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## RESEARCH INVESTMENT FUND

**30 March 2004**

**Ref: W04/19HE**

To: Heads of higher education institutions in Wales

Summary: This Circular sets out arrangements for the new Research Investment Fund and gives details of the 2004/05 allocations.

Response by: No response required

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## **INTRODUCTION**

- 1 This Circular sets out arrangements for the new Research Investment Fund and gives details of the 2004/05 allocations.

## **BACKGROUND**

- 2 Circular W04/18HE announcing allocations of recurrent grant for 2004/05 indicates that, from 2004/05, QR funding will be provided only for departments rated 5\*, 5 and 4 in the 2001 Research Assessment Exercise (RAE). The Circular goes on to confirm the parallel decision to establish a new fund – the Research Investment Fund (RIF).
- 3 Details of the allocations from the RIF are set out in the recurrent grant circular which indicates that information on how the fund is to operate will be published separately.

## **PURPOSE OF RESEARCH INVESTMENT FUND**

- 4 The RIF has been established in order to enable institutions to invest strategically in support of their research policy. Specifically, the Council intends that the fund should be used for one or more of the following purposes:
  - to bring on emerging research
  - to enhance existing areas of research strength
  - to reshape the institution's research profile.

## **AMOUNT OF THE FUND**

- 5 The funding provided through the RIF in 2004/05 will be £4.1 million. This is the balance of QR in 2003/04 (£61.5 million) after funding per unit volume for 5\*, 5 and 4 rated departments has been maintained for 2004/05 in real terms at its 2003/04 level.
- 6 The Council will aim to continue the RIF up to the next RAE in 2008, i.e. up to and including 2008/09. However, it cannot guarantee that funding will necessarily be maintained at 2004/05 levels throughout that period. Future funding settlements may dictate a reduction in the RIF in order to safeguard QR support for the highest rated departments.

## **ELIGIBILITY**

- 7 The threshold requirement for an institution to qualify for funding from the RIF is:
  - a rating of 3a in the 2001 RAE
  - or a rating of 3b, where this represents an improvement over performance in the 1996 RAE or a new entry to the RAE in 2001.

## **ALLOCATIONS**

- 8 The allocations for 2004/05 are shown at **Annex A**. They have been calculated pro rata to the volume of research active staff in 3a and rising/new 3b departments in qualifying institutions multiplied by the subject cost weight of the departments concerned. The staff volume data have been drawn from submissions to the 2001 RAE.
- 9 The formula recognises the core research capability in institutions outside 5\*, 5 and 4 rated departments – i.e. the research active staff in 3a and qualifying 3b departments – and the relative costs of the subject areas. However, as indicated in paragraph 4 above, institutions will be expected to use their allocations strategically and there is no requirement for the internal distribution of the funding to match the Council's allocation formula.

## **PAYMENT ARRANGEMENTS**

- 10 Allocations will be paid in monthly instalments as part of the standard grant profile, commencing in August 2004.

## **MONITORING ARRANGEMENTS**

- 11 Institutions will be asked to report annually, by 31 July each year, on the proposed internal distribution of their RIF allocation, and on the rationale for this distribution. The first such report will be required by 31 July 2004.
- 12 In parallel with the introduction of this arrangement, the Council will discontinue its requirement for annual reports on the internal distribution of QR funding.

## **FURTHER INFORMATION**

- 13 Any queries arising from this Circular should be directed to Linda Tiller, Higher Education Funding Council for Wales, Linden Court, The Orchards, Ilex Close, Llanishen, Cardiff CF14 5DZ (029 2068 2228; linda.tiller@hefcw.ac.uk).

**ANNEX A****RESEARCH INVESTMENT FUND (RIF)****2004/05 ALLOCATIONS**

<b>INSTITUTION</b>	<b>2004/05 ALLOCATION</b>
	<b>£</b>
University of Glamorgan	691,014
University of Wales, Aberystwyth	1,039,832
University of Wales, Bangor	464,695
Cardiff University	49,696
University of Wales, Lampeter	117,077
University of Wales Swansea	1,231,388
University of Wales Institute, Cardiff	252,575
University of Wales College, Newport	93,260
North East Wales Institute	120,202
Swansea Institute of Higher Education	81,218
<b>TOTAL</b>	<b>4,140,959</b>