

Cylchlythyr | Circular

Research Wales funding: Strengthening the research base

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To: Heads of higher education institutions in Wales
Pro Vice Chancellors of Research
Response by: 22 May 2019
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This circular invites HEIs in Wales to submit expenditure plans for additional funding, describing how it will strengthen the research base and incentives and increase research income capture.

The additional funding will be made available to HEIs to spend in AYs 2018/19 and 2019/20 and therefore available until July 2020.

If you require this document in an alternative accessible format, please email info@hefcw.ac.uk.



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Introduction

1. HEFCW's revised 2018-19 remit letter details an additional allocation of £6.6m (£4.2m revenue funding and £2.4m capital funding) to support higher education research in Wales, in line with an approach that is consistent with recommendation 2 of the Reid Review. The letter states:
 - *In terms of the additional funding for research, the Welsh Government is currently considering how it prepares a long term response to recommendations 2 and 3 of the Reid review. In advance of an announcement, I would like the Council to start preparing for implementation of an approach that is consistent with recommendation 2 of the review. On this basis I expect the additional funding to be distributed through a methodology that is consistent with this part of the report.*
2. This funding is not recurrent and does not encapsulate a Future of Wales Fund, but is intended to trigger ways of working within universities that respond to the Reid recommendations.

Background

3. The Welsh Government's [Reid review](#) – *A Review of Government Funded Research and Innovation in Wales* – made three recommendations for government funded research and innovation in Wales. The second recommendation focused on HEFCW funding for research. Reid endorsed the recommendations of the Diamond report that HEFCW QR funding should be protected at £71 million per annum in real terms from 2016 onwards. He then recommended the establishment of a new fund to be allocated to universities in proportion to the amount of additional research funding they secure in competitions from outside Wales, in order to incentivise and reward those who attract investment into Wales from elsewhere. Reid recommended that this funding should amount to £30 million per annum, and emphasised that this needs to be additional funding, i.e. not at the expense of QR.
 - Reid Recommendation 2: *The Welsh Government should strengthen the Welsh research base and enable Welsh researchers to attract a greater share of UK-wide funding by implementing Diamond's recommendation for QR funding and creating an additional Future of Wales Fund specifically to incentivise Welsh researchers to win funding from outside Wales.*
4. In its [response](#), the Welsh Government committed to influencing and responding to the changes in the research and innovation landscape.

Current position / policy relevance

5. *Prosperity for All: Economic Action Plan* describes the Welsh Government's ambition to develop engagement between universities and businesses to drive economic growth through applied research and innovation. It also aims to maximise the funds available for research and innovation activity from sources across the UK and beyond.
 6. *Research and Innovation: the Vision for Wales*: As part of the response to the emerging research landscape in the UK, HEFCW's new Research Wales Committee has developed a long term vision for research and innovation for Wales. The Vision (to be published Spring 2019) sets the context of research ambition for the sector in Wales, within the range of policy drivers described above. A roadmap of activities that will underpin the ability of our HEIs and collaborative partners to respond confidently to the Vision is being developed in more detail, forming a valuable starting point on which to build. The roadmap commits HEFCW to work with Welsh Government to establish the Future of Wales Fund. The underpinning pillars of the Vision are attached at **Annex A**.
 7. The additional resource now made available by the Welsh Government in 2018-19 should act as an early pilot to test what such funding might achieve and help make the case for establishing the *Future of Wales fund* when resources become available. To reflect this ambition, we will allocate funding in direct proportion to an institutions' total external research income. This is set out in **Annex B**. This is intended to:
 - provide external leverage on Welsh Government's investment by increasing success rates in securing external income, leading to a more robust and sustainable R&D base in Wales that can underpin our economy and societal needs;
 - help Wales' research and innovation base compete and win additional funding at a crucial point in time where there are new funding opportunities available from UKRI;
 - provide some of the essential infrastructure needed to target opportunities, assemble consortia, to ensure bids are fully evidenced and grounded via preparatory activity and construct effective bids;
 - enhance partnerships between universities and businesses in Wales; increase the robustness and sustainability of the research base in Wales for the longer term.
 8. The funding will complement the Welsh Government / HEFCW *Sêr Cymru* programme in terms of building the capacity of the research base in Wales.
- Allocation and monitoring*
9. Allocations will reflect the scale and capacity of institutions in Wales to make best use of additional one-off funding, whilst also reflecting research excellence through competitive funding capture. On the basis of Reid principles, the allocation is based on average research income generated

over three years: 2015/16, 2016/17 and 2017/18. A three-year average is used to account for a change in reporting in 2015.

