

**HIGHER EDUCATION ECONOMIC DEVELOPMENT (HEED)
FUND
- CONSULTATION OUTCOMES & DATA REQUEST**

To: Heads of higher education institutions
& other key organisations

Summary: This Circular responds to the outcomes of
the consultation on the future development
of the HEED Fund, and requests data to be
used in the calculation of the 2003/04
HEED allocations

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■ INTRODUCTION

- 1 This Circular:
 - (i) reports on the outcomes of the consultation exercise on the future development of the Council's Higher Education Economic Development (HEED) Fund;
 - (ii) sets out how the Council intends to develop the HEED Fund in the light of the consultation outcomes; and
 - (iii) requests performance data to be used in the calculation of the 2003/04 HEED Fund allocations.
- 2 This document is being sent to all higher education institutions in Wales and a wide range of other interested parties from both within and without the Welsh higher education (HE) sector.

■ BACKGROUND

- 3 Following the Council's consideration of the outcomes of the analysis of the first HEED plans in October 2002, circular **W03/03/HE** was issued in January 2003 to invite HEIs and other key organisations to contribute to the further development of the HEED Fund. Written comments were invited on seven specific issues raised in the consultation circular (these are listed at **Annex A**). On the 27 January 2003 a seminar was organised to debate the future of the HEED Fund. The seminar was well attended by the sector and representatives from the Welsh Development Agency (WDA) and Finance Wales.
- 4 A further part of the consultation exercise was the KEF masterclass held on 25 February 2003, *Third Mission – third place or no place?* Its objective was to "look openly at the concept of third mission activities and the place they take in the overall operations of HEIs in Wales." In addition to representatives from Welsh HEIs, the Masterclass was also attended by the Chief Executive of the Wales Management Council and two UK experts in the third mission arena, David Charles from the University of Newcastle and David Kirby from the University of Surrey.

■ OUTCOMES OF THE HEED CONSULTATION PROCESS

Written Responses

- 5 Sixteen written responses were received. Each HEI submitted an institution-wide response and, from two HEIs, additional responses were received from Careers Services staff. A formal response was also submitted by the Welsh Heads of Careers Services (WHECS). The following is a summary of the responses to each of the seven issues raised in the consultation document (Annex A refers).

Issue 1 - defining third mission activities

- 6 All respondents agreed on the need to adopt a common definition of third mission activity. All but one HEI was content with the definition proposed by the HEW/HEFCW third mission working group, taken from a report, *Measuring Third Stream Activities*, commissioned by the Russell Group in 2002, from the Science Policy Research Unit (SPRU) at the University of Sussex. The SPRU definition was:
"Third Mission activities are concerned with the generation, use, application and exploitation of knowledge and other university capabilities outside the academic environment. It is about interactions between universities and the rest of society."
- 7 However, one institution proposed a simplification of this definition, which was endorsed by Council Members at their meeting on 14 March 2003:
"Third mission activities in universities stimulate and direct the application and exploitation of knowledge to the benefit of the social, cultural and economic development of our society."
- 8 A number of respondents went on to address the second element embedded within this issue – the development of appropriate indicators to measure institutions' contributions to the social, cultural and economic well-being of society. The consensus was that there can be no quick fixes in developing third mission metrics. Further consultation with the sector will be necessary and it is important that Wales keeps in step with the rest of the UK as it moves forward in this area. As yet, this Council, in common with other UK funding bodies and central bodies, such as

HESA, is not collecting data in many categories of third mission activity – and, perhaps more significantly, HEIs themselves are not yet routinely monitoring their own performance in these areas. The burden (and cost) of increased data capture and collection, must not be under-estimated, (see also paragraphs 13 and 14 below). The Lambert Review, which will report to Ministers in England this summer, may offer advice and guidance in this respect.

Issue 2 – rate of progression towards a single stream of third mission funding

9 All respondents welcomed HEED as a move towards a single stream of third mission funding and at least three suggested that the latter should be instituted for 2003/04. However, there was no consensus as how best to embed the graduate employability agenda within institutions' HEED thinking. Whilst nine respondents firmly endorsed the proposal that the Council should cease requiring institutions to submit a stand-alone work experience and employability plans (WEEP), there was disagreement as to whether or not the activities encompassed within WEEPs display overall a better fit with learning and teaching or with HEED strategies. Similarly, whilst there was a fairly widespread agreement that funding for the single successor programme to Graduate Wales and Cymru Prosper Wales falls naturally into HEED, there was equally widespread disagreement (even within the same institution in one case) as to whether or not funding for the new programme should be ring-fenced within HEED.

