

# Cylchlythyr | Circular

## Research Wales Innovation Fund 2023/24 - 2027/28

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**To:** Heads of higher education institutions in Wales  
**Response by:** 30 June 2023  
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This circular provides guidance on the next Research Wales Innovation Fund (RWIF) strategy period (2023/24 - 2027/28) and the associated requirement for five-year strategies.

If you require this document in an alternative accessible format, please email [info@hefcw.ac.uk](mailto:info@hefcw.ac.uk).



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## Introduction

1. Following the recommendations of the [Reid Review](#), HEFCW re-introduced support for innovation and engagement in 2020/21 via the Research Wales Innovation Fund (RWIF) ([Circular W20/09HE](#) refers).
2. RWIF was designed to support the broad range of knowledge exchange (KE) activities that contribute towards economic and social impact, including the wider civic mission role of institutions. The funding provided an incentive for institutions to work with businesses, public and third-sector organisations, community bodies and the wider public. Those KE activities that contribute to economic growth, productivity, and supporting the civic mission role were given a high priority.
3. The initial round of RWIF funding (2020/21 – 2022/23) required institutions to submit, and have approved, three-year strategies which were focused on three core areas – commercialisation and income generation; business growth and skills support; and civic mission and public engagement.
4. Funding was allocated by a formula developed in consultation with the sector ([Circular W19/37HE](#)) and based on institutional performance against [HEFCW national measures](#) derived from the [Higher Education Business Community Interaction Survey](#) (HE-BCI).
5. To reflect an aim to move to a more mature model of support for innovation and engagement, HEFCW consulted with key stakeholders in June 2022 on the next phase of RWIF and possible changes to the allocation methodology ([Circular W22/16HE](#)). The outcomes of the consultation were published in November 2022 ([Circular W22/41HE](#)) and included a recommendation to amend the funding formula to better account for the contribution of spin-offs and graduate start-ups.
6. The consultation exercise also recommended that the following be adopted for the next phase of RWIF:
  - (i) Submission of RWIF Strategies will move to a 5-year cycle and will retain the process of annual review and update;
  - (ii) The updated allocation methodology will be used for an initial 3-year period, but potentially up to 5 years to enable a smooth transition to Commission for Tertiary Education and Research (CTER) functions;
  - (iii) To provide stability during the introduction of a new funding formula, no institution will see a fall of more than 5% in their allocation for 2023/24.
7. The consultation also recommended that institutions address the following when developing future strategies:
  - (i) Evidence collaboration with local post-compulsory education and training (PCET) providers, including Further Education Colleges, other higher education providers and work-based learning providers, or other partners, to meet local industry skills needs;
  - (ii) Highlight where centres of research excellence already operate as innovation hubs;

- (iii) Reflect the UK policy and funding landscape through alignment to appropriate policy documents and strategies at UK and Wales levels.

### **Commission for Tertiary Education and Research**

8. In September 2022, the Tertiary Education and Research (Wales) Act gained Royal Assent, legislating for the establishment of the new Commission for Tertiary Education and Research (CTER). This sets out ambitions for research, innovation and civic mission in Wales, particularly in a context of collaboration.
9. We have confirmed to the Welsh Government that we are proceeding with aspects of our work which we consider to be critical for a smooth and effective transition to CTER. Our remit letter from the Welsh Government for the 2022-23 financial year stated that we should assume that HEFCW “can continue to operate and develop its funding and regulatory processes in line with its current powers and processes”.

### **RWIF allocations 2023/24 onwards**

10. As with the first round of RWIF, the allocation consists of two elements:
- All institutions will receive a £250k Capacity Grant aimed at supporting growth and good practice, enabling more collaborations, and ensuring stability across the sector.
  - The remaining funding will be allocated by a formula based on HEFCW National Measures for innovation and engagement. Details of the latest RWIF model were published via the consultation outcomes published in November 2022 ([Circular W22/41HE refers](#)).
11. To provide stability during the changes to the funding methodology, no institution will see a fall of more than 5%, or increase of more than 30%, in their RWIF allocation for 2023/24. These parameters will be reviewed annually, with the expectation that the maximum annual decrease will revert back to 10% once the funding methodology has become established.

