

November 2015/33

Special initiative

Invitation to apply for funds

Expressions of interest should be emailed to HEFCE by **noon on Friday 15 April 2016**

This document sets out the arrangements for a potential additional allocation of research capital funding for higher education institutions from 2018-19 to 2019-20. It invites institutions with a significant track record of research excellence to submit expressions of interest for the capital grants on a competitive basis.

UK Research Partnership Investment Fund

2018-19 to 2019-20



UK Research Partnership Investment Fund: 2018-19 to 2019-20

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	2015/xx
Publication date	December 2015
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, email sfancey@sfc.ac.uk HEFCW – Linda Tiller, tel 0292 068 2228, email Linda.Tiller@hefcw.ac.uk DEL –Scott Carson, tel 0289 0257650, email scott.carson@delni.gov.uk for queries about the process HEFCE – Steph Lynch, tel 0117 931 7048, email s.lynch@hefce.ac.uk

Executive summary

Purpose

1. This document sets out the arrangements for a fifth round of the UK Research Partnership Investment Fund (UKRPIF) from 2018-19 to 2019-20. This is a two-stage process. While funding for this scheme has been announced by the Government, funds have not yet been formally allocated to HEFCE by the Department of Business, Innovation and Skills. This document invites higher education institutions (HEIs) with a significant track record of research excellence to submit expressions of interest to apply for the capital grants on a competitive basis. Successful HEIs at the expression of interest stage will be invited to submit a full bid once funding allocations have been formally agreed.
2. Due to the increased amount of funding available, and reflecting feedback that some HEIs have felt constrained by application timescales, the panel will reserve the right to consider bids in two tranches:
 - a. Tranche 1: The panel will consider bids that are at a more advanced stage of development.
 - b. Tranche 2: The panel will consider bids where the expressions of interest have indicated that they are at an earlier stage of development, or where the panel believes this to be the case. The panel may also invite bids that require further development in tranche 1 to resubmit to tranche 2.

3. Both exercises will follow the same rigorous assessment process established in previous rounds of the competition. The independent assessment panel will assess all expressions of interest supported by clear advice from the relevant UK funding body, Research Councils and government department if appropriate. More than half of the funding will be retained for the second tranche of bidding.

4. This call relates to funding of up to £200m available to 2020. A further round of the competition will take place for funding beyond this period.

Key points

5. In the 2015 Budget, the Government announced a further £400 million of funding for UKRPIF:

‘...to support capital investment in scientific grand challenges. The Government can confirm that this will focus on proposals that not only meet expectations for excellent research, but also recognise the potential for local economic growth, local collaboration and leverage.’

6. This invitation relates to the funding that HEFCE expects to be available in the financial years 2018-19 to 2019-20. Recognising Government advice, alongside the existing criteria for bids, this round will offer funding for bids of up to £50 million and extend the eligibility for funding so that HEIs will be able to bid in partnership with some other research-based organisations funded from the core Science budget. This will allow the fund to recognise bids which are large scale projects of strategic national interest across disciplines, which seek to address societal challenges, or both. These are reflected in the updated requirements for bids, criteria and wider factors to inform the assessment.

7. 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.

8. 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.

9. The panel is likely to favour bids which are clear on the following.

- how the proposed facilities will strengthen future research, including developing research collaborations and collaborations with users of research to support innovation and growth
- the benefit to the private partners from the project
- co-investment in the first five years (as well as any over a longer period of time)
- the public benefits of research and broader activities arising from the development.

10. The panel will take the balance of sectors and disciplines into consideration, recognising the spread of successful bids in the previous four rounds of the UKRPIF. Bids which extend the reach of the fund beyond the balance of sectors and disciplines achieved so far will be particularly welcomed. Exceptionally, projects that do not meet the required lower limit for UKRPIF investment may be considered by the panel, if it can be shown that they meet the objectives of the fund and would extend its reach.

Action required

11. HEIs are invited to submit expressions of interest using the template at Annex A by **noon on Friday 15 April 2016**. Please email researchpartnership@hefce.ac.uk to discuss your bid and for further information on how to apply.

12. The expressions of interest should comprise a single PDF document covering the submission (Annex A) and evidence to support the case (letters of support from co-investors and the Vice-Chancellor). Proposals should be predominantly text-based and the file size should be no greater than 1MB.

Introduction

13. The UK Research Partnership Investment Fund (UKRPIF) was established in the 2012 Budget. Since then HEFCE has allocated over £500 million to 34 projects running from 2014 to 2017, attracting £1.3 billion of investment from business and charities. In the 2015 Budget, the Government announced a further £400 million of funding for UKRPIF:

‘to support capital investment in scientific grand challenges. The Government can confirm that this will focus on proposals that not only meet expectations for excellent research, but also recognise the potential for local economic growth, local collaboration and leverage.’