10 One institution suggested that the introduction of a single stream of funding cannot precede the development of metrics to measure third mission performance and called for a more phased approach. On the other hand, another argued that once agreement is reached on the definition of what constitutes third mission activity, institutions should be allowed to use the new all-encompassing fund for any activity deemed appropriate within that definition. Two institutions suggested that in developing a single stream of funding, HEFCW should seek to work more closely with the WDA in order to better streamline support for entrepreneurship, innovation and business support from the two organisations.

Issue 3 – links between the Knowledge Exploitation Fund (KEF) and HEED

11 There was an overwhelming consensus that links between KEF and HEED should be strengthened. A number of respondents echoed the HEW/HEFCW third mission working group's recommendation that HEED and KEF should be merged as soon as practicable and/or that HEFCW should be given a more directional role in the administration of KEF. Other institutions noted the importance of maintaining two separate funds – one to finance short-term, pump-priming and/or capacity building projects (currently KEF) and one to provide long-term support for activities that have become mainstreamed (currently HEED). However, all respondents noted the current, marked financial disparity between the two funds, and the practical difficulties this brings to HEIs, eg in terms of believing that they have to keep staff on short-term contracts.

Issue 4 – links between HEED and European funding bids

12 Many respondents reported that they already had, or were putting in place, arrangements to ensure that all European funding bids were channelled through a single source. The logic of ensuring links with HEED strategies (where appropriate) was recognised, although some institutions noted the need to maintain the flexibility to respond to unexpected opportunities that might arise, which could not have been anticipated when drafting HEED and other institutional strategies.

Issue 5 – ensuring proper use of public monies

13 Whilst recognising its inevitability, a number of respondents also drew attention to the need to minimise the data collection burden it placed upon institutions. Some institutions stated that repeating the data collection exercise associated with the submission of last year's HEED plans would pose no problems, whilst others stated a preference for closer alignment in future with UK returns, eg to the HESA finance record or the annual survey of interactions between HE and business, now being managed by HEFCE.

14 A few respondents referred to difficulties in collating the data requested last year in respect of work experience and

employability, and several further noted that the proposed funding formula for 2003/04 took no account of performance on this front.

Issue 6 – increasing collaborative third mission activity

- 15 Responses varied in their emphasis. Two institutions envisage submitting a combined HEED plan in 2003. However, others referred to the need to encourage collaboration by providing sufficient funding to incentivise and reward partners in collaborative ventures. Others pointed out that collaboration is more likely to succeed when it develops organically, rather than when forced as a result of pressure from outside. On a more positive note, several respondents provided examples of existing collaborative activity in the third mission arena, including examples of the use of KEF monies to foster collaborative activity, eg through the Strand 2 training consortia. A few also referred to the need to bring collaborative activity with other organisations – particularly the WDA – into the equation, and one broached what it saw as the diminishing role of the National Council-ELW as a strategic partner in the third mission arena, in comparison with the role that had been played by the training and enterprise councils (TECs).

Issue 7 – development of a HEED funding formula

- 16 Comments were invited on two fronts:
- (i) firstly, the premise that in developing a HEED funding formula the Council is seeking both to incentivise activity and reward progress made; and
- (ii) secondly, three possible funding models for the 2003/04 HEED allocations, with model three, identified as the Council's preferred option (all three models are presented at **Annex B**).
- 17 All respondents signalled their support for the general principle that, when developing a HEED funding formula, the Council should seek both to incentivise activity and reward progress made. All but three institutions, indicated that they would be able to live with the model proposed for 2003/04, but, nevertheless, and to varying degrees, identified shortcomings in the model

proposed. Two institutions also indicated a preference for model two over model three.

Seminar outcomes

- 18 The seminar held on 27 January provided an opportunity for debate on all of the issues covered in the written consultation exercise. Many of the written responses echoed the views expressed at the seminar and do not need repeating. Instead, the following is an attempt to capture the issues that raised the most passion within the various discussion groups on the 27 January, to complement and add value to the analysis of the written consultation responses in paragraphs 5 to 17 above. The issues raised will inform the development of the HEED fund.

