



## **INTRODUCTION**

- 1 This Circular sets out the arrangements for the third round of the Science Research Investment Fund (SRIF), announces allocations, and invites eligible institutions to submit proposals for programmes of expenditure.

## **BACKGROUND**

- 2 The Science Research Investment Fund is a major programme of investment in physical infrastructure for research which is funded jointly by the Office of Science and Technology (OST) and the UK higher education funding bodies. The first round of the scheme ran in 2002-03 and 2003-04, and the second in 2004-05 and 2005-06.
- 3 Advance notice of plans for a third round of SRIF (SRIF3) was provided in Circular W04/56HE, published in August 2004. This third round will run in 2006-07 and 2007-08, drawing on funding for research infrastructure made available to the Office of Science and Technology (OST) on a UK-wide basis in the 2004 Comprehensive Spending Review.
- 4 The aims of SRIF3 are:
  - a) to contribute to the long-term financial sustainability of institutions' research activities and the physical infrastructure that supports them
  - b) to contribute to addressing past under-investment in institutions' physical infrastructure for research
  - c) to promote collaborative partnerships between HEIs, industry, charities, Government and NHS Trusts
  - d) to promote high quality research capability in areas of national strategic importance as set out in the Government's *10 year science and innovation investment framework*.
- 5 As in the first and second rounds of the scheme, HEFCW has agreed to join its capital funding for research infrastructure for 2006-07 and 2007-08 to Wales' territorial share of the OST funding.

## **KEY POINTS**

- 6 The funding has been pre-allocated by formula, and eligible institutions are asked to submit proposals for expenditure against their allocations. The proposals will be subject to a review process, as set out in this Circular, prior to confirmation of funding.
- 7 As previously notified, institutions will be expected to submit their proposals for SRIF3 electronically. The electronic submission system will be available at the end of February, and its website address will be notified to SRIF Co-ordinators at that point. The deadline for submissions is 30 May 2005.
- 8 The payment of allocations will commence in April 2006, and funding must be spent by March 2008.

## FUNDING AVAILABLE

- 9 It was announced in July 2004, in the context of the outcomes of the 2004 Spending Review, that funding for SRIF would be maintained at £500 million per annum in 2006-07 and 2007-08. As in the second round of SRIF, £200 million per annum of this funding will be specific to HEIs in England, and the remaining £300 million per annum - £600 million in total - will be made available on a UK wide basis by the Office of Science and Technology (OST).
- 10 Wales' territorial share of the £600 million to be made available by the OST is approximately £25 million.
- 11 As indicated in para 5, the Council has agreed to join its capital funding for research infrastructure for 2006-07 and 2007-08 to Wales' share of the OST funding. The Council's contribution will amount to approximately £21.5 million over the two years. Joining the two funding streams in this way will result in a single consolidated fund for the Welsh higher education sector amounting to approximately £46.5 million over the two years 2006-07 and 2007-08.

## ALLOCATION FORMULA AND ALLOCATIONS

- 12 The funding has been pre-allocated by formula on a conditional basis, and eligible institutions will be asked to submit proposals for programmes of expenditure against their allocations.
- 13 The allocation formula is similar to that used for the first two rounds of the scheme. Half of the allocation is based on institutions' recurrent funding for research (QR and RIF) for 2004/05, and the other half on the combined total of institutions' external research income for 2002/03 and their recurrent funding for research for 2004/05. As in previous rounds, eligibility for support is restricted to those institutions in receipt of recurrent research funding.
- 14 The allocations are set out at **Annex A**.

## FUND DETAILS

### PURPOSES OF FUNDING

- 15 The priorities for the use of SRIF3 funding are:
- to maintain the productive capacity of the existing research infrastructure in a fit state. It is not expected that SRIF3 funding should be used to increase space, except in new or emerging fields of research.
  - to invest so that the existing capacity is used more productively or efficiently without increasing gross floor area or capacity.
  - to enable institutions to enhance and maximise the public and private use of higher education's research expertise and facilities.
- 16 In developing their proposals, HEIs will be expected to describe how these:
- help deliver their strategic aims and objectives
  - fit with their research strategy

- fit with their infrastructure, financial and IT strategies, indicating how these integrate with their academic strategies
- address the requirements of the Government's *10 year science and innovation investment framework*<sup>1</sup>; and specifically to continue to enable HEIs to develop proposals to enhance and maximise the public and private utilisation of HEIs' research expertise and equipment.

