

Cylchlythyr | Circular

Higher Education Research Capital (HERC) Funding 2019-20

Date: 28 June 2019
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To: Heads of higher education institutions in Wales
Response by: 31 January 2020 and 30 April 2020
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This circular provides details of 2019-20 allocations for institutions qualifying to receive Higher Education Research Capital funding.

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Introduction

1. Since 2011 Higher Education Research Capital (HERC) has been provided to qualifying institutions in Wales. This circular advises institutions of allocations for 2019-20 and provides guidance on the associated reporting and monitoring requirements.

Background

2. The Department for Business, Energy, and Industrial Strategy (BEIS) has confirmed that it will provide HERC funding to the four UK HE funding bodies¹ in 2019-20. BEIS will provide support of £3.48m in Wales which will be matched by a contribution from the Welsh Government (WG) resulting in a total fund of £6.96m. HEFCW will administer HERC funding and ensure that reporting and monitoring arrangements meet the requirements of all funding partners.

Use of funding

3. The funding provided can only be used as capital and is exclusively to support the development of the physical infrastructure associated with research. Research includes 'scientific research' (meaning research and development in any of the sciences including social sciences or technology (*section 6(1) of the Science and Technology Act 1965*)) and arts and humanities research.
4. In determining the use of their allocations institutions should consider the requirements of the Welsh Government's [Prosperity for All: economic action plan](#), and the challenges identified in the [UK's Industrial Strategy](#). Thought should also be given to how funding is used to support the ambitions and goals of the [Well-being of Future Generations \(Wales\) Act 2015](#).

Allocations

5. The current funding model was adopted by HEFCW in 2015 and remains unchanged for 2019-20. However, it will be reviewed in 2020 for future allocations.
6. The BEIS element of funding is allocated pro-rata to Research Council income. As per BEIS' Memorandum of Understanding with HEFCW and WG, funding should focus on maintaining excellent departments with critical mass to compete globally and the expertise to work closely with

¹ HEFCW; Scottish Funding Council; Department for the Economy (Northern Ireland); Research England.

business, charities and public services. Allocations are calculated using the latest three years of Research Council income data.

7. The Welsh Government element of the grant is allocated pro-rata to a combination of recurrent Quality Research (QR) plus other research income reported by the provider to the HESA finance record. To calculate this allocation the latest 2019/20 QR, and 2017/18 research income data, has been used

Funding Threshold

8. In order to meet the BEIS requirement that the fund supports excellence and builds critical mass the current formula places a minimum threshold of £250k. Only institutions who are above this threshold will receive allocations in 2019-20. This matches the methodology used in previous years, and supports the recommendations of the [Reid Review of Government Funded Research and Innovation in Wales](#) by reinforcing the Welsh research base, and rewarding institutions who attract research investment into Wales. As noted above, we will review the funding methodology in 2020.
9. Funding allocations for qualifying institutions in 2019-20 can be found at **Annex A**.

Monitoring arrangements

10. Institutions submitted details of future HERC funding priorities for 2019-20 in January 2019. Confirmation of these investments, and potential future plans should be provided by completing and submitting the pro-forma at **Annex B**.
 - Part 1 of the pro-forma should report on the confirmed use of funding in 2019-20, including total costs of large scale investments where HERC funding has been a contribution.
 - Part 2 of the pro-forma should be used to report on spending priorities for 2020-21 based on the assumption further HERC funding is made available.
 - **Annex B** must be returned to HEFCW by no later than **31 January 2020**.
11. In order to confirm HERC funding has been spent in full qualifying institutions are asked to submit the Confirmation of Expenditure pro-forma at **Annex C** by **30 April 2020**. Institutions should ensure it is clear whether any unspent funding is committed and if so, the date by which it will be spent in full. Unspent funding which is uncommitted can be reclaimed by HEFCW.
12. The information submitted by institutions in these reports will form the basis of HEFCW reporting requirements for Welsh Government in

February 2020, and BEIS in June 2020. Failure to provide adequate project and expenditure detail could delay future confirmation of funding allocations from partners, or indicate a potential lack of impact for HERC investment in Wales which could diminish the argument for continued funding.

Payment arrangements

13. As noted in **Annex A** funding will be distributed via two equal payments in July 2019 and January 2020.

Further information / responses to

14. For further information, contact Emma Morris (029 2085 9664; emma.morris@hefcw.ac.uk).

Assessing the impact of our policies

15. We will carry out an impact assessment screening to help safeguard against discrimination and promote equality. We will also consider 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.

Higher Education Research Capital – Funding Allocations 2019-20

Institution	BEIS funding £	Welsh Government funding £	Total Allocation 2019-20 £
Aberystwyth University	599,853	305,248	905,101
Bangor University	216,768	417,589	634,357
Cardiff University	1,866,730	1,877,044	3,743,774
Swansea University	796,649	880,119	1,676,768
Totals	3,480,000	3,480,000	6,960,000

Payment Profiles 2019-20

Institution	July 2019 £	January 2020 £
Aberystwyth University	452,550	452,551
Bangor University	317,178	317,179
Cardiff University	1,871,887	1,871,887
Swansea University	838,384	838,384

Notes:

1. In 2019-20 institutions must meet a minimum £250k threshold when the formula is applied to qualify for HERC funds.
2. BEIS funding is allocated pro-rata using the latest three years of Research Council Income (2015/16, 2016/17, 2017/18).
3. WG funding is allocated pro-rata to QR allocations for 2019/20, plus other research income reported by the provider to the HESA finance record in 2017/18.