



**Research  
England**

## Circular letter

### Funding for 2021-22

To	Heads of Research England-funded higher education providers
Reference	RE-CL-2021-08
Publication date	30 September 2021
Enquiries to	General queries to <a href="mailto:annualfunding@re.ukri.org">annualfunding@re.ukri.org</a>

Dear Vice-Chancellor or Principal

### Funding for higher education providers for 2021-22

1. This circular letter sets out our decisions on recurrent funding streams for higher education providers for the 2021-22 academic year (August to July), and on additional single year grants and capital funding for the 2021-22 financial year (April to March).
2. Decisions on funding are delegated from the Chief Executive Officer of UK Research and Innovation (UKRI) to me as Executive Chair of Research England. The Executive Chair acts with the endorsement and support of the Research England Council.
3. Alongside this letter we have published the specific guidance UKRI has received from the Department for Business, Energy and Industrial Strategy (BEIS), which sets out the government's priorities and budget allocations for Research England in financial year 2021-22 <sup>1</sup>.
4. Following a period of consultation with sector representative bodies, an updated set of terms and conditions for 2021-22 was published in August 2021<sup>2</sup>.
5. We plan to publish providers' recurrent and formula capital grant allocations for 2021-22 in October 2021.

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<sup>1</sup> <https://re.ukri.org/finance/guidance-from-beis-for-research-england-for-financial-year-2021-22/>

<sup>2</sup> <https://re.ukri.org/sector-guidance/publications/terms-and-conditions-of-research-england-grant-2021-22/>

6. Due to the timing of this grant announcement, and in line with our practice last year, providers will receive payments in August, September and October 2021 based on 2020-21 profiles in order to provide continuity of funding. This was set out in the circular letter (reference RE-CL-2021-07<sup>3</sup>). Monthly payment profiles will be adjusted accordingly once final allocations have been calculated.

## **Budget decisions for 2021-22**

7. The specific guidance from BEIS confirmed the funding available to Research England for the 2021-22 financial year. It also identified the priorities and policies that should underpin our approach to funding.
8. In the light of that guidance, and following discussion with and endorsement by the Research England Council, we have set budgets for recurrent grant and other funding for research and knowledge exchange for the 2021-22 academic year (Tables 1 and 2), and budgets for additional single year grants and formula capital grant for the 2021-22 financial year (Tables 3 and 4). Further detail about these allocations is provided below.
9. Our settlement from BEIS allows us to maintain recurrent budgets into 2021-22 and provides stability for the sector. In resetting the balance of dual support funding at around 64p in the pound there is further resource available to allocate to providers, but this additional funding is subject to the current spending review and cannot be guaranteed into future years. We do not therefore intend to increase recurrent budgets but to recognise the role the sector has played in supporting, and in many cases, driving the national response to Covid 19 by making specific additional allocations as described below.
10. The additional funds (see section below) will be allocated to strengthen the capacity and capability of institutions to work in partnership with others to deliver post-Covid societal and economic benefits. They will also allow providers to commence work on post-Covid considerations around research culture and the research system. Should those additional funds continue beyond the spending review our Council will consider the balance between increasing recurrent budgets and allocating particular grants for specific purposes, recognising the importance of strategic decisions being appropriately delegated to providers.
11. As in previous years, in making budget decisions for the 2021-22 academic year we have made a modest assumption about the size of government recurrent research funding in the next financial year 2022-23. Any significant future changes to our funding by government could affect the funding we are able to distribute to providers in the

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<sup>3</sup> <https://re.ukri.org/sector-guidance/publications/cl-notice-of-recurrent-grant-and-formula-capital-funding-payments-august-october-2021/>

2021-22 academic year, and this may include revising allocations after they have been announced.

12. We also reserve the right to make retrospective revisions to 2020-21 allocations if there is specific need, for example if we find that terms and conditions of grant have not been met or that formula allocations have been informed by incorrect institutional data.

