the following goals.

a. Developing increased linkages between universities and colleges, the private sector or civil society, and other partners (notably local enterprise partnerships and local authorities), aiming to achieve higher levels of economic growth and innovation (including social innovation), particularly higher-value growth (such as innovation of new products and processes, or knowledge-based growth).

b. Delivering value in a defined spatial area, such as a city or city-region, potentially with wider benefits. We are particularly interested in 'clusters' where synergies are formed between specific types of businesses (such as those within an industrial or technology sector or sharing a supply-chain) and relevant HE research, KE or skills capacity based close together. We would expect such synergies to be sustainable and to bring commensurate benefits to universities and/or students.

c. Appropriate alignment with local or national economic strategies and plans that add value, addressing issues of smart specialisation. These might include local enterprise partnership strategic economic plans or European Structural and Investment Funds which attract investment, or with industrial strategy sectors or 'Eight Great Technologies' priority areas that enable wider collaborations beyond the identified spatial area or draw in specialist expertise from outside (such as through a wider skills, research or innovation partnership).

19. Although we expect these projects to stand on their own merits, we also recognise that some will be aligned with European funding and that this may help match the Catalyst Fund grant. We will place additional information on the Catalyst fund web pages at [www.hefce.ac.uk/whatwedo/invest/funds/catalyst/](http://www.hefce.ac.uk/whatwedo/invest/funds/catalyst/).

## **Technical education in HE**

20. This call focuses on demonstrating higher education's potential to meet the needs arising from the UK's advanced economy, by supporting innovative activity that will develop **technical education in HE**, and thus supporting the Government's industrial strategy. This will address concerns that the HE system is insufficiently geared towards providing the technical skills needed by businesses (particularly at intermediate levels), and that some graduates are not employed in roles commensurate with their knowledge and skills. As the Secretary of State for Business, Innovation and Skills has noted, 'High-level vocational training has fallen through the gap between our HE and FE (further education) systems [...] relative to other countries, we are way behind where we need to be'<sup>2</sup>. We wish to fund projects that will pilot innovative approaches and partnerships and see this as an opportunity for FE and HE institutions to work together.

21. We are interested in receiving proposals encompassing a broad range of technical education. Where progression is built in, we expect learners to continue onto programmes at higher levels that are also designed to meet the needs of employers – hence ensuring progression routes in technical HE at all levels. We are particularly interested in addressing the

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<sup>2</sup> Speech by Vince Cable at the Mansion House trade and industry dinner, 6 March 2014, available online at <https://www.gov.uk/government/speeches/mansion-house-trade-and-industry-dinner-2014>.

perceived gap in provision at Levels 4 and 5<sup>3</sup>. We expect the projects to pilot innovative activity with employers and other partners to help us demonstrate the potential role of higher education in developing technical skills at these levels, and in tandem with work which will equip students to apply them in the workplace ('work and learn').

22. We are also keen to see proposals which support progression through all levels of higher education, including to new higher technical qualifications, through apprenticeships and at postgraduate taught level. Some proposals may be at masters level to address particular technical skills where there is demand and strong support from employers. Strong support from employers for these partnerships, alongside other forms of evidence, will inform policy and funding for the longer term.

23. The call provides an opportunity for institutions to build on their strategic relationships with businesses, to develop provision in areas of evidenced demand, and to test the extent to which businesses will commit to supporting HE in areas aligned with their priorities. HEFCE will provide development funding for provision that will ultimately be financed by employers, students or both, with a view to testing how different finance models might work. We anticipate that institutions will be most successful where they build on their strengths in niche areas in order to attract investment from partners and secure a critical mass of businesses and learners that will support longer term sustainability. We will place additional information on the Catalyst fund web pages at [www.hefce.ac.uk/whatwedo/invest/funds/catalyst/](http://www.hefce.ac.uk/whatwedo/invest/funds/catalyst/).

### **Innovative KE developments at small, specialist institutions**

24. We are presently gathering evidence to inform future policy and funding for knowledge exchange. Inevitably we have more evidence related to present KE formula (HEIF) allocations collected through our funding processes. Through this call, we wish to collect evidence on KE involving HEIs that do not presently benefit from a KE formula allocation, to ensure that we are examining evidence of any distinctive contributions from these institutions. Any such contributions will be used as evidence in the spending review.

