

Cylchlythyr | Circular

Higher Education Research Capital (HERC) Funding 2020-21

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To: Heads of higher education institutions in Wales
Response by: 1 February 2021 and 30 April 2021
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This circular provides details of 2020-21 allocations for institutions qualifying to receive Higher Education Research Capital funding.

This circular is a revised version of W20/17HE (issued 18 June 2020). It provides details of additional allocations made available by the UK Government in response to COVID-19. To note: reporting requirements have been amended to account for this additional funding.

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Introduction

1. Since 2011 Higher Education Research Capital (HERC) has been provided to qualifying institutions in Wales. This circular advises institutions of allocations for 2020-21 and provides guidance on the associated reporting and monitoring requirements. This is a revised version of W20/17HE (issued 18 June 2020), providing details of additional allocations made available by the UK Government in response to COVID-19.

Background

2. The Department for Business, Energy, and Industrial Strategy (BEIS) has confirmed that it will provide HERC funding to the four UK HE funding bodies¹ in 2020-21. BEIS will provide support of £3.48m in Wales which will be matched by a contribution from the Welsh Government (WG) resulting in a total fund of £6.96m. HEFCW will administer HERC funding and ensure that reporting and monitoring arrangements meet the requirements of all funding partners.

Use of funding

3. The funding provided can only be used as capital and is exclusively to support the development of the physical infrastructure associated with research. Research includes 'scientific research' (meaning research and development in any of the sciences including social sciences or technology (*section 6(1) of the Science and Technology Act 1965*)) and arts and humanities research.
4. In determining the use of their allocations institutions should consider the requirements of the Welsh Government's [Prosperity for All: economic action plan](#), and the challenges identified in the [UK's Industrial Strategy](#). Thought should also be given to how funding is used to support the ambitions and goals of the [Well-being of Future Generations \(Wales\) Act 2015](#).

Allocations

5. Funding has historically been allocated via two separate methods for BEIS and WG:
 - i) The BEIS element of funding is allocated pro-rata to Research Council income. As per BEIS' Memorandum of Understanding with HEFCW and WG, funding should focus on maintaining excellent departments with critical mass to compete globally and the expertise to work closely

¹ HEFCW; Scottish Funding Council; Department for the Economy (Northern Ireland); Research England.

with business, charities and public services. Allocations are calculated using the latest three years of Research Council income data.

- ii) The Welsh Government element of the grant is allocated pro-rata to a combination of recurrent Quality Research (QR) plus other research income reported by the provider to the HESA finance record. To calculate this allocation the latest 2020/21 QR, and 2018/19 research income data, has been used
6. HEFCW undertook a review of the HERC methodology in 2020, seeking to better align to the recommendations of the [Reid Review of government funded research and innovation in Wales](#). It was felt that the sources of data remained appropriate for both elements of the formula. However, it was agreed that the previous methodology, which set a qualification threshold at £250k, whilst consistent with Reid's recommendation to reward performance, failed to incentivise institutions with pockets of research excellence. In light of this, from 2020-21 HEFCW has lowered the minimum qualification threshold for institutions to £100k. This change will incentivise performance in institutions who have previously been ineligible for support.

Funding Threshold

7. In order to meet the BEIS requirement that the fund supports excellence and builds critical mass the new formula places a minimum threshold of £100k. Only institutions who are above this threshold will receive allocations in 2020-21.
8. Funding allocations for qualifying institutions in 2020-21 can be found at **Annex A**.

Addition to circular W20/17HE: COVID-19 HERC uplift and support for World Class Labs (WCLs)

9. In November 2020 BEIS confirmed that as a result of the impact of the COVID-19 pandemic it would be providing additional capital support to institutions across the UK. Funding is provided under three categories:
 - a. Uplift to HERC (COVID response) to enable universities to respond to COVID, and be spent on activity to make necessary modifications or perform needed maintenance to existing research infrastructure to make it COVID-safe. The uplift will be allocated by HEFCW with reference to the research income an institution receives from Research Councils. Total funding £1.720m.
 - b. World Class Labs (WCL) to support Regional Economic Growth which is to be spent by universities to improve their research environment underpinning research activity, to meet the needs of the

researchers and benefit them and their research. The fund will be distributed by HEFCW by reference to the Quality Research (QR) funding plus other research income (as reported by the provider to the HESA finance record). Total funding £750k.

