

HEIF Funding

History

HEFCE's 'third stream' of funding (the first two being the established streams for teaching and research) began in 1999 with the introduction of support for higher education institutions (HEIs) to foster culture change and increase capacity for knowledge exchange. The long-term aim was to embed knowledge exchange within HEIs' missions. Initially HEIF was awarded to projects, to support innovation and improve understanding of good practice. The reform of HEIF as set out in the Government's grant letter to HEFCE in December 2010, aimed to deliver greater impact on the economy and society through allocating funds to support and incentivise higher performance. The Government set out its views on reform and funding of HEIF in its grant letter to HEFCE of 20 December 2010¹ and in its allocation of science and research funding for 2011-2015². The Government's views on the current HEIF round were set in the context of its wider policies, with particular focus on reducing the country's fiscal deficit and achieving economic growth and rebalancing, including rebalancing towards the private sector. The Government asked that reform of HEIF should particularly focus on incentivising knowledge exchange performance.

Consequently HEIF's primary focus remained the support of knowledge exchange activities with all forms of external partners – businesses, public and third sectors, community bodies and the wider public – to achieve the maximum economic and social impact for this country. Partnerships could be local, national or international including support of staff and student enterprise, enterprise education, and social enterprise.

Demonstrating effective HEIF performance

HEIF funding is focused on the demonstrably most effective performers who can achieve most impact for the national interest. Income remains the best proxy HEFCE have for the impact of KE activities on the economy and society; hence it is the best measure of performance and will be used in the formula allocation of HEIF. This is achieved through the annual Higher Education – Business Community Interaction Survey (HEBCIS) return. The data sources for income are:

- Contract Research
- Consultancy
- Equipment and facilities
- Regeneration
- Intellectual property income
- Non-credit-bearing courses

As well as the HEBCIS return, HEFCE also consider Knowledge Transfer Partnerships income provided through Innovate UK.

¹ Grant letters may be read in full at www.hefce.ac.uk/finance/fundinghe/grant/

² For more information see www.bis.gov.uk/assets/biscore/science/docs/a/10-1356-allocation-of-science-and-research-funding-2011-2015.pdf

Continuation of HEIF Income

In order to ensure that only the most effective performers were funded through HEIF, HEFCE have instituted a policy of applying a cut-off to allocations, whereby only HEIs that exceed a threshold allocation through their performance metrics receive funding. It seems likely from informal discussions with HEFCE that HEIF will continue after the current round finishes in 2016, but it is likely that these thresholds will increase. It is therefore conceivable that City would not benefit from HEIF after the current round even if HEIF were to continue.

HEIF and Impact

HEIF is intended to unlock the potential from research, scholarship and teaching, whereas the Research Councils support KE activities within their research grants and centres, and through special awards for individual projects or wider strategic needs. Innovate UK complements both HEIF and Research Council support by driving the KE agenda from the perspective of business and other users, opening up higher education to new KE markets and helping HE knowledge exchange respond to demand.

It is notable that HEIF and Research Council KE activities support the wider agenda in research policy, and together underpin achievement of the impacts of research, relevant to Research Excellence Framework (REF) processes, Pathways to Impact³ and a wide range of business/user-related research funding and partnerships..

Use of HEIF

The use of HEIF is rather loosely defined by HEFCE, however, HEIF is expected to support HEIs in the broad range of KE activities that result in economic and social impact to the UK. This includes support for enterprise education, as well as staff and social enterprise and entrepreneurship. HEIF supports an infrastructure for KE activities that complements such support from other funders, and which can help further policies to enhance the external impacts and responsiveness of research.

The support for the academic and student enterprise/entrepreneurship agendas in HE includes support for start-ups and spin-out companies (the latter based on intellectual property), such as entrepreneurship training; incubator space; entrepreneurs in residence; and support for enterprise education outside the core curriculum, such as business plan competitions, business clubs and enterprise societies. HEFCE believe that HE has a particularly important part to play in meeting the Government's aspiration in the areas of high-tech, high value-added and knowledge-based entrepreneurship.

There is also increasing interest, in HE and in wider society, in social entrepreneurship as a way to achieve economic growth while tackling important problems and opportunities in wider society.

HEIF should also support the infrastructure for working with business that enables:

- the development of HE courses that are demanded by employers and employee learners

³ See www.rcuk.ac.uk/kei/impacts/Pages/home.aspx

- the enhancement of graduate employability and employment for students
- new forms of employer engagement that enable employers to influence the development of higher education under the new fees system with student choice at its heart.

It is also expected that HEIF will enable HEIs to form local partnerships through Local Enterprise Partnerships etc., and develop responsive KE activities