Defining and funding third mission activities

- 19 Whilst most institutions supported the recommendation of the HEW/HEFCW Third Mission Working Group that a permanent stream of third mission funding should be introduced as soon as possible, there was a degree of confusion, even disagreement, as to what activities should be funded under the third mission umbrella. In particular:

- ♦ there is a continuing tendency within the sector to equate third mission activity with commercialisation activity;
- ♦ this is reinforced by the fact that whilst HEFCW (and ergo, HEIs themselves) currently collect data that facilitates the evaluation of the sector's contribution to economic development, little is currently being done to monitor and evaluate the sector's contribution to cultural and social well-being (and the proposed HEED funding model for 2003/04 underlined this shortcoming still further);
- ♦ there is a specific issue in relation to the extent to which the employability agenda (and funding for it) should be embedded within institutions' third mission strategies to the extent that distinct *camps* manifested themselves at the seminar on 27 January (see also paragraph 21 below);

- ◆ there is a growing realisation that not all institutions will be able to develop a third mission based on the same range of activities, skills, expertise and strengths. This makes the development of a one-size HEED funding formula an increasingly ambitious proposition, and calls for other funding models to be explored.

Future of WEEPs

- 20 As the UUK Employability and Diversity Report underlined, WEEPs have constituted a real success story for Wales and delegates were unanimous in agreeing that institutions needed to maintain a strategic approach to the employability agenda. However, there was no consensus as to with which strategic agenda WEEPs activities best aligned – learning and teaching or third mission. Whilst most delegates accepted that the associated issues cut across both areas, concerns were expressed that if funding for WEEPs activities (specifically funding for the single successor programme to the Graduate Wales and Cymru Prosper Wales initiatives) was incorporated into HEED without ring-fencing then it would be top-sliced at best or, at worst, diverted elsewhere altogether. It was noted that employability indicators did not feature in the proposed HEED funding model for 2003/04 – although it was pointed out that the intention was not to incorporate funding for the new support programme into HEED until 2004/05.
- 21 The above discussions also revealed some useful insights into the relations between careers services and commercial services/industrial liaison staff across the HE sector in Wales. Each group has its own, active pan-Wales network, but there appears to be little communication between the two on areas of common interest. The seminar groups also revealed that there were varying degrees of joint working/liaison between the two groups on an institutional level. In some institutions, careers services staff had been actively engaged in the production of the first HEED plans and worked closely with commercial services/industrial liaison staff in pursuit of institutional strategies for business support, including the development of alumni networks. In other institutions, however, there is apparently little communication or co-working, and some careers services staff reported that they had had no input to the

development of their institution's first HEED strategy. A number of delegates noted that the seminar had underlined the need for closer links between these two groups of staff within their institution.

Other issues raised at the seminar

- 22 One of the seminar groups provided delegates with a chance to respond to the emerging outcomes of the HEW/HEFCW Third Mission Working Group and the Joint Councils' Working Group on Knowledge Generation and Application. The work now being undertaken to promote third mission activity across Wales was generally welcomed.
- 23 Concern was expressed at the low level of funding available in comparison to funding for research and teaching and learning. Likewise, while it was recognised that KEF and European funding in general in Wales provide another source of finance for short-term or pump-priming projects, increased mainstream funding would be needed to adequately staff and resource institutions to effect the kind of culture change needed to put third mission activity on a par with learning and teaching and research.

Outcomes of the KEF masterclass

- 24 The masterclass raised few new issues, and the way in which the debate was monopolised by the commercialisation agenda of research intensive HEIs served to underline the point already made - that to pursue a long-term, one-size third mission funding formula might be misguided. Participants concluded that it would be more effective to seek a flexible funding methodology that recognises and rewards the individual strengths of individual (or clusters of) HEIs. However, there was no consensus on how such a methodology might be constructed.

PROPOSED WAY FORWARD

- 25 In the light of the consultation outcomes the Council has decided to:
- (i) adopt the broad-brush definition of third mission activity suggested at paragraph 7 in order to give institutions the flexibility to brigade activities and resources as best fits

