

Cylchlythyr | Circular

Innovation and Engagement Funding for Wales

Date: 24 April 2020
Reference: W20/09HE
To: Heads of higher education institutions in Wales
Response by: **Tuesday 30 June 2020**
Contact: Name: Emma Morris
Telephone: 029 2085 9664
Email: emma.morris@hefcw.ac.uk

This circular provides indicative 2020/21 institutional allocations under the new Research Wales Innovation Fund (RWIF) and provides guidance on the requirement for associated three-year strategies. It also provides details of a one-off Innovation Capacity Development Fund (ICDF) which will be allocated in April 2020.

HEFCW does not require institutions to submit plans for the expenditure of their ICDF allocations. However, three-year RWIF strategies will be required by the end of June 2020. RWIF strategies and activities supported through ICDF must be complementary and should show clear strategic alignment.

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



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

List of Contents

Circular W09/20HE	• Information and guidance relating to Research Wales Innovation Fund (RWIF) strategies 2020/21 – 2022/23, and allocation of funding in 2020/21 • Information relating to activities which can be supported through the Innovation Capacity Development Fund (ICDF) and funding allocations 2019-20
Annex A	Indicative innovation and Engagement funding allocations 2019-2021
Annex B	• RWIF Strategy Pro-forma
Annex Bi	• National Measures – Performance and Targets
Annex Bii	• Civic Mission and Public Engagement Case Study template

Statement relating to disruption caused by the Covid-19 pandemic

This circular announces the reintroduction of support for innovation and engagement activities in Wales. This has been long in the planning, including through detailed consultation with HE institutions in Wales. However, HEFCW is acutely aware of the significant issues facing Wales as a consequence of the Covid-19 pandemic, and the impact this is having at our higher education institutions. In light of this we have made changes to our planning requirements to access this funding. Notably:

- Institutions will not be required to submit, and have approved, any plans for the one-off **Innovation Capacity Development Fund (ICDF)** of £7.5m. Allocations are noted in **Annex A** and will be paid in April 2020. HEFCW will, at a later date, ask institutions to report on particularly successful ICDF interventions to build capacity. The date of this request cannot be confirmed at the time of writing, but will be agreed through future discussion with institutions.
- **Research Wales Innovation Fund (RWIF)** strategies will be required by the end of June 2020 with funding currently planned to commence in August 2020. Strategies can be amended and updated annually to reflect new approaches to challenges or opportunities.
- As a result of the current pandemic all Welsh Government funded budgets have been made subject to review. The revised [provisional Welsh Government grant-in-aid to HEFCW for 2020-21](#) indicates a lower overall budget than used in previous planning models. Following this notification we have taken the decision to protect 2019/20 budget lines, with ICDF allocations being paid to institutions in April 2020. However, adjustments will need to be made to some 2020/21 budget lines. These adjustments are subject to formal agreement by HEFCW Council at its meeting on the 14 May 2020. Given the strategic planning requirements for RWIF this circular publishes indicative RWIF allocations based on a budget of £7.5m. Institutions should plan to use this funding, and ICDF, strategically throughout 2019/20 and 2020/21. Following the May Council meeting we will notify institutions of confirmed RWIF allocations.

RWIF strategies should include institutional performance indicators which we accept may prove challenging to define and to deliver at present. However, social and economic prosperity for Wales is a central theme of HEFCW's Vision for Research and Innovation. Strategies should therefore continue to reflect high-level ambition in relation to this at a time when the higher education sector will be fundamental to the future growth and success of Wales.