17 HEIs will also be expected to demonstrate:

- how they have followed the good practice guidance and other information listed in **Annex B** so that value for money will be secured
- that the proposals are affordable, both in terms of the initial capital costs and also in terms of annual operating and maintenance costs over the life of the asset or activity
- that issues of environmental sustainability have been addressed.

#### ELIGIBLE USES OF FUNDING

18 The funding may be used for the following purposes:

- refurbishment of premises for research
- replacement, renewal or upgrading of research equipment, including improvements to internal IT networks to take advantage of the additional bandwidth to be provided by upgrading the Super-JANET backbone<sup>2</sup>
- replacement of premises or infrastructure for research by new-build or acquisition, but only where this is a better value solution than refurbishment. This would need to be demonstrated by a business case, including option appraisal.

19 Where new-build represents the best value solution, HEIs will be expected to demonstrate how they will fit out and equip such space, and how they will meet the operating and maintenance costs over the life of the asset or activity.

20 Expenditure proposals may include buildings which will be used jointly for teaching and research purposes. However, only the research element will be eligible for support from SRIF3. For example, in the case of a building refurbishment costing £3 million where £2 million of the cost relates to space used for research and £1 million to space used for teaching, the £1 million teaching element may not be funded from SRIF3 or counted towards the institution's own financial contribution to the scheme.

#### HEIs' CONTRIBUTION

21 HEIs are required to contribute at least 10% of the total cost of their SRIF3 programme from their own resources, or from third-party, non-SRIF funds. This requirement applies to the programme as a whole, rather than to individual projects. The institutional contribution should be assessed when each project proposal is prepared, and recalculated when the programme as a whole is complete.

<sup>1</sup> *Science and Innovation Investment Framework 2004-2014*, HM Treasury, DTI, DfES, July 2004

<sup>2</sup> Advice on SuperJANET and other sector-wide IT developments should be sought from the Joint Information Systems Committee, [www.jisc.ac.uk](http://www.jisc.ac.uk)

- 22 The requirement for a 10% institutional contribution is waived in the case of projects which involve collaboration between UK HEIs. Such projects are discounted from the programme for the purposes of calculating the institutional contribution, and the requirement for a 10% contribution applies to the balance of the costs. For the purposes of SRIF, collaborative projects are defined as ones where:
- the collaboration is significant and the minority partners contribute at least 33% of the total cost of the project
  - there is a formal agreement between the HEIs involved
  - the cost of the collaborative project exceeds £250k.

## PROPOSALS FOR PROGRAMMES OF EXPENDITURE

- 23 Eligible institutions are invited to submit proposals for programmes of capital expenditure against their allocations. It is expected that programmes will consist of a relatively small number of projects, and that these will be significant and strategic.
- 24 Proposals should be submitted electronically, using the SRIF3 submission system. This will be available at the end of February, and its website address will be notified to SRIF Co-ordinators at that point.
- 25 The information required is summarised below.

### PROGRAMME INFORMATION

- 26 The programme summary should provide a general overview of the proposed expenditure programme, setting out how it will:
- contribute to delivering the institution's strategic aims and objectives including, where applicable, its reconfiguration and collaboration plans
  - fit with the institution's research strategy
  - fit with the institution's infrastructure, financial and IT strategies, indicating how these integrate with the academic strategy
  - address the requirements of the Government's *10 Year Science and Innovation Investment Framework*; specifically to continue to enable institutions to develop proposals that enhance and maximise the private and public use of HEI research expertise and equipment.
- 27 In addition, the programme summary should also:
- set out how the proposal is to be funded, and confirm that the proposals are affordable, both in terms of the initial capital costs and the annual operating and maintenance costs over the life of the asset or activity
  - indicate how the institution has applied the good practice guidance and taken account of the other information listed in **Annex B** to demonstrate that value for money will be achieved.
- 28 Institutions are also asked to provide a provisional quarterly expenditure profile. In preparing this profile, they should bear in mind that allocations for 2006-07 will be available from available from April 2006, and must be spent in full by 1 February 2007;

and that allocations for 2007-08 will be available from April 2007 and must be spent in full by March 2008.

#### PROJECT INFORMATION

29 The information required for each project will include the following:

- *Project Outcomes* - a summary of the project, covering the following areas:
  - Overview of how the funding will be used
  - Explanation of how the project will address past under-investment and promote the long-term sustainability of the institution's research infrastructure
  - Anticipated benefit for research activities.
- *Collaboration* – details, where applicable, of any collaboration, both between HEIs and with other organisations.
- *Building Costs* – a cost breakdown, by element, for any estates work.
- *Equipment* – an itemised list of proposed equipment purchases, indicating anticipated costs.