10. In the context of ongoing austerity and the fact that the funding consequences of the Diamond review are not yet fully delivered, we will provide smaller institutions the opportunity to submit an expenditure plan. We have applied a funding floor of £75,000 to ensure capacity to manage the additional funding within those institutions where capacity to exploit additional income may more be limited.
11. Allocations will be approved on the basis of the submission of an acceptable expenditure plan (pro-forma at **Annex C**). Expenditure plans must include the following:
 - description of activity;
 - description of collaborative partnerships (academic and non-academic);
 - strategic fit with institutional research and innovation strategies;
 - strategic fit with HEFCW's Vision for research and innovation (see **Annex A**);
 - outcomes and deliverables focused on external research grant capture.
12. The criteria we will use for our assessment of proposals are as follows:
 - i. Clear description of activity;
 - ii. Realistic, achievable outcomes and deliverables linked to areas of excellence;
 - iii. Evidence of collaborative partnerships (academic and non-academic) and how they will enhance research outcomes including research income capture;
 - iv. strength of strategic fit with institutional research and innovation strategies;
 - v. strength of strategic fit with HEFCW's Vision for research and innovation.
13. Expenditure plans will be reviewed and approved by a sub-Panel of the Research Wales Committee. Plans that do not meet the criteria will not be funded. The plans will need to be very clear on outcomes in terms of the return on investment, i.e. external grant capture. HEFCW will reserve the right not to pay or reclaim any unspent funds. In addition, if the funding does not deliver outcomes, HEFCW will claw back related funding.
14. Across the funding as a whole, HEFCW will be expected to allocate at least £2.4m to capital spend. Expenditure plans will therefore need to identify capital spend. Whilst no direct steer is provided, if submitted expenditure plans across the sector do not enable HEFCW to allocate at least £2.4m to capital spending, institutions will be approached to revise their plans.

Use of funding

15. Funding will be allocated in direct proportion to institutions' total external income, as set out in **Annex B**. We require the submission of detailed expenditure plans for spending the funding, including clearly defined deliverables and outcomes relating to the following:
 - The support of applications for new, external, competitive funding;
 - The development and/or enhancement of research and innovation relationships with business and the public sector;
 - Enabling the development of key funding opportunities, e.g. those presented via UKRI Future Leaders Fellowships scheme, Industrial Strategy Challenge Fund (waves 2 and 3) and an anticipated second call of the UKRI Strength in Places scheme;
 - The strengthening / restructuring of research and innovation support offices in universities so that they have the capacity to build effective engagement with UKRI and key stakeholders to increase large grant capture beyond the funding period for this project.
 - Funding can also be used as capital, and for purposes to support the development of the physical infrastructure associated with the capacity to deliver new research.
16. Funding may be used to pump-prime new activity, or to add value to existing activity, but expenditure plans must explain how the funded activity will be sustained or provide a legacy.
17. Funding may be used to enable capital investment which will ensure the ability to deliver against new research proposals. HEIs are reminded that expenditure must be with a view to generating future funding and outcomes reporting this will be required against all expenditure.
18. The Reid Review refers to a five year average baseline, to be reviewed again in five years. This funding, whilst not recurrent, marks the first steps towards Wales' commitment to increasing research income capture. Therefore, there is an expectation that expenditure plans will describe how the activities and investments will secure future research income generation. Monitoring reports will subsequently be expected to demonstrate evidence of enhanced research income capture.
19. Spending of funds must be complete by 31 July 2020. Any unspent funds will be returned to HEFCW.

Timetable

20. The anticipated activities and timescale for allocation of funding is as follows:

Action	Date by
Publication of circular	15 April 2019
Deadline for expenditure plans	22 May 2019
Confirmation of funding	28 June 2019
First payment	23 July 2019
First monitoring report to be submitted by	January 2020
Second and final payment (subject to acceptable reports)	March 2020
HEFCW Report to Welsh Government on progress	March 2020
Final reports submitted	January 2021
HEFCW Report to Welsh Government on progress	March 2021

Further information / responses to

21. For further information, contact Jennifer Evans (029 2085 9647; jennifer.evans@hefcw.ac.uk).

Assessing the impact of our policies

22. 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 for more information about impact assessments.

Research and Innovation in Wales: The 4 Key Pillars

This document is an extract from the HEFCW's Vision for research and innovation in Wales. The full document is in press, and will be circulated in late Spring, with a launch planned for later in 2019. The Vision was created through engagement with stakeholders across Wales, and is a call to action on the sector as a whole to work together for the benefit of Wales.