Introduction

1. As a consequence of the introduction of the full-time undergraduate fee grant HEFCW took the decision to withdraw Innovation and Engagement Funding (IEF) in 2013/14. The fund had previously made available (in the region of) £8m per annum to support higher education institutions (HEIs) in their knowledge exchange; supporting economic, social, and cultural growth across Wales and beyond.
2. Since that time the total income reported in the annual [Higher Education Business Community Interaction Survey](#) (HE-BCI) by Welsh institutions has fallen by -9.5%. Although there may be a number of reasons for this e.g. the cyclical nature of European structural funding which currently underpins innovation activity at Welsh universities, the downward pattern is not replicated in other parts of the UK where innovation funding continued to be provided.
3. HEFCW is now in a position to reinstate support for innovation and engagement from 2020/21 and this was announced more widely through circular [W18/24HE: Consultation on changes to the funding methods for 2019/20 and future developments](#).

Background to reinstatement of innovation and engagement support

4. The [Diamond Review \(2016\)](#) recommended that Innovation and Engagement funding be reinstated in Wales. Diamond noted that investment in innovation generated significant knowledge transfer income in England (£7.90 generated for every pound invested). He recommended that HEFCW provide support of £25m split between formula investment in the base (£5m, through hubs led by the larger institutions), and project funding linked to specific economic priorities (£20m).
5. The [Reid Review of government funded research and innovation in Wales](#) (2018) agreed with the recommendation of £25m support but felt that the wider political landscape had changed significantly and he did not therefore, favour the hubs / project model. Reid stated that HEFCW funding should be distributed to all HEIs in Wales on the basis of performance metrics. This model would **incentivise and reward** *'universities to attract the highest levels of external income through collaborations with businesses and other partners'*.
6. In March 2019 HEFCW agreed to provide annual funding from 2020/21 in support of a new **Research Wales Innovation Fund** (RWIF). Funding models were developed based on assessment of performance via the [HEFCW national measures](#), aimed at meeting the principles of the Reid Review. The models also took account of good practice from other parts of the UK where similar funding has continued to be made available. In May 2019 HEFCW published a [consultation](#) on the proposals, with the [results](#)

published in October 2019 confirming the funding allocation model, and the general requirements from eligible higher education institutions.

Innovation Capacity Development Fund 2019-20

7. In December 2019 the Welsh Government provided HEFCW with an update to its FY 2019-20 remit letter stating that additional revenue funding of £15m had been allocated to HEFCW to further support reforms arising from the Welsh Government response to Diamond and recommendations contained in the Reid report.
8. HEFCW [consulted](#) on proposals for this additional funding and it was confirmed in March 2020 that £7.5m would be allocated to provide urgently needed pump-priming support for innovation and engagement activity in AY 2019/20. Given HEFCW's focus on meeting the recommendations of the Reid Review, this one-off **Innovation Capacity Development Fund (ICDF)** will be allocated in line with the funding model agreed through the RWIF consultation.
9. ICDF allocations will be paid to institutions in April 2020. Whilst there are no specific planning requirements beyond pump-priming support for innovation and engagement, activities funded through ICDF should align to RWIF strategies. HEFCW will, at a later date, ask institutions to report on particularly successful ICDF interventions to build capacity. The date of this request cannot be confirmed at the time of writing, but will be agreed through future discussion with institutions. Guidance on eligible activities which can be funded through ICDF can be found later in this circular (paragraphs 29-32).

RWIF allocations 2020/21

10. As noted above, as a result of the coronavirus pandemic HEFCW's budget has been subject to review. Our revised provisional budget is lower than anticipated in previous planning models. A revised split of the 2020/21 budget will be submitted for formal approval to HEFCW Council at its May 2020 meeting. However, given the strategic planning requirements for RWIF, this circular publishes indicative RWIF allocations based on a proposed revised budget of £7.5m. Institutions should plan to use this funding, and ICDF, strategically throughout 2019/20 and 2020/21. Following the May 2020 Council meeting we will notify institutions of confirmed RWIF allocations.
11. Indicative RWIF allocations 2020/21 are available at **Annex A**. The model used for consultation was based on the, in principle, total RWIF budget of £15m. In order to continue to meet the Reid ideal of ensuring we reward and incentivise performance, amendments have been made to two elements of the formula:

