

October 2008/34

**Core funding/operations**

Allocation of funds

This report is for information only

This document provides details of the assessment of institutional strategies and confirmation of funding allocated through the fourth round of the Higher Education Innovation Fund over the three years 2008-09 to 2010-11.

# Higher Education Innovation Fund round four outcomes

Department for  
**Innovation,  
Universities &  
Skills**

# Higher Education Innovation Fund: round four outcomes

To	Heads of HEFCE-funded higher education institutions Other bodies with an interest in the Higher Education Innovation Fund round four
Of interest to those responsible for	Interactions between higher education and business, the public sector and the wider community; Contract and collaborative research; Continuing vocational education or professional development; Strategic planning; Regional economic development; Knowledge transfer and exchange
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## Executive summary

### Purpose

1. This document describes the process used to assess institutional strategies submitted by higher education institutions (HEIs) as the basis to release funding allocated under the fourth round of the Higher Education Innovation Fund (HEIF 4) over the three academic years 2008-09 to 2010-11, and confirms final allocations.

### Key points

2. HEIF 4 is a joint initiative from HEFCE and the Department for Innovation, Universities and Skills. It provides funding to HEIs in England to support a broad range of knowledge transfer activities resulting in economic and social benefit to the UK.
3. Under HEIF 4, a formula allocation was available to all HEFCE-funded HEIs. HEIs were asked to submit an institutional strategy as the basis for the release of their formula allocation. Following assessment of strategies, HEFCE has released HEIF 4 allocations to all HEIs.
4. HEIs were notified of their formula allocation in Circular letter 04/2008. The invitation and guidance for the submission of institutional strategies was issued in HEFCE 2008/02.

### Action required

5. No action is required in response to this document.

## Background

6. The 10-year strategy set out in the Government's Science and Innovation Investment Framework (SIIF) in 2004 identified the need for continued public investment to strengthen links between the knowledge base in higher education institutions (HEIs) and businesses and society in order to increase economic impact. In particular, the Government set out its intention in the SIIF to make the Higher Education Innovation Fund (HEIF) a continuous, permanent third stream of funding. As part of the 2007 Spending Review the Government allocated funding to HEFCE and the Department for Innovation, Universities and Skills (DIUS) for a fourth round of funding (HEIF 4) that would build on past HEIF funding rounds.

7. We consulted extensively in 2005 with HEIs and other interested parties on the method for allocating funds under HEIF round three (HEIF 3, for 2006-07 and 2007-08), including considering in detail the approach to allocating funds through a formula. A review of science and innovation policies was undertaken last year for the Government by Lord Sainsbury<sup>1</sup>. The Sainsbury Review was published in October 2007 and recommended that a formula allocation method be used for HEIF 4 funding, based on the HEIF 3 model. The recommendations were accepted by the Government and key features of HEIF 4 were announced by HEFCE. A summary of the HEIF 3 method and of HEFCE communications to the higher education sector on the HEIF 4 method is in HEFCE 2008/02, Annex A.

8. HEIF 4 funding is provided for the three academic years 2008-09, 2009-10 and 2010-11. For 2008-09, £112 million is available; for 2009-10, £134 million; and for 2010-11, £150 million. Funds are being provided through a formula allocation to all eligible HEIs.

9. HEIs were notified of their allocations in HEFCE Circular letter 04/2008. Funds would be released on approval by HEFCE of an institutional strategy for their use. HEFCE 2008/02 provided HEIs with a template and guidance for submission of institutional strategies and set out how strategies would be assessed.

10. In addition, a fifth and final allocation of £8 million has been made available for existing Centres for Knowledge Exchange (CKEs) for the academic year 2008-09.

## Assessment of HEIF 4 institutional strategies and confirmation of funding

11. We invited each HEI to submit an institutional strategy setting out its overall approach to knowledge transfer and how it proposed to use its HEIF 4 funding. We received 129 institutional strategies, which were assessed by HEFCE with support from external consultants Public and Corporate Economic Consultants (PACEC) against criteria set out in HEFCE 2008/02. These criteria are that:

- a. HEIs have a sound strategic approach to knowledge transfer, in line with their individual corporate strategies, core institutional missions, key partners and locations.

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<sup>1</sup> Lord Sainsbury's review of science and innovation policy, 'The race to the top: a review of Government's science and innovation policies' (2007), is available at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk) under Independent Reviews.

- b. Management of HEIs' knowledge transfer activities includes appropriate and robust systems for performance management and data collection (including those relating to making returns to the Higher Education – Business and Community Interaction survey), planning, risk management, monitoring and evaluation.
  - c. HEIs are committed to the continued improvement and further development of their capacity to deliver economic and social impact, including effective use of collaboration, so as to achieve value for money in use of public funds.
  - d. HEIF 4 funding will be spent in line with the overall objectives of the programme, to achieve maximum impact and to respond flexibly to changing priorities and opportunities for innovation.
12. Where we felt the original submission did not adequately meet the published criteria, we sought additional information or clarification from the HEI.
13. Final decisions on whether strategies met the criteria and therefore whether the formula allocation could be released were made by the HEFCE chief executive, based on advice from a HEIF 4 Expert Advisory Group (see Annex A for list of members). HEIs were notified on a rolling basis when their strategy had been approved and that therefore their funds were released. All HEIs have now been notified. We are publishing an overview report summarising key developments in knowledge exchange reflected in the strategies in parallel with this circular, which includes a weblink to access the 129 institutional strategies.
14. Progress made by HEIs in implementing their HEIF 4 institutional strategies will be monitored through their annual monitoring statement to HEFCE. We will aim to strike a balance between minimising the burden of monitoring requirements on HEIs and securing the necessary information for assurance about the proper use of public funds.
15. The final formula allocations for all HEIs and the data used in the allocation model, which are as previously notified in Circular letter 04/2008, are given again in Annex B of this document.
16. We contacted HEIs with CKE funding directly to ask them to provide update reports as the basis to release the fifth and final year of funding. The reports were assessed by HEFCE regional teams against the criteria set out in HEFCE 2005/46. Following this, we confirmed in February 2008 that all CKEs had demonstrated satisfactory progress, and we allocated continuation funding to them in line with their original plans.

## **Annex A HEFCE HEIF 4 Expert Advisory Group: list of members**

### **Chair**

Peter Saraga                      HEFCE Board member and Former Managing Director, Philips  
Research Laboratories UK

### **Members**

Ed Smith                              HEFCE Board member and Former Global Strategy Leader for  
Assurance, PricewaterhouseCoopers

Professor Jeremy Watson      Member of HEFCE Business and Community Committee and  
Director, Global Research, Arup

Alice Frost                            Head of Business and Community Policy, HEFCE

### **Observer**

Ashley Malster                      Department of Innovation, Universities and Skills

## **Annex B HEIF 4 final formula allocations and data used in allocation model**

This annex is available as an Excel file alongside this document on the HEFCE web-site, [www.hefce.ac.uk](http://www.hefce.ac.uk), under Publications.

## **List of abbreviations**

- CKE** Centre for Knowledge Exchange
- DIUS** Department for Innovation, Universities and Skills
- HEFCE** Higher Education Funding Council for England
- HEI** Higher education institution
- PACEC** Public and Corporate Economic Consultants
- SIIF** Science and Innovation Investment Framework