- the achievement of their own institutional aims and objectives;
- (ii) establish a full-blown third mission fund from 2004/05, **meaning that for 2003/04 the HEED Fund remains focused on economic development activity**;
- (iii) undertake further work on metrics to enable the Council to measure and evaluate the contribution made by individual HEIs to the benefit of the social, cultural and economic development of society;
- (iv) in the light of (iii), develop a flexible funding methodology that allows the Council to fund individual (and/or clusters of) HEIs according to their identified third mission strengths, but in a way that still monitors the appropriate use of public funds and incentivises continuing improvement in performance;
- (v) develop a third mission policy that more effectively dovetails with the policies of key strategic partners (such as the WDA, Finance Wales and the NC-ELWa) and which maximises the contribution of the HE sector to the betterment of GDP in Wales.
- 26 However, in adopting this way forward, the Council is mindful that the changes envisaged in paragraph 25 cannot be achieved overnight. Nor must they be undertaken in isolation from developments currently taking place on a UK-wide front – especially in relation to third mission metrics. Their achievement has to be seen as an evolutionary process that will require joint working between the Council, the sector (especially as it reconfigures), and key partner organisations.
- 27 The Council is, therefore, formulating an action plan that will also allow time for a number of associated, ongoing projects to feed into the planning process. Key amongst these are:
- ◆ the outcomes of the HEW/HEFCW Third Mission Working Group Report;
 - ◆ a Review of Services to Business being undertaken by the National Council – ELWa, which has clear repercussions for the HE sector in Wales;
 - ◆ the outcomes of a report from the Joint Council's Knowledge Generation and Application Working Group;
 - ◆ the findings of the Lambert Review;
 - ◆ the outcomes of the 2002 UK HE-Business Interaction Survey;
 - ◆ finalisation/clarification of funding arrangements for KEF Phase 2; and
 - ◆ the development of the single successor programme to Graduate Wales and Cymru Prosper Wales.
- 28 Formulation of the action plan will be overseen by a small steering group that will be chaired by a Council Member. Steering group members will be drawn from the Welsh HE sector at both senior manager and practitioner level. Input will also be sought from Finance Wales, the WDA, KEF and the National Council - ELWa. It will be serviced by HEFCW officers and the Assembly Government will be offered observer status membership.
- 29 As the action plan develops, it is likely that specific requirements for projects and reports will emerge. Where appropriate, the steering group will convene task and finish groups to undertake the required work and report to it. Membership of the task and finish groups will be sought from within the Welsh HE sector wherever appropriate, although the nature of each task will determine when additional, external support and/or expertise may also be necessary.
- 2003/04 HEED Fund Allocations**
- 30 For the immediate future, the Council is anxious to maintain the momentum created by the establishment of the HEED Fund in 2002/03. For this reason, it is not an option to retain for use in 2003/04 the same backward looking funding arrangements as used last year. The Council believes it is imperative to continue to move the sector forward.

- 31 As the consultation outcomes indicate, the funding methodology for 2003/04 that was proposed in Circular W03/03/HE (see Annex B) is not perfect. Nevertheless, it was largely accepted as a step in the right direction in so far as it:
- (i) broadens the range of activities rewarded by the fund; and
 - (ii) acknowledges and rewards progress made.
- 32 However, in the light of the feedback arising from the consultation exercise, the Council has decided to make some minor adjustments to the preferred formula for 2003/04 as set out in Circular W03/03/HE. The reworked formula covers the same breadth of activities, but:
- (i) reduces the weighting given to the TCS scheme from 1.2 to 0.9;
 - (ii) increases the weighting for IPR activity from 1.1 to 1.2;
 - (iii) increases the weighting for all other TACS activity from 0.9 to 1.1; and
 - (iv) ensures that all HEIs will receive an overall allocation of more than £10,000 in 2003/04, by applying a £10,000 floor allocation only to the portion of the funding allocated to combined TACS and CR income performance after the allocation of all other funds.
- **DATA COLLECTION TO ENABLE CALCULATION OF THE 2003/04 HEED FUND ALLOCATIONS**
- 33 Institutions are asked to complete the data forms attached as **Annexes C1 and C2. Failure on an institution's part to provide the necessary data by the required date may result in a nil HEED Fund allocation.**
- 34 Annex C1 requests non-research training and consultancy services (TACS) income data for 2000/01 and 2001/02. Any differences with HESA data returns for these years should be explained in a covering letter, as should be any differences between the 2000/01 data submitted in last year's TACS income request and this return.
- 35 The TACS income data return form at Annex C1 draws heavily on the headings and definitions of Table 5b of HESA's Finance Record. As this year's HEED allocation will take account of income from IPR, income figures for IPR are requested in the return form. These figures should correspond to HESA Finance Record Table 5b, sub-head 4f.
- 36 In order solely to capture non-research sources of training and consultancy income, some of the Council's TACS data definitions differ slightly from those used by HESA to categorise 'Other Services Rendered' income (Table 5b, sub-head a). Annex D sets out the data definitions for the Council's TACS return and notes the differences in comparison with the HESA definitions. Please note that income generated via TACS activities that have been supported by allocations from the Knowledge Exploitation Fund is eligible income for the purposes of calculating Council HEED allocations, provided it conforms with the overall definition for TACS income.
- 37 In order to ensure that HEED allocations are made only on the basis of eligible TACS income as defined by the Council, institutions should ensure that they make a distinction between research and non-research sources of income in their records and make separate provision for recording training income. For example, if contract research (CR) income is included in the TACS return, this would result in double counting and hence over-funding for some institutions but under-funding for others. (CR income will be included in the 2003/04 HEED allocations, but data will be taken directly from institutions' returns to the HESA Finance Record for 2000/01 and 2001/02).
- 38 In this context, a particular issue is TCS income. For allocation purposes the Council treats this as TACS income. It would expect TCS income to be recorded in the returns to HESA under the head specifically set aside for it in Other Income (Table 5b, sub-head 4aii) and that the TCS income returned on the TACS income data