- The capacity grant was set at £250k per annum based on a total of £15m being available. This capacity grant will now be reduced by the same proportion as the reduction in the total funding available. With an indicative budget set at £7.5m, the capacity grant will be £125k per institution in 2020/21. Should any further innovation funding become available during 2020/21, the capacity grant element will be increased proportionately, up to a maximum grant of £250k for 2020/21 allocations.
 - Similarly the maximum and minimum allocations have been adjusted pro-rata to the total funding. With an indicative budget of £7.5m, the maximum RWIF allocation an institution can receive in 2020/21 is £2m, with the minimum set at £200k.
12. The RWIF formula funding method uses three years of data submitted to the [Higher Education Business Community Interaction Survey](#) (2016/17 to 2018/19) with the years weighted 2:3:5. This element of the funding calculation will be reviewed annually, with the potential for institutions to see an up to 30% increase, or decrease of a maximum -10%. The level of percentage increase will be determined annually based on incentivising performance, and availability of funding. [To note, if Covid-19 has an impact on submissions to the HEBCI survey in 2020, which affect the availability or quality of the data we use in allocations, we will consider using the latest approved data available, or other appropriate methods of allocation, for determining future allocations.] We are currently planning to commence payment of RWIF allocations in August 2020.

Content of RWIF strategies – general guidance

13. RWIF has been designed to support the range of knowledge exchange (KE) activities that result in economic and social impact, including the wider civic mission role of institutions. Funding will provide incentives for institutions to work with businesses, public and third sector organisations, community bodies and the wider public. KE activities that contribute to economic growth, productivity, and supporting the civic role are high priorities.
14. Institutions in receipt of RWIF must submit, and have approved, three-year strategies. These should be roadmaps for growth, outlining key areas of focus over the time period (and beyond if longer term plans are available). In order to justify the significant investment HEFCW is placing into innovation and engagement, submissions should be seen to give consideration to the following general points:
- Strategies should reflect institutional mission, and must show alignment to the aims and ambitions of HEFCW's [Research and Innovation: the Vision for Wales](#).
 - Whilst we would expect to see some focus on performance against HEFCW's National Measures, institutions should ensure strategies

reflect a broader approach to KE, with funding also directed towards non-income generating activities such as supporting civic mission.

- Information contained in strategies will be used by HEFCW for general external briefings. They will also provide essential context to assist HEFCW in producing analyses on external grant applications, and feedback at panel reviews to e.g. Welsh Government, UKRI, BEIS etc.
- Strategies should contain some detail on expectations for key commitments and developments over the three-year period. It is important that following this investment the direction of travel is clear.
- Strategies should confirm how institutions will ensure commitment and alignment to the principles of the UK Knowledge Exchange Concordat.
- Where possible collaborations with industry, business, and wider communities should support the Welsh Governments aim of carbon neutrality by 2030 and the objectives of the [Nature Recovery Action Plan for Wales](#).

15. All institutions will be provided with a Capacity Grant through both RWIF and ICDF (paragraphs 11 and 30). It is intended that this funding will underpin staff and facilities enabling institutions to better meet business needs, support productivity, and enhance civic mission. Whilst not being overly prescriptive institutions may wish to consider investment of the grant towards the following:

- New staff to bolster R&I / Civic Mission teams and support performance growth across all RWIF areas;
- New staff to engage with on-going externally funded projects which lack support, particularly in the areas of administration or project management;
- Working collaboratively with other institutions (HE and/or FE) in Wales, or where appropriate to mission, across the UK and internationally. Partnership working and economies of scale have potential to e.g. increase external income capture, or increase the geographical scale and impact of successful collaborations or civic mission interventions.

16. Responses to the RWIF consultation, and discussion at the associated RWIF workshop for the sector, indicated that institutions would welcome submission via a pro-forma. This would ensure clarity on requirements and a level of comparability. A pro-forma has therefore been designed and is attached separately at **Annex B**.