### **General guidance on strategies for 2023/24-2027/28**

12. The RWIF strategy proforma is split into sections allowing institutions to set out key areas of strategic focus and outline how the strategy will support core Welsh and UK-wide policies for research and innovation. Submissions should reflect institutional ambitions and be linked to internal strategies, whilst also aligning to HEFCW’s [Research and Innovation: Vision for Wales](#). The RWIF strategy proforma is provided at **Annex A**.
13. Institutions in receipt of RWIF must submit a five-year strategy for approval by HEFCW. These should be roadmaps for growth, outlining key areas of focus over the time period. Submissions should take account of the following:

- Strategies should contain some detail on key commitments and developments over the five-year period. It is important that the direction of travel this investment supports is clear.
  - Strategies should include evidence of how institutions are collaborating with local PCET providers or other partners, as appropriate, to meet local industry skills needs. Strategies should reflect how collaborations with industry, business, and wider communities support the Welsh Government's strategic priorities.
  - Strategies should take into account CTER's strategic duties, as set out in the [Tertiary Education and Research \(Wales\) Act 2022](#).
14. The National Measures for innovation and engagement form the basis of the RWIF funding model. Institutions are requested to submit 5-year forecasts of performance for those elements used to calculate their RWIF allocations alongside their strategies. **Annex B** provides a template for national measures and forecasts for 2023/24-2027/28. HEFCW will provide templates to each individual institution via email. Performance against these forecasts will, as in previous years, form part of the discussion at the annual Research and Innovation Review Meetings between HEFCW and individual institutions.
15. Institutions should also ensure that their strategies reflect a broader approach to KE, with funding also directed towards non-income generating activities such as supporting their civic mission role. Where National Measures are not appropriate or available as metrics, institutions are encouraged to develop their own institutional key performance indicators (KPIs) that can be used to monitor and review the effectiveness of their RWIF strategy. It is important that KPIs are specific and measureable, in order that progress can be evaluated when monitoring.

### **Strategic Ambitions**

16. Institutions should provide an overview of their approach to supporting a range of KE activities and how these will be supported by RWIF. The strategy should reflect institutional priorities but also take account of the broader research and innovation landscape within Wales, the UK and internationally. Strategies should also reflect on how activity during the 2020/21-2022/23 strategy period has been embedded.
17. There is no expectation that institutions will have a separate knowledge exchange strategy. While RWIF strategies should be standalone documents, it is recognised that there may also be KE elements in other institutional documents such as overarching institutional strategies, or strategies for teaching and research.

### Capacity Grant

18. It is intended that this funding can be used flexibly to underpin staff and facilities that enable institutions to better meet business needs, support productivity, and enhance civic mission activities.
19. Institutions may wish to consider the following uses of the funding:

- Staff to support research and innovation / civic mission teams and to support performance growth across all RWIF areas including enterprise;
- Support for working collaboratively with other providers (HE and/or PCET providers) and partners in Wales, or where appropriate to the institution's mission, across the UK and internationally.
- Partnership working and economies of scale that have the potential to e.g. increase external income capture, or increase the geographical scale and impact of successful collaborations or civic mission interventions.

#### Commercialisation / income generating activity

20. Institutions should provide detail of how RWIF will be used to support and incentivise an increase in external income from businesses or other UK funding bodies as measured by HE-BCI. The funding can be used flexibly to support a range of activities that support commercialisation and income generating activities such as:

- Developing new collaborations with industry, SMEs, public sector, third sector, Catapults etc
- Engagement with the Wales Innovation Network (WIN)
- Supporting collaboration between HE and PCET providers to address the needs of local businesses
- Engaging with regional economic development partnerships such as City / Growth Deals and/or local councils
- Providing the infrastructure and support to enable businesses and other partners to more effectively engage with universities
- Activities to support and increase HE-BCI reported income areas e.g. collaborative research, consultancy, contract, facilities, intellectual property (IP), continuing professional development (CPD), regeneration income
- Meeting industry needs through e.g. knowledge transfer partnerships (KTPs), technology transfer, or other focused outputs and outcomes
- Details of specific projects/collaborations that are currently in the planning stage which will be supported through RWIF.