The Budget stated that further detail would be set out at the Spending Review.

14. The funding is dedicated to supporting large-scale capital projects from higher education institutions (HEIs) with a significant track record of research excellence, provided that they secure co-investment from businesses, charities or endowments (individual philanthropy). This investment will be anchored in research activities, but could also benefit other areas of university activity.

15. 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.

16. This is a UK-wide scheme, with funding from the Department for Business, Innovation and Skills (BIS) distributed by the Higher Education Funding Council for England (HEFCE). HEIs in Scotland, Wales and Northern Ireland that are interested in participating in the initiative should apply directly to HEFCE.

Funding and eligibility

17. Under UKRPIF, capital funding of between £10 million and £50 million is available for any individual project.

18. Funding is available to all UK HEIs eligible for research funding from HEFCE, the Scottish Funding Council (SFC), the Higher Education Funding Council for Wales (HEFCW) or the Department for Education and Learning Northern Ireland (DEL). To address key societal challenges where relevant expertise is not available in the HE research base, it is also available to those institutes that receive core funding from the science budget and are wholly owned by the Research Councils, and to the UK Atomic Energy Authority (a BIS non-departmental public body funded from the science budget), although only where these organisations are part of a partnership with a lead HEI.

19. Funding will be allocated on the basis that HEIs have secured at least double the funding from private co-investment sources. This means that, for every £1 from UKRPIF, an additional £2 should be invested. Subject to confirmation of the final funding allocations and profile, we will be looking to support between four and 20 projects, with the sum available across this funding round to 2019-20. Collectively, these projects would attract private investment in research infrastructure

of at least £400 million. We expect co-investors to be sharing risk in the success of the proposed research development. Loans from private sources and funding from the public sector will not qualify as co-investment.

20. At the 'expression of interest' stage, multiple bids (up to three per HEI) are permitted. Collaborative bids which bring together collective capability and resource are particularly welcome, provided the lead HEI is able to meet the criteria for scale and quality of research outlined in paragraph 34d. Each HEI is invited to make an additional collaborative bid outside the total of three bids permitted for individual HEIs.

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

How funds can be used

22. The funding will support development of the physical infrastructure and equipment of HEIs undertaking high-quality research, through either strategic partnerships with co-investors or donations made to the institutions. This funding might support partnership between institutions, or between HEIs and other public and private organisations, including by sharing buildings or equipment or establishing a new research campus. The bulk of the funding is likely to be allocated to projects that deliver new buildings, major refurbishment of existing facilities or the purchase of relatively high-cost equipment.

Applying for funds

23. Funding is available on a competitive basis. The application and assessment process will be in two stages (note that stage two will be completed in two phases as indicated in paragraph 24.

- 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 7.
 - iii. Supply clear evidence that the agreed co-investment is available.
 - iv. Demonstrate that the UKRPIF grant will have been spent by the end of March 2020.

24. Because of the increased amount of funding available, and reflecting feedback that some HEIs have felt constrained by application timescales, the panel will reserve the right to consider bids in two tranches:

- a. Tranche 1: The panel will consider bids that are at a more advanced stage of development.

- b. Tranche 2: The panel will consider bids where the expressions of interest have indicated that they are at an earlier stage of development, or where the panel believes this to be the case. The panel may also invite bids that require further development in tranche 1 to resubmit to tranche 2.
25. HEFCE will ensure a fair process in both exercises. HEFCE will retain at least half of the funding allocated by BIS for the second tranche of bidding.
26. HEIs are invited to submit expressions of interest using the template at Annex A (which can be downloaded alongside this publication at www.hefce.ac.uk/pubs/year/2015/201533/) by **noon on Friday 15 April 2016**. Please email researchpartnership@hefce.ac.uk to discuss your bid and for further information on how to apply.
27. Proposals must be submitted as a single PDF document covering the submission (Annex A) and evidence to support the case (letters of support from co-investors and the Vice-Chancellor). They should be predominantly text-based and the file size should be no greater than 1MB.
28. The sections in the template align with the criteria that the assessment panel will use to judge which institutions proceed to stage two. The panel is likely to favour bids which are informative, concise, not repetitive and with minimal marketing information.
29. Institutions are permitted to submit a maximum of three expressions of interest, each relating 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.
30. Potential bidders may advise HEFCE of their intention to bid at any stage before 15 April 2016. They may ask about the criteria (including potential co-investment arrangements), but no feedback can be given on the relative strength of the bid. The panel will take an independent decision on the quality of the bids as described below.