**Table 1: Grants for research and knowledge exchange for academic years 2020-21 and 2021-22**

Element of grant	Academic year budgets (£M)	
	2020-21	2021-22
<b>Research</b>		
Quality-related research (QR)	1,748	1,748
Global Challenges Research Fund	63	0
Policy Support Fund (previously called Strategic Priorities Fund)	29	29
National facilities and initiatives	40	62
Specialist provider element	10	10
School of Advanced Studies (SAS) and Institute of Zoology (IoZ)	11	11
<b>Total research</b>	<b>1,901</b>	<b>1,860</b>
<b>Knowledge exchange</b>		
HEIF formula	230	230
HEIF contribution to RED fund	17	20
Connecting Capability Fund wave 1 <sup>4</sup>	33	17
<b>Total knowledge exchange</b>	<b>280</b>	<b>267</b>
<b>Total research and knowledge exchange</b>	<b>2,181</b>	<b>2,126</b>
Additional single year grants	0	132
<b>Grand total</b>	<b>2,181</b>	<b>2,258</b>

Note: Figures may not sum to the total due to rounding differences.

<sup>4</sup> CCF wave 1 only. CCF wave 2 dependent on 2021 Spending Review outcomes

## Recurrent funding for research

13. The 2021-22 budgets for the separate elements of recurrent QR are being maintained at their 2020-21 levels (including funding allocated in-year), as shown in Table 2.

**Table 2: Budgets for individual elements of recurrent QR funding**

<b>Element of QR grant</b>	<b>Academic year budgets 2021-22 (£M)</b>
Mainstream QR funds (including London weighting)	1,192
QR Research Degree Programme (RDP) supervision funds	272
QR charity support funds	204
QR business research funds	74
QR funds for National Research Libraries	7
<b>Total QR funds</b>	<b>1,748</b>

Figures may not sum to the total due to rounding differences.

14. Research England will continue to allocate £29 million of the UKRI Policy Support Fund (formerly Strategic Priorities Fund) to providers for 2021-22, with the aim of investing in new interdisciplinary programmes and to help solve pressing public policy challenges.

15. As for previous years, £11 million will be allocated to the School of Advanced Studies (SAS) and the Institute of Zoology (IoZ) for 2021-22.

## Funding for knowledge exchange (KE) through the Higher Education Innovation Fund (HEIF)

16. The government reaffirmed the importance of HEIF in 2021 in the Innovation strategy. HEIF reached £250 million in the academic year 2020-21. This amount has been maintained for academic year 2021-22 with total recurrent allocations for knowledge exchange allocated through the HEIF formula at £230 million. This total includes £47 million which is provided from the Office for Students' teaching grant to support student and teaching elements of KE through HEIF for the 2021-22 allocations.

17. The HEIF formula parameters will remain the same as 2020-21 with the exception of the maximum year-on-year increase which will revert to +10 per cent (from +15 per cent).

18. The remaining £20 million of the HEIF budget will contribute to the RED fund total.

## Additional single year grants

19. The additional single year grant funding of £132 million shown in Table 1 has been allocated as indicated in Table 3. A number of short-term interventions have been developed for the 2021-22 financial year to address immediate Covid 19 challenges and opportunities by supporting university capacity in particular areas and in strengthening working with other institutions and external partners.

**Table 3: Additional single year grants for 2021-22 financial year**

<b>Grant purpose</b>	<b>Element of grant</b>	<b>Financial year budgets 2021-22 (£M)</b>
Strengthening university capacity to enable transition from addressing immediate Covid 19 pressures to maximising existing and new opportunities post pandemic	Enhancing Research Culture	30
	QR Research Degree Programme Recovery	30
	Rapid and Agile KE contributions through HEIF	10
	Incentives for HEIF Top Cap	10
	Specialist Provider Sustainability Support	10
	School of Advanced Studies (SAS) special funding	0.5
	Institute of Zoology (IoZ) special funding	0.1
<b>Total strengthening university capacity grants</b>		<b>91</b>

(table continued on next page)

<b>Grant purpose</b>	<b>Element of grant</b>	<b>Financial year budgets 2021-22 (£M)</b>
Strengthening existing and new partnership working to increase the sector's contribution to building back better post pandemic	Business QR Recovery	10
	Additional KE collaboration funding uplift through HEIF (linked to similar objectives to the CCF scheme)	12
	New KE funding for smaller providers not in receipt of HEIF	6
	Participatory research programme	6
	RED fund: Piloting new approaches to government priorities	6
	Museums, Galleries and Collections	1
	<b>Total strengthening partnership working grants</b>	<b>41</b>
<b>Total additional single year grants</b>		<b>132</b>

Figures may not sum to the total due to rounding differences.