The Vision is built on four pillars of strength in Wales, which are set out here.

Excellence

- Wales will be recognised for **high-quality research** which advances knowledge and generates ideas that lead to the products and innovations of the future.
- Wales will support a more **systematic approach to exploiting the multiple pathways** between research and the economy.

A research base recognised internationally for its **excellence**, quality and impact is our starting point. All activity, from curiosity-driven research to highly applied development, will be recognised for its quality and contribution. Research environments will be strengthened via a culture that promotes and supports integrity, diversity, inclusivity and researcher mobility. Interdisciplinary teams will flourish, applying a range of expertise (arts, humanities and social sciences as well as STEM) to real-world challenges.

The university research base will be placed on a sustainable footing to enable it to be responsive to emerging challenges. Wales' research groups will attract and retain the best researchers from across the world. With all of this in place, university research will contribute to increased productivity in the industrial base and increased wellbeing for the people of Wales, ultimately raising the economic and social prosperity of Wales.

Innovation

- Wales will be **recognised as a leader** in innovation, enterprise and entrepreneurship and skills development.
- Wales will make a vital contribution to the delivery of the UK Government's target of **2.4% of GDP expenditure on research and development by 2027**.

Underpinned by a strong research base and excellent practice in knowledge exchange, Wales will be recognised as a leader in **innovation**, enterprise and entrepreneurship and skills development. Activity will be delivered jointly by universities, further education institutions, business, industry, community partners, the public sector and the third sector, exploiting innovation in delivery and embedding resilience through creative approaches for delivery.

Innovative approaches to applied research and partnerships will attract industry and government funding and make a significant contribution to the UK's research and innovation infrastructure and the UK Government's target of 2.4% of GDP expenditure on research and development by 2027. The contribution of the research base to increased productivity in the economy will be recognised and celebrated.

Place

- We will support areas of **distinctive strength and expertise** to build further on these in communities, regions, national and international places.
- Wales will be promoted internationally as a place for world-leading and influential research and innovation, receptive to new relationships and **exploiting our local expertise and worldwide reach**.
- Universities and other HE providers will articulate clearly their role in **civic mission and community engagement**.

Universities in Wales are global players, but are also grounded in their locality. A strong sense of **place** is critical to the contribution they make to the success of Wales, and our ambitions for the economy and for our communities. Our universities will be recognised as primary contributors to the regions in which their campuses are based, with strategies rooted in a coherent view of the needs of those places.

They will draw together business-focused partnerships within recognised areas of strength to attract funding from highly competitive sources, such as [UKRI's](#) (UK Research and Innovation) [Strength in Places](#) and the [Industrial Strategy Challenge Funds](#). They will articulate and embrace their civic mission and role, engaging actively within their local communities and involving the public in their research activity. They will ensure that research outcomes benefit their teaching and curricula.

Collaboration

- The Research Community will be **collaborative**, outward-looking and global in perspective.
- Successful partnerships with **industry, including SMEs** and the **public/third sectors**, will be a key feature of Wales' success.

Collaboration and partnership working is key to delivering increased productivity, building trust and delivering success. It is fundamental to the Welsh Government's ambitions set out in the [Well-being of Future Generations \(Wales\) Act 2015](#).

Researchers in Wales will tackle grand challenges through collaborations with universities, key anchor companies, SMEs and public and third sectors. They will develop stronger relationships with further education to ensure a pipeline of skilled workers for innovation-led business. Collaborations between university research groups in Wales will ensure a sustainable critical mass (both strength and depth) in our research base.

At the same time, Wales will be outward-looking and global in perspective, building new and strengthening existing partnerships across the UK and collaborating with international researchers and businesses, for example via European and international networks.

HEFCW Research funding: Strengthening the Welsh research base**Allocations:**

We have calculated allocations by allocating a funding floor allocation of £75,000 per institution and allocating the remaining funds pro rata to average research income since 2015/16. This follows the principles of Reid Recommendation 2, to incentivise research income capture.

Institution	Average research income (£000s)	Allocation (£)
University of South Wales	£4,094	£132,763
Aberystwyth University	£21,184	£687,025
Bangor University	£18,782	£609,114
Cardiff University	£106,921	£3,467,577
University of Wales Trinity Saint David/CAWCS	£1,012	£75,000
Swansea University	£45,589	£1,478,522
Cardiff Metropolitan University	£2,188	£75,000
Wrexham Glyndŵr University	£673	£75,000
Total	£200,442	£6,600,000

Source: HESA Finance Record 2015/16, 2016/17 and 2017/18