- c. UKRPIF Research Capital, provided by BEIS to enable maintenance, improvements, enhancements, and refurbishments to existing UK Research Partnerships Investment Fund (UKRPIF) projects which have completed. Projects will receive funding in proportion to their original budget. Total funding £547,870.
10. As noted above elements A and B will be allocated based on the formulas used for standard HERC allocations. Due to the lower level of funding available a minimum threshold of £30k has been applied. These elements of will be paid direct to institutions with their standard HERC in January 2020.
11. Element C relates to previous competitively awarded project funding provided through the [UK Research Partnership Investment Fund \(UKRPIF\)](#). Only one Welsh project is eligible for support, the Energy Safety Research Institute. Funding has been awarded in proportion to the original budget and HEFCW will work separately with Swansea University to manage this funding in line with UKRPIF requirements.

Monitoring arrangements

12. Institutions submitted details of future HERC funding priorities for 2020-2021 in January 2020². Confirmation of these investments, and potential future plans in 2021-22 should be provided by completing and submitting the pro-forma at **Annex B**. The pro-forma has also been amended to allow institutions to provide some information on investments relating to the COVID-19 uplift:
 - Part 1 of the pro-forma should report on the confirmed use of funding in 2020-21, including total costs of large scale investments where HERC funding has been a contribution.
 - Part 2 of the pro-forma should report on investments relating to the COVID-19 uplift
 - Part 3 of the pro-forma should be used to report on spending priorities for 2021-22 based on the assumption further HERC funding is made available.
 - **Annex B** must be returned to HEFCW by no later than **1 February 2021**.
13. In order to confirm HERC and COVID-19 uplift funding have been spent in full qualifying institutions are asked to submit the Confirmation of Expenditure pro-forma at **Annex C** by **30 April 2021**. Institutions should

² NB: for newly eligible institutions plans were submitted in May 2020, following the methodology review.

ensure it is clear whether any unspent funding is committed and if so, the date by which it will be spent in full. Unspent funding which is uncommitted can be reclaimed by HEFCW.

The information submitted by institutions in these reports will form the basis of HEFCW reporting requirements for Welsh Government in February 2021, and BEIS in June 2021. Failure to provide adequate project and expenditure detail could delay future confirmation of funding allocations from partners, or indicate a potential lack of impact for HERC investment in Wales which could diminish the argument for continued funding

Payment arrangements

14. An amended payment schedule is provided in **Annex A** confirming the payment made in July, and outlining the new January 2021 allocations which include the COVID-19 uplift funding for HERC and WCLs.

Further information / responses to

15. For further information, contact Emma Morris (029 2085 9664; emma.morris@hefcw.ac.uk).

Assessing the impact of our policies

16. We will carry out an impact assessment screening to help safeguard against discrimination and promote equality. We will also consider the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives. Contact equality@hefcw.ac.uk for more information about impact assessments.

Higher Education Research Capital – Funding Allocations 2020-21

HERC and HERC Uplift + WCLs Allocations 2020-21 - Welsh HEIs

	BEIS Funding	Welsh Government Funding	HERC Uplift + WCLs	Total allocation 2020-21
	£	£	£	£
University of South Wales	£24,818	£100,658	£33,960	£159,436
Aberystwyth University	£558,606	£239,096	£327,622	£1,125,325
Bangor University	£212,694	£327,048	£175,609	£715,351
Cardiff University	£1,882,521	£1,626,832	£1,281,052	£4,790,405
Swansea University	£801,361	£1,186,365	£651,757	£2,639,483
	£3,480,000	£3,480,000	£2,470,000	£9,430,000

Payment Profiles 2020-21

Institution	July 2020 £	January 2021 £
University of South Wales	62,738	96,698
Aberystwyth University	398,851	726,473
Bangor University	269,871	445,480
Cardiff University	1,754,677	3,035,729
Swansea University	993,863	1,645,620

Notes:

1. In 2020-21 institutions must meet a minimum £100k threshold when the formula is applied to qualify for standard HERC funds. The threshold is set at £30k for the COVID-19 uplift and WCLs funding.
2. BEIS and HERC uplift funding is allocated pro-rata using the latest three years of Research Council Income (2016/17 – 2018/19).
3. WG and WCL funding is allocated pro-rata to QR allocations for 2020-21, plus other research income reported by the provider to the HESA finance record in 2018/19.
4. Swansea University's allocation does not include the £547,870 to support the ESRI UKRPIF project.