17. Whilst we expect institutions to include targets / key performance indicators in their strategies which relate to their own mission we are also encouraging providers to submit forecasts for HEFCW National Measures for innovation and engagement. The National Measures form the basis of the RWIF funding model and where available we would encourage the submission of forecasts which would be helpful to HEFCW in assessing the likely impact of activities outlined within the strategy. However, given the current crisis this element is not mandatory in 2020/21. It will be a requirement for a revised strategy in 2021/22. **Annex Bi** is a blank template for performance

data against national measures for the last 3 years. A template with individualised institutional (HE-BCI) data will be emailed to WILO representatives separately. Performance will, as in previous years, form part of the discussion at annual Research and Innovation Review Meetings between HEFCW and individual institutions.

Content of strategies

18. The RWIF strategy pro-forma is split into sections allowing institutions to set out key areas of strategic focus and outline how the strategy will support core Wales and UK policies for Research and Innovation. Submissions should reflect institutional ambition and link directly to internal institutional strategies, whilst also aligning to HEFCW's Vision for Research and Innovation.
19. Guidance notes have been provided within the pro-forma to help with expectations for content. Some further points on substantive areas are included below, but are not exhaustive:

a) General Points – strategy overview and capacity grant

The section on strategy overview will enable institutions to brief HEFCW on their short to medium term areas of focus for innovation, engagement, and civic mission. As noted RWIF strategies should reflect institutional mission but also align to other Wales and UK policies. Content on the Capacity Grant should align to the guidance provided above at paragraph 15.

b) Specific Content

i) Commercialisation / income driven activities – institutions should provide detail of how RWIF investment will enable improved engagement and see a direct impact on external income capture and, more broadly, the economy of Wales. Suggested areas include:

- Approaches to HE-BCI reported income areas e.g. collaborative research, consultancy, contract, facilities, IP, CPD, regeneration incomes.
- Meeting industry needs through e.g. increased KTPs, SMART Partnerships, technology transfer, or other focused outputs and outcomes.
- Details of specific projects / collaborations currently in planning stage which will be supported through RWIF.
- How funding can be used to encourage partnership / collaborative growth including with place-based industry, SME, public sector, third sector, Catapults, and between HE and FE.
- Alignment to notable strategies e.g. City and Growth Deals, and Regional Economic Frameworks.
- Alongside the HEFCW National Measure targets, strategies should outline ambition through the inclusion of institution specific targets / KPIs – with 3 year goals.

ii) New business growth and skills support

- RWIF strategies should outline how institutions will support, amongst other areas, enterprise / entrepreneurship / graduate/staff start-ups / spin-outs.
- Links should be made to institutional targets submitted to Welsh Government as part of the Youth Entrepreneurship Programme, including continuation targets post 2021.
- Strategic partnerships based on meeting place-based industry skills needs such as e.g. HE-FE projects, should be included. Such interventions are highly relevant as support evidence for large scale place-based funds such as UKRI's Strength in Places Fund.
- Alignment to notable strategies e.g. City and Growth Deals, Regional Learning Partnerships, and Regional Economic Frameworks.
- Alongside the HEFCW National Measure targets, strategies should outline ambition through the inclusion of institution specific targets / KPIs – with 3 year goals.