#### CONFIRMATION FROM THE HEAD OF INSTITUTION

30 The head of the institution will be asked to complete a statement to confirm that various actions and processes have been completed. This will include confirmation that:

- the programme satisfactorily addresses the issues set out in para 16
- the institution has followed the good practice guidance and other information listed in Annex B so that value for money will be secured
- the proposals are affordable
- issues of environmental sustainability have been addressed and there is a justification for any net increase in space.

#### ASSESSMENT PROCESS

31 The proposals will be reviewed by HEFCW and by the Research Councils. It is intended that the assessment process will be light touch, so that funding can be confirmed as early as possible. It will have the following elements:

##### *Review by the Research Councils:*

32 The Research Councils will consider:

- the added value at regional or national levels, and whether the programmes, in aggregate, cause any over- or under-capacity against national or regional priorities
- the extent to which co-ordination or consolidation of programmes is desirable and possible and should be sought.

##### *Review by HEFCW*

33 This review will be undertaken by HEFCW and will apply to all projects and to the programme as a whole. HEFCW officers will:

- consider the extent to which the programme fits with the HEI's mission and strategic direction and, where applicable, its wider plans for reconfiguration and collaboration
  - consider the extent to which the programme supports the long-term sustainability of the HEI's activities
  - consider whether there is significant overlap between different institutions' programmes, or with existing infrastructure, and consider the extent to which co-ordination or consolidation of programmes is desirable or possible
  - consider whether the programme is affordable as indicated in the programme summary
  - undertake a strategic review for projects led by departments rated below 4 in the 2001 RAE, having particular regard to the extent to which the project fits with the institution's strategic objectives; and the availability of funding or income to support ongoing costs.
- 34 In the case of projects which contain a significant estates element, the HEFCW Estates section will consider:
- the extent to which any value for money indicators outside the expected range are acceptable
  - the justification for any increase in net space
  - consistency with the institution's estates strategy.
- 35 Institutions may be requested to submit copies of their option appraisals for any projects with a substantial estates element.

#### *Equipment Procurement Review*

- 36 It is again intended to carry out equipment procurement reviews to identify where further benefits can be obtained through co-ordinated procurement arrangements. This review will be led by HEFCE on behalf of all the funding bodies. Such reviews have secured benefits of over £10 million for UK HEIs over the previous two rounds of SRIF.

#### **CO-ORDINATION OF SUBMISSIONS**

- 37 As some institutions will have a number of projects from different departments within their SRIF programmes, each institution should, for administrative convenience, designate a SRIF Co-ordinator to act as the primary contact point between the institution and the Council.
- 38 This arrangement is suggested for administrative purposes only. It is not a substitute for strategic co-ordination of the SRIF programme as a whole at the highest institutional level.

#### **PAYMENT OF FUNDS**

- 39 Allocations for 2006-07 will be released from April 2006. They will be paid on a quarterly profile to be agreed with the institution, and must be spent in full by 1 February 2007.

- 40 Allocations for 2007-08 will be released from April 2007 and will also be paid on an agreed quarterly profile. They must be spent in full by March 2008.

## MONITORING

- 41 Institutions will be asked to provide the Council with confirmation of expenditure of the 2006-07 allocations by 1 February 2007. They will also be asked to provide Project Completion Statements for all projects by not later than 30 September 2008. The Council will ask for a sample of the Project Completion Statements to be audited.
- 42 Where an institution is unable to provide a satisfactory Project Completion Statement by 30 September 2008, the Council may consider reclaiming the funding provided for the project.

## EVALUATION

- 43 It is expected that the outcomes of the SRIF3 programme will be evaluated by identifying specific examples, or case studies, that show how the funds have improved the quality of research infrastructure.

## TIMETABLE

- 44 The timetable for the submission and review of SRIF3 applications will be as follows:

31 January 2005	Conditional allocations and proposal process announced
30 May 2005	Deadline for receipt of proposals by HEFCW, via electronic submission system
31 July 2005	Review process complete and funding confirmed
August – December 2005	Confirmed payment profiles agreed with HEFCW
1 April 2006 to 31 March 2008	Funding provided to HEIs
31 March 2008	Projects complete and SRIF3 funds spent
30 September 2008	Deadline for submission of Project Completion Statements

## SUBMISSION OF PROPOSALS

- 45 Institutions should submit their proposals, using the electronic submission system described in para 24, by **30 May 2005**.