21. Alongside the HEFCW National Measure targets, strategies should include institutional targets / KPIs, where appropriate that can be used to monitor the success of the strategy.

22. Institutions should highlight where existing centres of excellence operate as innovation hubs and how they have contributed to the broader innovation agenda by enabling commercialisation, collaboration etc.

#### New business growth and skills support

23. Institutions should explain how they will continue to develop a culture of entrepreneurship and innovation for their students, graduates and members of staff.

This may include:

- Providing support for spin-outs and graduate/staff start-ups
- Developing a culture of creativity, innovation and entrepreneurship that supports the entrepreneurial ambitions of students and graduates
- Enhancing existing activities to embed entrepreneurship into the curriculum
- Developing partnerships with local businesses to meet their skills needs
- Building on links to other entrepreneurial activities such as highlighted in the Welsh Government Innovation Strategy
- Working with other PCET providers, Regional Skills Partnerships or other strategic partners to develop and enhance training that meets the needs of local industry to promote economic growth and CPD provision that meets the needs of industry
- Cross-sector collaboration with other key stakeholders to address Wales' productivity gap

### Civic Mission and Public Engagement

24. Working with the local communities on place-based activity is key to social and economic prosperity and is core to HEFCW's Vision for Research and Innovation. Civic mission and public engagement activities also support the goals of the Well-being of Future Generations Act (2015). RWIF strategies should provide evidence and outline ambitions for place-based research and innovation related civic mission work within communities aimed at improving lives and supporting the economy.
25. Civic mission activity included within RWIF strategies should have links to research and innovation. The following is a list of examples of good practice activity. However, institutions should not feel limited to these suggestions in defining their civic ambitions:
  - Engaging with local communities to address socio-economic challenges
  - Alignment to the work of Public Services Boards, Health Boards, City and Growth Deals, Regional Learning Partnerships
  - Support for the community and place based activities e.g. social enterprises
  - Strategic partnerships with other local and regional actors, e.g. third sector organisations, local authorities and housing associations, to co-design solutions to local and regional issues
  - Support for public engagement through research (PER).
  - Strengthening strategic partnerships with other PCET providers and Regional Skills Partnerships to better understand and address the employment and skills needs of local communities and industries
  - Engagement with schools, including innovative means of supporting school governing bodies
  - Engagement with the Welsh Civic Mission Network to share good practice and enhance the sector's contribution to Welsh society.
26. This section should include additional targets or KPIs aligned with institutional priorities. KPIs should be measurable to enable HEFCW to monitor progress over

a 5-year timeframe. KPIs are expected to be grounded in institutions' overall civic mission approach and will be monitored as such.

27. Institutions are encouraged to consider the key areas of action of the [Civic Mission Framework](#) when setting their targets for civic mission. These are:

- Leading place - engaging with other key civic leaders at a national and community level
- Contributing to raising educational standards by developing links with schools, colleges and other learning environments
- Developing active citizenship
- Acting as the engine of social enterprise, business skills and employability
- Developing a national response to global issues

### **Knowledge Exchange Concordat**

28. The Knowledge Exchange Concordat (KE Concordat) is a sector-led initiative to recognise, develop and improve the many different ways higher education providers engage in knowledge exchange. An ongoing institutional commitment to the principles of the KE Concordat is a prerequisite for RWIF. Institutions are asked to confirm their commitment to the principles of the KE Concordat as part of their five-year strategy (see Annex A).

### **Strategic Alignment**

29. Strategies will need to demonstrate how their ambitions support the four pillars of the HEFCW's Vision for Research and Innovation (Excellence, Place, Innovation, and Collaboration).

30. RWIF strategies should also take account of the broader research and innovation landscape within Wales, UK and internationally. Relevant strategies include:

#### **Welsh Government**

- [Innovation Strategy](#)
- [Programme for Government](#)
- [Five priorities for research, development and innovation](#)

#### **UK Government**

- [Science & Technology Framework](#)
- [UK Innovation Strategy](#)
- [UKRI Strategy 2022-27](#)

### **Statutory requirements**

31. All RWIF strategies submitted by Welsh institutions should confirm that an impact assessment has been carried out. Further information on this impact assessment



may be requested by HEFCW. Confirmation is also required that strategies comply with the Welsh Language Standards 2018, and support the goals of the Well-being of Future Generations Act 2015.