return would normally correspond to the HESA entry.

- 39 However, institutions may include TCS income within external research income in their RAE submissions as evidence of research activity and strength. Although it does not directly influence QR allocations based on RAE outcomes (see RAE 2/99, RAE 2001 Guidance on submissions, paragraph 3.54), the Council is aware that this may have led some institutions to record TCS income under research income headings in HESA. Nonetheless, **it is important that the Council should know the total TCS income for each institution**. For the purpose of this return, therefore, institutions are asked to return **all TCS income** on the data return form and to note the amount of this income, if any, which has been returned to HESA under Table 4 - Research Grants and Contracts - against any of the columns which are used towards the CR income element to be used in the allocation of HEED funding, namely column 3, UK Central Government/Local Authority, Health and Hospital Authorities; column 4, UK Industry, Commerce, Public Corporations; column 5, EU Government Bodies; and column 6, EU other. A box has been provided on the form at Annex C1 for this purpose: Any income recorded in this box will not be used in calculating the TACS element to be used in the HEED allocations.
- 40 Annex D contains detailed guidance on completing the form at Annex C1 and Annex E contains common queries concerning data definitions and their answers.
- 41 Institutions are requested to round income in each of the categories in the request form at Annex C1 to the nearest £100.
- 42 Annex C2 requests data for 2001/02 in relation to CETICs, spin-out activity, KEF entrepreneurship scholarships and membership of KEF Strand 2 training consortia in Phase 1 of KEF (2000 to 2003). With regard to business spin-outs and KEF entrepreneurship scholarships, institutions are asked to provide the forecast figures for 2001/02 submitted with their 2002 HEED business plans as well as their actual 2001/02 out-turn figures. Reasons for any major discrepancy between forecast and

actual performance should be set out in a covering letter. The names and addresses of all business spin-outs should be listed, together with (if available) their enterprise reference number (ENTREF) from the Office for National Statistics' Inter Departmental Business Register.

- 43 As with all other data submitted to the Council for funding purposes, the data submitted may be subject to audit.

■ **RESPONSE TIME**

- 44 Data returns should be submitted by Wednesday 23 April to:

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SUMMARY OF CORE PRINCIPLES & ISSUES FOR CONSULTATION

- 1 **To enable the sector to proceed along common lines, it is necessary to be clear on how we perceive and define *third mission activities* and their future development and application.**

Issue 1

Comments are invited on the appropriateness of adopting the SPRU definition of third mission activities. Respondents are asked to give particular consideration to the extent to which this definition lends itself to the development of indicators against which, in line with the commitments given in its own Corporate Plan, the Council can measure HEIs' contribution to economic, cultural and social benefit in a way that monitors the proper use of public funds and/or incentivises and optimises such activity (see paragraphs 21 to 23 of circular).

- 2 **The Council is committed to developing a single stream of funding in support of institutions' overall third mission activities.**

Issue 2

Comments are invited on the timescale which should be adopted by the Council in moving towards a single stream of third mission funding. In particular, comments are sought on the pros and cons of the Council's intention to cease asking institutions to produce stand-alone WEEPS and the intention to fund the successor programme to Graduate Wales and Cymru Prosper Wales via HEED. Consideration should also be given as to the most appropriate point at which to metamorphose the HEED Fund into an all-encompassing Third Mission Fund – including what other activities need to be supported via the envisaged single stream of funding.