20. The higher education sector has made and continues to make significant contributions to the national response around Covid 19. This additional funding has been allocated to support the sector's continuing contribution, working with partners, to deliver societal and economic benefits across this agenda. These single year funds will support and strengthen the sector's capacity to grow and collaborate post Covid 19.

- a. Strengthening university capacity to enable transition from addressing immediate Covid 19 pressures to maximising existing and new opportunities post pandemic:
  - i. Enhancing Research Culture: enabling universities to prepare activities aligned with the R&D People and Culture Strategy.
  - ii. QR RDP Recovery: an additional pulse of QR RDP funding to support PGR students as part of Covid recovery.
  - iii. Rapid and Agile KE contributions: to enable additional KE activity for providers in receipt of HEIF, distributed as a pro-rated uplift to 2021-22 HEIF allocations.
  - iv. Incentives for HEIF Top Cap: to provide incentives for providers in receipt of the top cap supplement to HEIF to address government priorities, doubling supplemental allocations to a maximum of £1m.
  - v. Specialist Provider Sustainability Support: to support providers most exposed to large losses of charity income for one further year.
  - vi. School of Advanced Studies (SAS) special funding: uplift to SAS funding.
  - vii. Institute of Zoology (IoZ) special funding: uplift to IoZ funding.

- b. Strengthening existing and new partnership working to increase the sector’s contribution to building back better post pandemic:
  - i. Business QR Recovery: an additional pulse of business QR to incentivise and support partnerships with industry.
  - ii. Additional KE collaboration funding through HEIF: to maintain CCF objectives of collaboration between providers (in advance of further development of the CCF scheme), distributed to providers in receipt of HEIF as a further pro-rated uplift to 2021-22 allocations.
  - iii. New KE funding for smaller providers: capacity building allocations to address new government priorities to build back better. To be distributed equally across all providers eligible for, but not currently in receipt of HEIF.
  - iv. Participatory research programme: for providers to develop the necessary skills, networks and tools for successful co-production of research.
  - v. RED fund: Piloting new approaches to government priorities: to target new priorities in the Innovation strategy, People and Culture strategy and forthcoming place and levelling up priorities.
  - vi. Museums, Galleries and Collections: distributed as a pro-rated uplift, to support projects underway at several providers to move to Covid-resilient services.

## Formula-based research capital grants

21. Budgets for the Research Capital Investment Fund (RCIF) have been maintained at £188 million in 2021-22. The Executive Chair, with the endorsement of Research England’s Council, has agreed research capital grant budgets for 2021-22 as shown in Table 4.

**Table 4: Recurrent research capital grants for 2021-22 financial year**

Element of grant	2021-22 Budget (£M)
Formula-based research capital (including additional single year funds)	188
National facilities and initiatives	21
<b>Total capital grants</b>	<b>208</b>

Figures may not sum to the total due to rounding differences.

22. We provide capital grants on a financial-year basis and thus require capital grants for 2021-22 to be spent in full by March 2022. We will announce the distribution to providers of formula-based research capital allocations alongside the detail of recurrent allocations in October 2021. Our general approach is to keep changes to the formula method to a minimum. We will therefore implement the following:

- Formula-based research capital will continue to comprise two separate elements:
  - i. 'HEI Research Capital England', totalling £101 million, will be allocated in proportion to 2019-20 and 2020-21 recurrent QR funding and research income (for the same two years) from other selected (non-Research Council) sources.
  - ii. 'Higher Education Research Capital (HERC) England', totalling £87 million, will continue to be allocated in proportion to research income from Research Councils, reflecting finance data for the most recent three years.

## Further information

23. Further details on Research England budgets for 2021-22, including allocations for individual providers, will be published in October 2021.

24. Any questions about this letter should be addressed to [annualfunding@re.ukri.org](mailto:annualfunding@re.ukri.org). Questions about research or knowledge exchange specifically should be addressed to [researchpolicy@re.ukri.org](mailto:researchpolicy@re.ukri.org) or [kepolicy@re.ukri.org](mailto:kepolicy@re.ukri.org) respectively.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Sweeney', with a stylized flourish at the end.

David Sweeney, Executive Chair