Assessment information

31. An independent assessment panel chaired by Peter Saraga, the former Vice-President of the Royal Academy of Engineering and a former HEFCE Board member, will assess the bids. HEFCE will provide information to the panel to help inform its decisions: this may include information provided to HEFCE by another organisation, such as a Research Council or a relevant government department. The assessment panel will make recommendations to the HEFCE Board to support the projects that will make best use of public funding.
32. 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.

33. If necessary, the assessment panel may recommend declining some bids, reducing the funding allocations to individual projects or making pro rata reductions across all projects.

HEFCE will explore with the relevant institutions the viability of projects where the funding applied for cannot be provided in full.

Stage one: criteria for assessing expressions of interest

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

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

i. The proposal should demonstrate the extent to which the project will support developments additional to existing activity. The proposed development could be planned in the institution's existing research or estates strategy, or developed in response to this initiative. We do not wish to substitute for other sources of funding already secured, so at stage two we will scrutinise the additional benefits that will be gained through the UKRPIF investment for a development that the institution has already planned.

b. Amount of funding applied for (this must be between £10 million and £50 million) with the exception noted in paragraph 10.

i. Awards from UKRPIF should be used by March 2020.

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

i. Co-investment funding can be of a capital or recurrent nature or a combination of the two, and the profile of the commitment from the co-investor can be over a longer period than the grant from UKRPIF. We require a letter of interest or intent from all major co-investors (£1 million and above) to be submitted with expressions of interest for stage one. This should indicate the value of the co-investment, whether it will be in cash or in kind and the potential profile of the co-investment. At stage two, the panel will need firm evidence of all co-investment. The panel will then assess the strength of the co-investors' commitment, and take into account the period of commitment relative to other bids. Co-investment funding can be an existing commitment to the institution, provided that it is either not yet paid or paid and not yet utilised (as in the case of donations) and remembering that (as described in paragraph 34a) the panel will take additionality into account. If a proportionately small amount has been allocated to enabling works this will also be eligible as co-investment. The assessment panel will look at whether the proposed development is 'leveraging in' the co-investment: in other words, new investment will be viewed more favourably than an existing commitment.

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

iii. Co-investment funding should be sourced from outside the European Union (EU) public sector, which we define as including any EU-based contracting authority

(for the purposes of the procurement regulations). An HEI's own subsidiary organisations are not permitted as co-investors for the purposes of UKRPIF. We envisage that co-investors will typically be companies, charities and individuals. Contributions that do not count as co-investment (such as EU funding and the bidding institution's own funds) will be taken into account at stage two, to inform judgements on affordability and value for money. For clarity, contributions from the following sources will not be accepted as co-investment:

- 1) EU funding.
- 2) The NHS, including private finance initiative funding to hospital trusts.
- 3) Local authorities.
- 4) An HEI or its trading subsidiary organisations (but donations to the HEI held as endowment funds are eligible provided there is evidence of the source of funds).
- 5) Any co-investment that the panel might consider to be a loan.

iv. Contributions in kind are permitted as co-investment funding. Where contributions in kind are included as co-investment, it is essential that proposals demonstrate clearly how such contributions will add value to the project. Proposals should also clearly indicate how the financial value of contributions in kind has been calculated, to contribute to the total figure of co-investment attracted. Contributions in kind should have a present value that can be validated, and not be an assessment of future revenue streams. Examples of contributions in kind might include 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.

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

- i. We wish to invest in institutions (and collaborations between institutions) that have a strong record of research excellence, at a significant scale, in the field of the additional activity proposed in the expression of interest.
- ii. We want HEIs to provide the most recent and relevant appropriate evidence of research excellence and that of their partner Research Council Institutes (or equivalent) where appropriate.
- iii. For HEIs, proposals should provide evidence of research excellence at the level of whatever departments or Units of Assessment are 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 Units of Assessment in the 2014 Research Excellence Framework, but could also include external research income from the Higher Education Statistics Agency (HESA) finance record for 2014-15, Research Council funding, or other funding and awards in relevant disciplines.

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

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

Stage two: criteria for assessing full project proposals

35. 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.

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

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

Wider factors to inform assessment decisions

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

- a. The extent to which projects are aligned with broader government strategy, for example large scale projects in the strategic national interest across disciplines, which

address societal challenges or both. This could be the strategic fit with other national developments or strategic objectives such as the productivity plan¹. The panel will also consider fit with previously funded UKRPIF projects.

b. The panel will also welcome projects which extend the diversity of disciplines and industrial sectors already supported in the previous rounds of UKRPIF, where significant benefit would arise and where funding is not available through other alternative approaches. Exceptionally, projects of this nature that do not meet the lower limit for UKRPIF investment of £10 million (£30 million including co-investment) may be considered, however double matched private funding will still be required.