iii) Civic Mission and Public Engagement

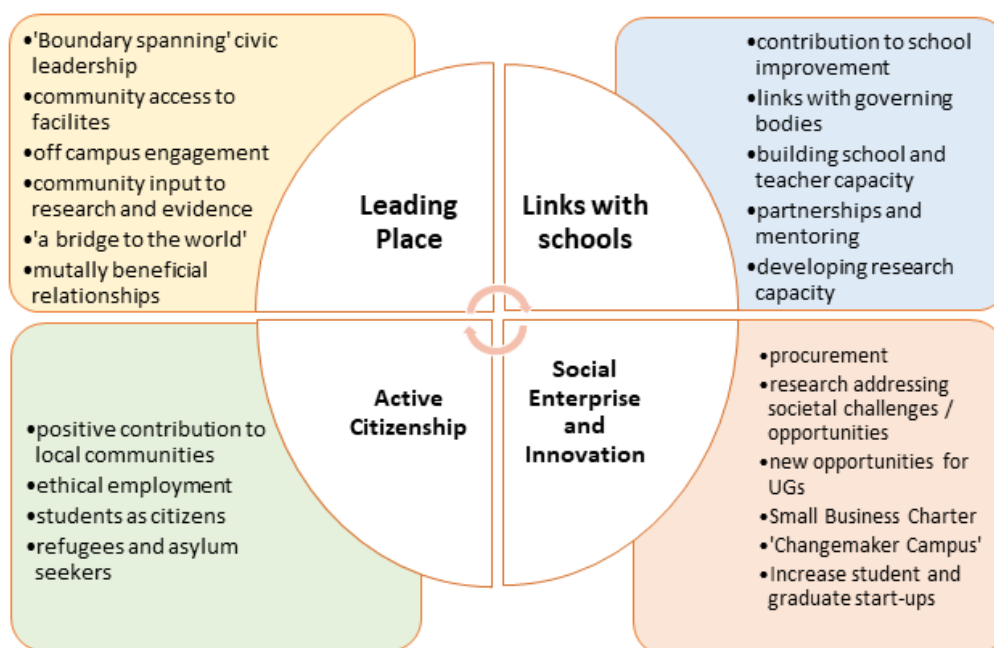
Working with the local communities on place-based activity is key to social and economic prosperity and meeting HEFCW's Vision for Research and Innovation. Civic Mission and Public Engagement activities also support the goals of the Well-being of Future Generations Act 2015. RWIF strategies should provide evidence and outline ambitions for place based R&I related civic mission work within communities aimed at improving lives and supporting the economy.

Civic Mission activity included within RWIF strategies should have links to research and innovation. The following is a list of examples of good practice activity. However, institutions should not feel limited to these suggestions in defining their civic ambitions:

- Providing short, and longer-term, support to help local communities overcome the long-term economic and social challenges that will result from Covid-19.
- Working with partners, including FECs, to meet place based skills needs for industry.
- Support for public engagement through research (PER).
- Support for community, place based activities e.g. social enterprise.
- CPD, including innovative means of supporting school governing bodies.
- Addressing societal challenges.
- Supporting student and graduate start-ups.
- Alignment to the work of Public Services Boards, City and Growth Deals, Regional Learning Partnerships.
- Participation in a Welsh Civic Mission Network to share good practice and enhance activities taking place throughout Wales.
- This section should include institution specific targets / KPIs – with 3 year goals.

Diagram 1 below provides examples of Civic Mission themes and activities. This is a broad policy area and some elements would be inappropriate for support through the RWIF which is designed to support activity linked to R&I. Where this is the case we would strongly recommend that institutions give consideration to enhancing or supporting such activities through Fee and Access Plan funding or their broader widening access activities.

Diagram 1 – Civic Mission Themes



iv) Civic Mission and Public Engagement case study

- Due to a lack of robust and consistent data the RWIF methodology does not include any measures relating to civic mission. During the consultation, respondents raised the possibility of requiring the submission of Civic Mission and Public Engagement related case studies, similar to those submitted for the [Innovation Nation](#) publications series produced by HEFCW.

It was noted that these submissions could provide potential content for future publications. In addition they could provide evidence of impact in non-income generating research and knowledge exchange areas. As such all RWIF strategies, and future annual reports, will require an accompanying case study. A template for the initial submission is provided at **Annex Bii**.

v) HEFCW's Vision for Research and Innovation

For each 'specific content' section (above, paragraph 19b) institutions are asked to demonstrate how their ambitions support the four pillars of the Vision for Research and Innovation [Excellence, Place, Innovation, and Collaboration], and to demonstrate how investment will enable the Vision's roadmap to become a reality.