### **Submission and assessment of RWIF Strategies**

32. Strategies should be submitted to HEFCW by **30 June 2023** to [corinne.nguyen@hefcw.ac.uk](mailto:corinne.nguyen@hefcw.ac.uk) and [meg.hughes@hefcw.ac.uk](mailto:meg.hughes@hefcw.ac.uk).
33. HEFCW will convene an expert panel to provide feedback and ensure that the proposed strategies and activities are aligned with the RWIF's objectives. Strategies should be finalised and published online on the institution's website by academic year 2023/24.

### **Payment of RWIF allocations**

34. Following approval of strategies, funding payments for RWIF will commence in August 2023. Institutions will be paid monthly following the standard HEFCW annual payment profile.

### **National Measures forecasts**

35. Institutions will also be required to submit National Measures forecasts by **30 June 2023**. Templates will be provided to individual institutions via email

### **RWIF Annual monitoring requirements 2023/24 – 2027/28**

36. RWIF funding is provided based on the submission, and approval, of a five-year strategy which outlines institutional ambitions for a range of knowledge exchange activities. The RWIF process allows institutions to update their strategies annually as part of the monitoring procedures. Every year, institutions will need to submit the following:
  - (i) Annual Progress Report
  - (ii) Civic Mission and Public Engagement Case Study
37. Institutions will need to submit an Annual Progress Report detailing progress against HEFCW's National Measures and any institutional KPIs included within the strategy. **Annex C** provides an Annual Progress Report template. HEFCW will update the Annual Progress Reports with the KPIs detailed in institutional RWIF strategies, and forward these templates to individual institutions in August 2024.
38. Where RWIF funding, or external factors, have resulted in a change in direction of travel or focus, institutions have the option of revising or updating their strategy. Institutions can also request to amend their forecast National Measures outcomes in consultation with HEFCW.

39. The Annual Progress Report does not require detailed reporting on expenditure. However, HEFCW expects that the volume of activity reported fully reflects the amount of funding received by the institution in that year. If we consider this not to be the case, we will ask for further information to account for the funding allocation.

#### Civic Mission and Public Engagement case study

40. Due to a lack of robust and consistent data, the RWIF methodology does not include any measures directly related to civic mission. In order to capture such activity, HEFCW requests that institutions submit an annual Civic Mission and Public Engagement related case study. Case studies should be clear on the impact of RWIF to the development of the highlighted activity e.g. direct investment, capital costs, underpinning central KE staff.
41. **Annex D** provides a template for institutions to provide an impact case study highlighting successful civic mission and public engagement interventions.
42. Information contained in strategies and case studies will be used by HEFCW for general external briefings and communicating the diverse range of Welsh research and innovation activities to the Welsh Government, UKRI, UK Government Department of Science, Innovation and Technology and others.
43. Submission of the annual report and case study for 2023/24 will be due in **September 2024**.

#### **Further information / responses to:**

44. Contact Corinne Nguyen ([corinne.nguyen@hefcw.ac.uk](mailto:corinne.nguyen@hefcw.ac.uk)) or Meg Hughes ([meg.hughes@hefcw.ac.uk](mailto:meg.hughes@hefcw.ac.uk)).

#### **Assessing the impact of our policies**

45. We have carried out an impact assessment screening to help safeguard against discrimination and promote equality. We also considered 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](mailto:equality@hefcw.ac.uk) for more information about impact assessments.

## Timetable

<b>Actions</b>	<b>Dates</b>
Publication of Research Wales Innovation Fund Circular	May 2023
Submission of Research Wales Innovation Fund 2023/24-2027/28 strategies (Annex A)	30 June 2023
Submission of National Measures forecasts (Annex B)	30 June 2023
Panel review of RWIF strategies	July 2023
First monthly RWIF payment	August 2023
Publication of approved strategies on HEI websites	September 2023
HEFCW to circulate updated Annual Progress Report Template	August 2024
Submission of Annual Progress Report on 2023/24 (Annex C)	September 2024
Submission of Civic Mission and Public Engagement Case Study Pro-forma (Annex D)	September 2024