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

d. The extent to which projects represent collaborations between HEIs (in particular at the local level), build on collective research strengths, engage with local businesses (particularly small and medium-sized enterprises), and which might seek to exploit and develop an area's global comparative advantage. The panel will welcome projects that identify emerging areas of excellence and opportunity and recognise the potential for local growth, for example linking to the science and innovation audits².

Complying with state aid and other relevant legislation

38. Institutions should take into account the need for allocations to be compatible with all existing legislation.

39. We will need to collect additional information on economic activity as part of the awarding process. Where proposals are recommended for funding, we will request evidence and assurance from the head of the lead HEI that any state aid implications have been identified, considered and addressed in accordance with EU legislation, and legal advice sought if appropriate³. A template and further information will be provided to such institutions for this purpose.

40. Funding will not be given unless sufficiently clear evidence of compliance with state aid rules is provided.

Payment of funds and expenditure profile

41. We will pay capital grants in financial years 2018-19 to 2019-20 (subject to final allocations from Government), during which the bulk of project expenditure should take place. We will pay funds in staged payments according to a monthly profile set out in the final bid. We expect institutions to advise us promptly if the project's expenditure profile changes significantly for any reason.

¹ See <https://www.gov.uk/government/publications/fixing-the-foundations-creating-a-more-prosperous-nation>.

² See <https://www.gov.uk/government/speeches/one-nation-science>.

³ HEFCE's assessment and satisfaction with material being provided as evidence of complying with state aid requirements does not constitute any form of legal guarantee.

Monitoring and evaluation

42. HEFCE will monitor the progress of successful UKRPIF projects in England. Institutions will be expected to provide information on the progress of the capital development, on the drawing down of co-investment and on compliance with state aid rules. Each of the higher education funding bodies (HEFCE, HEFCW, SFC and DELNI) will carry out its own monitoring process for projects in its respective country. Projects may be audited by HEFCE, or an organisation commissioned by HEFCE, at any stage. HEFCE may also seek information from successful projects on an ad hoc basis to inform updates to BIS and the Treasury. Each institution will also be required to submit a final evaluative report at the end of the project.

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

Charity income

44. Where co-investment is from charities, institutions will not be able to count the same investment as charity income when claiming the charity support element of research funding from the UK higher education funding bodies, as these bodies' contribution to UKRPIF has already taken sustainability into account. As part of the monitoring arrangements under UKRPIF, institutions will be asked to report the progress of the co-investment payments. In the annual HESA Finance Statistics Return (FSR), any co-investment reported from charities under the UKRPIF initiative must be reported under Table 5b column 3 ('UK-based charities (other)'), not under column 2 ('UK-based charities (open competitive process)'). Similarly, on Table 5b of the HESA FSR, UKRPIF grants from EU and non-EU charities should be returned under columns 10 ('EU other') and 13 ('Non-EU other'), respectively. (Note: HESA FSR column references relate to the 2014-15 FSR template. Column references are likely to change in future FSR templates, but the heading names will remain broadly the same.)

Business income (England only)

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

Timetable

46. An indicative timetable is below. This is subject to formal confirmation of funding by BIS. Once funding is confirmed HEFCE will provide an updated timetable to all institutions invited to submit a full bid.

Activity	Approximate timing
Call for expressions of interest	December 2015
Deadline for expressions of interest	15 April 2016
Expected allocation of funds through BIS grant letter	March or April 2016
Decisions on expressions of interest	May 2016
Formal invitation to shortlisted projects to submit full bids to tranche 1 or 2	June 2016
Submission of tranche 1 final bids	September 2016
Tranche 1 final assessment panel	October 2016
Tranche 1 allocations approved by HEFCE Board	November 2016
Submission of tranche 2 final bids	December 2016
Tranche 2 final assessment panel	February 2017
Tranche 2 allocations approved by HEFCE Board	March 2017

Freedom of information

47. 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.

48. 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.

49. 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.

50. Further information about the Freedom of Information Act is available at www.ico.org.uk.

List of abbreviations

BIS	Department for Business, Innovation and Skills
DEL	Department for Education and Learning (Northern Ireland)
EU	European Union
FSR	Finance statistics return
HEFCE	Higher Education Funding Council for England
HEFCW	Higher Education Funding Council for Wales
HEI	Higher education institution
HESA	Higher Education Statistics Agency
SFC	Scottish Funding Council
UKAEA	UK Atomic Energy Authority
UKRPIF	United Kingdom Research Partnership Investment Fund