Alignment to the Knowledge Exchange Concordat

20. HEFCW Council has agreed that RWIF strategies should provide assurance of alignment to the [KE Concordat](#) recently developed by UUK and Guild HE. The Concordat has been broadened to include the whole of the UK, but with aspects relating to planning devolved. HEFCW has been keen to ensure that whilst institutions show commitment to the KE Concordat they are not unduly burdened or required to duplicate activity.
21. Following discussion at a joint workshop of the Research Wales Committee with PVCs Research and Innovation on 27 February 2020, HEFCW agreed to implement a development year in 2020/21 so that we could, during this period, finalise a Welsh model for engagement with the Concordat. At this initial point of submission institutions should be familiar with, and able to confirm commitment to, the principles of the KEC which were outlined as part of the initial [consultation](#). It is proposed that self-assessment and benchmarking requirements will be met through analysis of the data presented at **Annex Bi** which outlines HEFCW national measures which in turn form the basis of RWIF metrics.
22. The RWIF strategy process allows for institutions to update strategies annually as part of the monitoring procedures. This ensures they accurately reflect current opportunities and activities, and that HEFCW is appropriately briefed. This annual process will be utilised for any subsequent amendments required in relation to alignment to the KEC. HEFCW will work with RWIF strategy leads and Welsh Industrial Liaison Officers (WILOs) to oversee this process.

Statutory requirements

23. All RWIF strategies submitted by Welsh institutions should confirm that an impact assessment has been carried out. Further information on this impact assessment can be requested by HEFCW. Confirmation is also required that strategies comply with the Welsh Language Standards 2018, and support the goals of the Well-being of Future Generations Act 2015.

RWIF Annual monitoring requirements

24. As noted above (paragraph 17) **Annex Bi** provides a blank template for National Measures performance data for the past 3 years. Institutions are encouraged to include forecasts for 2019/20 – 2021/22, which will be reported on during the RWIF funding period. However, given the current crisis this element is not mandatory in 2020/21. It will be a requirement for a revised strategy in 2021/22. A template containing verified individual institutional HEBCI data 2016/17 – 2018/19 will be emailed separately to WILO representatives.

25. From 2021 reports will be required from institutions in September each year and should include a new Civic Mission and Public Engagement case study. Institutions should report on progress against National Measures, and also on the institutional KPIs included within the strategy. Institutions will also be required to report on the overall impact of investments made through RWIF, and update on expenditure of allocations. These reports will be submitted to HEFCW annually in September.
26. Where RWIF funding, or external factors, have resulted in a change in the direction of travel or focus, institutions can submit a full revised strategy alongside their monitoring return. If strategies reflect current opportunities and activities, HEFCW will be better placed to provide external briefing information and appropriate feedback on external funding applications.

Submission and assessment of RWIF Strategies

27. Strategies should be submitted to HEFCW by **30 June 2020**. HEFCW is currently planning for strategies to be assessed by a panel in July 2020. If this proves impossible given current restrictions HEFCW will undertake an internal assessment. Strategies should be finalised and published online at the institution's website by academic year 2020/21.

Payment of RWIF allocations

28. Following approval of strategies funding payments for RWIF will commence in August 2020. Institutions will be paid monthly following the standard HEFCW annual payment profile.

Innovation Capacity Development Fund

29. As noted above (paragraphs 7- 9) in December 2019 Welsh Government made available one-off funding to support both the Diamond and Reid recommendations. HEFCW is therefore in a position to announce a one-off Innovation Capacity Development Fund of £7.5m to immediately support knowledge exchange and civic mission activity within Wales.
30. ICDF is being provided as pump-priming support for the innovation and engagement base across Wales. Given HEFCW's focus on meeting the recommendations of the Reid Review, the Innovation Capacity Development Fund 2019-20 (ICDF) will be allocated in line with the original funding model agreed through the RWIF consultation. This means that all institutions will receive a £250k Capacity Grant, and that the remaining £5.25m will be allocated using the RWIF metrics. [To note, given the level of funding available for ICDF, the minimum and maximum RWIF thresholds have not been applied.] ICDF allocations will be based on HE-BCI data

available at the beginning of the 2019/20 academic year i.e.2015/16 – 2017/18. Allocations are available at **Annex A**.