- 3 **When developing their HEED plans, institutions should pay due regard to the way in which they will utilise KEF monies to achieve their overall aims and objectives.**

Issue 3

Comments are invited on the Council's intention to increase the links between KEF and HEED and the specific requirement that future bids for allocations from Strands 4 and 5 of KEF will need to be channelled through a nominated department and/or individual, and clearly derived from the HEED Plan.

- 4 **The Council is keen to encourage the sector adopt a more strategic approach to the pursuit of European funding in support of HEED activities.**

Issue 4

Comments are invited on the benefits and practicalities of requiring departments to link (where appropriate) European funding bids to the achievement of institutional HEED aims and objectives, and to submit such European funding bids via a nominated department and/or individual as will be required in respect of future allocations from strands 4 & 5 of KEF.

- 5 **The Council has a duty to ensure that proper use is made of public monies and that the support provided incentivises and maximises institutions' third mission activities. To this end, it is imperative to develop indicators that enable institutions, the Council and other interested bodies to monitor, evaluate and measure progress in delivering benefits on the economic, cultural and social fronts.**

Issue 5

Comments are sought on the Council's intention to repeat, over the medium-term at least, the data gathering exercise undertaken in conjunction with the submission of the HEED Plans in 2002/03. Comments would be especially welcomed on the ease with which this data is already collectable, and to the extent to which it dovetails with returns required by HESA and with the format of the latest HE-BI Survey.

- 6 **The Council is committed to increasing collaborative activity in all aspects of third mission activity.**

Issue 6

Comments are sought on the measures being proposed to encourage collaborative third mission activity in this and future years. More general observations on how such collaborative activity could be further encouraged would also be welcomed.

- 7 **In developing a HEED funding formula the Council is seeking both to incentivise activity and reward progress made.**

Issue 7

Comments are sought on the Council's proposed funding model for HEED Fund allocations in 2003/04.

**HEED allocation funding models for 2003/04 as proposed in the consultation circular
(W03/03/HE)**

Summary of Allocations

Institution	Actual allocation for 2002/03	Model 1 allocation	Model 2 allocation	Model 3 allocation (the preferred model)
University of Glamorgan	201,624	206,273	190,655	202,159
University of Wales, Aberystwyth	266,305	252,691	252,411	250,448
University of Wales, Bangor	481,903	461,460	423,245	438,360
Cardiff University	1,022,937	1,048,245	1,131,881	1,098,140
University of Wales, Lampeter	36,468	21,912	20,301	20,207
University of Wales Swansea	397,768	460,124	426,398	454,881
University of Wales College of Medicine	307,379	304,865	304,514	294,840
University of Wales Institute, Cardiff	173,836	130,727	143,207	135,136
University of Wales College, Newport	121,568	91,065	82,048	81,522
North East Wales Institute	48,519	65,856	63,441	63,300
Swansea Institute of Higher Education	47,709	62,798	67,914	67,023
Trinity College Carmarthen	10,000	10,000	10,000	10,000
Royal Welsh College of Music and Drama	10,000	10,000	10,000	10,000
Total	3,126,016	3,126,016	3,126,016	3,126,016

PARAMETERS

Total funds	3,126,016
Funds allocated per spinout/startup	15,000
Funds allocated per KEF scholarship	2,000
Funds allocated per consortium membership	2,000
Funds allocated per CETIC	20,000
Minimum allocation	10,000

WEIGHTS

TCS	1.2
IPR	1.1
Other TACS	0.9
CR	1.0

BANDING

2000/01 income compared to 1999/2000 income

Same or decrease 0% < increase 10% < increase 20% 20% < increase
10%

TACS	0.9	1.0	1.1	1.2
CR	0.9	1.0	1.1	1.2

TACS INCOME DATA FORM: 2000/2001 AND 2001/02

INCOME CATEGORY	2000/01 Consolidated TACS Income - £	2000/2001 Unconsolidated TACS Income - £
(A) Teaching Companies (TCS)*		
(B) UK Central government/local authorities/ health and hospital authorities		
(C) UK industry, commerce and public corporations		
(D) EU government bodies		
(E) EU Other		
(F) Other overseas		
(G) Income from Intellectual Property Rights		
(H) Other sources		
(J) Total TACS income		
(K) Total training income recorded within (J)		