25. This call is limited to HEIs which were eligible for KE formula or HEIF but did not receive an allocation between 2011-12 and 2014-15 due to the cut-off threshold for allocations. See 'Higher Education Innovation Funding 2011-15: Consultation on a threshold allocation; and indicative institutional allocations' (HEFCE Circular letter 06/2011) for more details of HEIs not receiving an allocation.

26. Proposals should focus on KE as defined in 'Higher Education Innovation Funding 2011-12 to 2014-15; Policy, final allocations and request for institutional strategies' (HEFCE 2011/16). We are particularly interested in proposals that focus on KE that is distinctive to the type of institution. This will inform our understanding of whether particular KE contributions are unique to particular types of institution due to their specialisms, and hence would not occur elsewhere, such as at a multi-disciplinary HEI. We are particularly interested in proposals that focus on private sector partnerships and economic growth objectives.

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<sup>3</sup> See the Quality Assurance Agency for Higher Education, August 2008, 'The framework for higher education qualifications in England, Wales and Northern Ireland' at [www.qaa.ac.uk/publications/information-and-guidance/publication?PubID=2718](http://www.qaa.ac.uk/publications/information-and-guidance/publication?PubID=2718)

27. An argument has been made that income may not be the best proxy for impact among institutions with distinctive selling points, such as work with local small and medium enterprises. We will therefore consider proposals with less emphasis on co-investment from partners (such as private sector businesses), provided there is strong evidence of support from the partner and testimony that the activity will generate impact. (The expression of interest response template at Annex A asks for details of a business partner who can testify to support and impacts from the project.) We will expect proposals to have clear, quantitative targets in terms of the impacts they hope to achieve, and indications of how they might become sustainable over time and hence deliver an overall return on public investment. We will also look for projects that deliver appropriate HE benefits (to teaching, research, staff and students) alongside business benefits. We cannot fund business support.

## **Application process, selection criteria and timescale**

28. Expressions of interest should be submitted by e-mail to [CatalystFund@hefce.ac.uk](mailto:CatalystFund@hefce.ac.uk) by **noon on Thursday 6 November 2014**, using the template at Annex A. These expressions of interest will be prioritised by the Catalyst Fund panel with a view to fast-tracking the proposals that are the best fit with our current policy priorities. We may invite other stakeholders to contribute to the Catalyst Fund panel discussions as appropriate.

29. The highest-priority proposals identified by the panel will be developed into full proposals through the usual Catalyst Fund process before any HEFCE funding is confirmed. Full proposals will be considered against the criteria, policies and principles of the fund.

30. The Catalyst Fund will continue to operate during this process, supporting proposals relating to other policy themes, though the call proposals will be given the highest priority.

31. We will expect institutions to engage with the relevant HEFCE institutional teams while developing their expressions of interest, and will seek assurance from HEFCE regional consultants that they have had an opportunity to discuss the proposals.

32. The timetable is set out below.

<b>Date</b>	<b>Event</b>
Thursday 6 November 2014	Deadline for expressions of interest
Wednesday 10 December 2014	Decisions on highest priority proposals by Catalyst Fund panel
From January 2015	Prioritised proposals from calls fast-tracked into full bids through the normal Catalyst Fund processes.

## **Selection criteria**

33. In addition to the general Catalyst Fund criteria set out in paragraph 11, All expressions of interest will be considered against the following criteria:

- alignment with the detailed specification for the particular call
- evidence that the proposal is innovative
- commitment of relevant partners



- delivery of impact
- value for money and sustainability.

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

34. When applying for funding, institutions should take into account the need for compliance with European Commission state aid rules and all other relevant legislation<sup>4</sup>. 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.

35. We set out our general expectation that HEIs will have regard to state aid compliance in relation to all our funding in our new Memorandum of assurance and accountability (HEFCE 2014/12). We will need to ask for some information on state aid in finalising awards for successful bids where there are state aids dimensions, to comply with European Commission monitoring information.

## **Monitoring process**

36. Successful projects will be subject to individual monitoring arrangements depending on specific factors such as the scale of investment and level of risk involved. Monitoring arrangements will be agreed for individual projects and set out in the award letter, in line with the policies of the Catalyst Fund.

## **Freedom of information**

37. 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.

38. 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.

39. 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.

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

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<sup>4</sup> The new framework for state aid for research, development and innovation sets out the criteria under which the Commission will assess research, development and innovation aid measures which have to be notified by member states because they have a higher potential for distorting competition. Guidance on the new General Block Exemption Regulations sets out the conditions under which state aid may be granted without prior notification to the Commission.