31. Due to the impact of Covid-19 we are not requesting plans for the use of ICDF and allocations will be paid in April 2020. However, activities supported should complement and align with strategic ambitions set out in RWIF strategies.
32. Funding can be used to support activities which would fit under the three headers outlined above under 'specific content' (paragraph 19b). Funding can also be used for new activities or to add value to existing schemes and programmes. It can also be used to support the continuation of eligible activities funded through:
 - [Enhancing HE-FE Collaboration in Innovation and Engagement](#)
 - [Enhancing Civic Mission and Community Engagement](#)

ICDF Reporting

33. ICDF should be used strategically, combined with RWIF, throughout 2019-21. HEFCW will, at a later date, ask institutions to report on particularly successful strategic interventions to build capacity which were supported by ICDF. The date of this request cannot be confirmed at the time of writing, but will be agreed through future discussion with institutions.

Further information / responses to:

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

Assessing the impact of our policies

35. 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.

Timetable

Actions	Dates
Publication of Innovation and Engagement Funding Circular	April 2020
Payment of ICDF allocations	April 2020
Submission of Research Wales Innovation Fund 2020/21-2022/23 strategies (Annex B)	30 June 2020
Submission of National Measures forecasts (Annex Bi) <i>[This element is not mandatory in 2020/21]</i>	30 June 2020
Submission of Civic Mission and Public Engagement Case Study Pro-forma (Annex Bii)	30 June 2020
Proposed panel review of RWIF strategies	July 2020 [date TBC]
Publication of approved strategies on HEI websites	AY 2020/21
First monthly RWIF payment	August 2020
Report on use of ICDF 2019-20	TBC
Monitoring of RWIF 2020/21	September 2021

Annex A

Innovation and Engagement Funding 2019-2021

	ICDF 2019-20 Total Funding	RWIF 2020/21 Total Funding	Total Innovation and Engagement Funding 2019-2021
	(£ actual)	(£ indicative)	(£ indicative)
University of South Wales	684,770	636,059	1,320,829
Aberystwyth University	724,426	862,462	1,586,888
Bangor University	1,051,726	1,078,736	2,130,463
Cardiff University	1,377,862	1,342,846	2,720,708
University of Wales Trinity Saint David	871,787	858,116	1,729,904
Swansea University	1,141,907	1,282,428	2,424,335
Cardiff Metropolitan University	777,784	702,706	1,480,490
Wrexham Glyndŵr University	473,143	447,851	920,994
Open University in Wales	396,595	288,794	685,389
Total	7,500,000	7,500,000	15,000,000

ICDF: Source

HESA HE-BCI record 2015/16 to 2017/18
HESA Finance Record 2015/16 to 2017/18
HESA Staff Record 2015/16 to 2017/18
HESA Student Record 2015/16 to 2017/18

RWIF: Source

HESA HE-BCI record 2016/17 to 2018/19
HESA Finance Record 2016/17 to 2018/19
HESA Staff Record 2016/17 to 2018/19
HESA Student Record 2016/17 to 2018/19

Notes:

RWIF allocations are indicative subject to confirmation by HEFCW Council in May 2020
The Open University in Wales uses the % of UK OU students that are Welsh domicile as a proxy for size and applied to OU UK totals for staff and HEBCI
Note that the OU in Wales has research income set to 0
Weightings applied to measures for each year are 2-3-5
Total academic staff excludes staff on atypical contracts
Total undergraduate FTE includes full-time and part-time students
FTE = full-time equivalent