## FURTHER INFORMATION

- 46 Any queries about the electronic submission system should be directed to the Research Councils' Joint Electronic Submission (Je-S) helpdesk in the first instance: [JeSHelp@rcuk.ac.uk](mailto:JeSHelp@rcuk.ac.uk); tel no (01793) 444 164.
- 49 Any other queries about SRIF3 should be directed to Linda Tiller, Senior Strategic Projects Officer, Higher Education Funding Council for Wales (HEFCW), Linden Court, The Orchards, Ilex Close, Llanishen, Cardiff CF14 5DZ: direct line (029) 2068 2228; email [linda.tiller@hefcw.ac.uk](mailto:linda.tiller@hefcw.ac.uk).

## ANNEX A

**SCIENCE RESEARCH INVESTMENT FUND  
ROUND THREE**

**ALLOCATIONS FOR WELSH HEIs  
2006-07 AND 2007-08**

<b>INSTITUTION</b>	<b>SRIF3 ALLOCATION 2006-07 £</b>	<b>SRIF3 ALLOCATION 2007-08 £</b>	<b>TOTAL £</b>
University of Glamorgan	677,829	677,829	1,355,658
University of Wales, Aberystwyth	2,306,830	2,306,830	4,613,660
University of Wales, Bangor	2,793,677	2,793,678	5,587,355
Cardiff University	13,379,483	13,379,482	26,758,965
University of Wales, Lampeter	333,844	333,843	667,687
University of Wales Swansea	3,121,732	3,121,733	6,243,465
University of Wales Institute, Cardiff	352,752	352,751	705,503
University of Wales, Newport	116,079	116,080	232,159
North East Wales Institute	57,387	57,387	114,774
Swansea Institute of Higher Education	23,668	23,667	47,335
Centre for Advanced Welsh & Celtic Studies	80,729	80,730	161,459
<b>TOTAL</b>	<b>23,244,010</b>	<b>23,244,010</b>	<b>46,488,020</b>

## INFORMATION ON GOOD PRACTICE

### Funding Council publications

- *HEFCW Estates Management Manual* (May 2001)
- *Estates Strategies 2000* (HEFCW Circular W99/43/HE, April 1999)
- *Investment decision making – A guide to good practice* (HEFCE April 2003/17)  
[http://www.hefce.ac.uk/pubs/hefce/2003/03\\_17.htm](http://www.hefce.ac.uk/pubs/hefce/2003/03_17.htm)

### Universities UK publications

#### Management guides & codes of practice

*Procurement guidelines for higher education: building and engineering projects*

which can be found at <http://bookshop.universitiesuk.ac.uk/show/Default.aspx?category=9>

### Proc-HE publications

Guidance documents covering:-

- Electronic OJEC Notices
- Competitive tenders
- Selecting best value
- Whole life costing
- Business case guidance notes
- Benchmarking

all of which can be found at <http://www.proc-he.ac.uk/index/guidance/p1813.html>

### Office of Government Commerce publications

Achieving Excellence in Construction – guidance documents covering:-

- Sustainability in Construction Procurement
- Improving Standards of Design in the Procurement of Public Buildings

Achieving Excellence Guides covering:-

- Initiative into action
- Project organisation
- Project procurement lifecycle
- Risk and value management
- The integrated project team
- Whole-life costing
- Improving performance
- Design Quality
- Health and Safety
- Procurement and contract strategies

all of which can be found at <http://www.ogc.gov.uk/sdtoolkit/reference/achieving/index.html>

### The Construction Industry Research and Information Association publications

*Sustainable construction procurement. A guide to delivering environmentally responsible projects (C571)*

which can be found at <http://www.ciria.org/acatalog/C571.html>

### Department of Trade and Industry publications

*Sustainable construction brief*

*Building a Better Quality of Life: A Strategy for More Sustainable Construction*

which can be found at <http://www.dti.gov.uk/construction/sustain/>

**Chartered Institute of Building**

*Code of practice for project management*

which can be found at <http://www.constructionbooksdirect.com/Product.asp?PID=3486>

**Building Research Establishment Limited**

Environmental Assessment Method (BREEAM)

which can be found at <http://products.bre.co.uk/breem/index.html>

The above list is not exhaustive, there are many sources of good practice, and in particular sustainable development advice is proliferating. It is expected that institutions will take a responsible approach to sustainable development.