INCOME CATEGORY	2001/02 Consolidated TACS Income - £	2001/02 Unconsolidated TACS Income - £
(A) Teaching Companies (TCS)*		
(B) UK Central government/local authorities/ health and hospital authorities		
(C) UK industry, commerce and public corporations		
(D) EU government bodies		
(E) EU Other		
(F) Other overseas		
(G) Income from Intellectual Property Rights		
(H) Other sources		
(J) Total TACS income		
(K) Total training income recorded within (J)		

*** The following TCS income recorded in A above has also been recorded in HESA Finance Record Table 4, columns 3, 4, 5 and 6 (see paragraph 39 of Circular)**

2000/01	
2001/02	

Institution..... contact name/position/tel no.....

HEED FUND DATA COLLECTION

SPINOUT ACTIVITY – 2001/02

	No of spinouts via WSP	No of other spinouts	Total no of spinouts
Forecast as per 2002 HEED plan (Table F)			
Actual			

Please list the name and registered address of all companies included in the above figures. If possible, please include its enterprise reference number (ENTREF) form the Office for National Statistics' Inter Departmental Register (IDBR).

NAME	ADDRESS	ENTREF NUMBER

KEF ENTREPRENEURSHIP SCHOLARSHIPS – 2001/02

Forecast as per 2002 HEED plan (Table E)	
Actual	

Please list all scholars by name.

MEMBERSHIP OF KEF STRAND 2 TRAINING CONSORTIA

Please list all KEF Strand 2 training consortia of which your institution was a member in KEF Phase 1 - 2000 to 2003

CETICS

Please list all WDA accredited CETICs (please note if funding is shared with other HEIs)

GUIDANCE NOTES FOR COMPLETION OF TACS INCOME DATA FORM (ANNEX C1)

GENERAL GUIDANCE

The income heads of the form, and their definitions, draw heavily on the headings and definitions of section 4a, *'Other Services Rendered Income'*, of Table 5b within HESA's Finance Record. HESA has advised the Council that it is intended that income received from both training and consultancy activities be recorded by institutions under this section. Institutions should record annual income in respect of training and consultancy services (TACS) rendered to outside bodies (covering both public and private sectors) within the form.

The form differs from the conventions adopted by HESA's Finance Record in that it asks institutions to record both consolidated and unconsolidated sources of TACS income. Consolidated income is defined as that generated by the institution or its subsidiary undertakings which is recorded in the institution's annual accounts. An undertaking is defined by the Companies Act 1985, amended by the Companies Act 1989, as "a body corporate or partnership or an unincorporated association carrying on a trade or business with or without a view to profit". If there are cases of TACS income being generated by subsidiary undertakings where the accounts are not consolidated with those of the institution then this income should be recorded under the unconsolidated heading within the form. Particularly in the case of a part-holding which institutions have in subsidiary undertakings, the income returned (consolidated or unconsolidated) should only be that which the institutions receives, not that of the undertaking as a whole.

Income from TACS activities in the form of award schemes (such as the Enterprise Award Scheme) or grants should be recorded within the form. **Any TACS related income received in respect of research activities and academic fees and support grants must be excluded from this return.** Academic fees and support grants are to be recorded under the categories listed in Section 2 of Table 5b of the HESA Finance Record. They include non-Council publicly funded teaching activities (i.e. courses leading to a recognised higher education qualification as defined in Annex D Section 2 of the Council's HESSES Circular, reference **W02/68HE** of 11 October 2002).

Income derived from training activities should be recorded under the headings which most closely describe the client for whom the training activity was provided. For example, training activities provided for a local authority should be recorded under sub-head (B) *'UK Central government bodies/local authorities/health and hospital authorities'*, whilst training activities provided to a UK commercial operation should be recorded under sub-head (C) *'UK Industry, commerce and public corporations.'*

To avoid double counting, each separate source of TACS income should be recorded under one sub-head only. **Income returned to determine the amount of research funding an institution receives either under QR or that counts towards the CR income element used in the calculation of HEED Fund allocations must not be recorded here (however, see sub-head A below).**

SUB-HEAD DEFINITIONS

Sub-head (A) - Teaching Companies

Include all income received in respect of the provision of Teaching Company Schemes (TCS) irrespective of the source of the income. (This definition is the same as sub-head 4a(ii) of HESA's Table 5b). As noted in paragraph 10 of the Circular, institutions should note separately on the data return form any TCS income which has been returned to HESA under Table 4 - Research Grants and Contracts (columns 3, 4, 5 and 6), so that appropriate adjustments may be made to the TACS income element of the HEED Fund allocations.

Sub-head (B) - UK Central government bodies/local authorities/ health and hospital authorities

Include all non-research income from UK central government bodies, non-departmental public bodies, UK local authorities and UK health and hospital authorities, except that for non-Council publicly funded teaching activities (such as income received from Department of Health/Regional Health Authorities for teaching contract courses, including Project '2000'). Income received for the funding of posts in clinical and non-clinical academic departments must be excluded. (Apart from the guidance to exclude non-Council publicly funded teaching activities within this sub-head, the definition is the same as sub-head 4aiii of HESA's Table 5b).

Sub-head (C) - UK Industry, commerce and public corporations

Include all non-research income for *training and consultancy* services rendered to industrial and commercial companies and public corporations operating in the UK. Income from Training and Enterprise Councils (TECs) and Local Enterprise Companies (LECs) should not be included under this sub-head, but should be included under sub-head (H) 'Other sources'. (Apart from the inclusion of the wording in italics which serves to highlight that TACS income is sought, this definition is the same as sub-head 4aiv of HESA's Table 5b).

Sub-head (D) - EU government bodies

Include non-research income from all government bodies operating in the EU, including the European Commission but excluding the UK. European Social Fund grants *for TACS related goods and consultancies* should be included under this sub-head. ERASMUS grants should not be included under this or *any other sub-head within the form*. (Apart from the inclusion of the wording in italics which serves to highlight that TACS income is sought and that ERASMUS grants do not fall into this category, the definition is the same as sub-head 4av of HESA's Table 5b).

Sub-head (E) - EU Other

Include non-research income from all non-government bodies operating in the EU, excluding the UK. (This definition is the same as sub-head 4avi of HESA's Table 5b).

Sub-head (F) - Other overseas

Include non-research income from bodies operating outside the EU. (This definition is the same as sub-head 4avii of HESA's Table 5b).

Sub-head (G) - Income from Intellectual Property Rights

Include all income received from intellectual property rights such as licences and patents. The definition is the same as sub-head 4f of HESA's Table 5b.

Sub-head (H) - Other sources

Include all non-research income for *training and consultancy* services rendered not covered by sub-heads (A) to (G). (Apart from the inclusion of the wording in italics which again highlights that TACS income is sought, and the fact that income from course validation fees is not to be recorded within the form, this definition is the same as sub-head 4aviii of Table 5b).

Sub-head J - Total TACS income

This should be the sum of income recorded, per annum, under sub-heads (A) to (H).

Sub-head (K) - Total Training income recorded within (J)

This should be the sum of income received for training activities which will have been recorded, as appropriate, as some of the income shown in sub-head (J).

COMMON QUERIES FROM HEIs CONCERNING ELIGIBLE SOURCES OF NON-RESEARCH TACS INCOME

1. *Is income from intellectual property rights generated from research returnable as TACS income?*

Yes, as noted in paragraph 6 of the Circular, income from IPR is now eligible for TACS allocations.

2. *Is income generated through validation work for the University of Wales eligible for inclusion in the TACS income data return?*

No. Validation work is not considered to constitute training or consultancy activity. It is thus ineligible.

3. *Can income generated from TEFL courses be included in the TACS income data return?*

No. Such fee income should be recorded under Head 2 of Table 5b of the HESA Finance Record.

4. *Is income from overseas franchised courses returnable as TACS income?*

No. Such fee income should be recorded under Head 2 of Table 5b of the HESA Finance Record.

5. *Are courses delivered overseas as training activities returnable as TACS income?*

Yes. Depending on the location of the bodies operating outside the UK which are in receipt of the training, the income should be recorded as either 'EU Other' or 'Other Overseas'

6. *Where modules of undergraduate or postgraduate taught schemes are delivered separately as CPD courses, can the income received from them be returned as TACS income?*

If the CPD course is fundable under the terms of Council's HESES/EYM guidance, and is being returned to the Council as such and hence receiving recurrent funding, then, no, the income received is not eligible for TACS purposes as that would produce double counting. However, if the CPD course operates on a full-cost, closed basis which makes it ineligible for recurrent funding then the income it generates may be recorded as TACS income.

7. *Can income from Welsh language training courses be counted as TACS income?*

No. Such fee income should be recorded under Head 2 of Table 5b of the HESA Finance Record.