

# Review of knowledge exchange funding

## Decisions and implementation plan

This document provides the decisions from Research England's review of knowledge exchange funding and our plans to implement these decisions.

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# Review of knowledge exchange funding: decisions and implementation plans

To	Heads of Research England-funded higher education providers
Of interest to those responsible for	Knowledge Exchange, including directors of knowledge exchange  Other stakeholders involved in knowledge exchange.
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Enquiries to	<a href="mailto:KEPolicy@re.ukri.org">KEPolicy@re.ukri.org</a>

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## Introduction

1. This document sets out:
  - a. Objectives and stages of our review of Research England's (RE) funding and policy approaches in knowledge exchange (KE).
  - b. A description of the inputs to our review - stakeholder engagement, literature review and government priorities.
  - c. A summary of feedback from stakeholder engagement, our response to this and our review decisions and next actions.
  - d. Our implementation plan.
2. Any queries should be directed to [KEPolicy@re.ukri.org](mailto:KEPolicy@re.ukri.org).

## Objectives and stages to our KE review

3. We set out in [RE-P-2022-2](#) our intention to review our funding and policy approaches in knowledge exchange: the main features of which are detailed at [Annex A](#). We also set out the key initial questions to the review, our approach to engaging stakeholders, including higher education providers (HEPs), and an invitation to submit evidence.
4. The objectives of our review are:
  - a. To review the fundamentals to our KE policy and funding approaches including, for example:
    - i. fit with government priorities; as well as alignment of our KE policy approaches with RE's and UKRI's overall strategy, and also taking account of wider Higher Education (HE) policy and development;
    - ii. purpose and principles of funding;
    - iii. levels/criteria for formula and projects funding;
    - iv. methods for accountability, meeting public expenditure requirements, delivering efficiency and effectiveness and value for money, and monitoring and evaluation that meet latest government/UKRI standards and minimise burden.
  - b. To clarify the purpose of the KE Framework (KEF) and set out its long-term direction.

- c. To clarify our long-term commitment and approach to the KE Concordat, taking account of views of other stakeholders to the Concordat and particularly Universities UK and GuildHE, who lead the work on behalf of the HE sector.
  - d. To confirm our long-term approach to the Higher Education Innovation Funding (HEIF) formula funding method, taking account of all the above and OfS, UKRI and government priorities.
  - e. To develop and deliver a plan which implements all the consequential from the items above.
5. Our review has the following stages and timetable:
  - a. Phase 1: Compiling evidence, stakeholder engagement and options development. Spring-Autumn 2022.
  - b. Phase 2: Decisions. 2022-2023 – described in this document.
  - c. Phase 3: Implementation 2023-2025 – details and timetable are provided in this document.

## Stakeholder engagement activity and other review inputs

6. We held three stakeholder engagement events and attended seven other events across May, June, and July 2022 – these were held in partnership with expert organisations and representative bodies:
  - a. National Centre for Universities and Business (NCUB)
  - b. National Centre for Academic and Cultural Exchange (NCACE)
  - c. National Coordinating Centre for Public Engagement (NCCPE)
  - d. Capabilities in Academic Policy Engagement (CAPE)
  - e. Universities UK (UUK)
  - f. GuildHE
  - g. Independent HE.
7. We had set out a number of wide-ranging questions as the basis for initiating the review, and the events gave an opportunity for stakeholders to shape event

agendas to focus on questions of highest priority to them. The events also gave us an opportunity to hear discussion between different stakeholders, including different types of HEPs, on the different balances that we should strike. We engaged with over 120 HEPs through nominated representatives, and with relevant stakeholders.

8. Research England would like to thank all those who attended and participated at our series of events. We have set out our reflections on the insights and feedback received, and our decisions and next actions from the review at paragraphs 12-36, and have summarised a fuller digest of the views gathered from across the sector at [Annex B](#).
9. The University Commercialisation and Innovation (UCI) policy evidence unit at University of Cambridge, led by Tomas Coates Ulrichsen, have supplied us with a [literature review](#) containing the latest academic and expert literature and evidence relevant to our review. We did not receive any further submissions of academic or expert evidence and analysis. UCI's work includes a conceptual overview of the key elements of the KE system and process, and develops an analytical framework as a guide, as well as providing analyses specific to some of our review questions.
10. As well as providing insights for this review, the UCI literature review will provide information for our more detailed work on KE evidence and metrics (paragraphs 15-20).
11. Additionally, we have taken account of DSIT's priorities for KE set out in our most recent [2022-2023 Funding and Priorities letter](#). This includes priorities from both DSIT and DfE as HEIF is funded from both the science/research and education budgets, with OfS as our partner in management of HEIF. We have also taken account of working across UKRI, including the development of the commercialisation funding framework.

## Feedback summary, decisions and next actions

### Overview

12. We received a significant and useful volume of feedback from the sector. We have noted in this publication where there was consensus, and where a range of more diverse views were put forward.
13. Overall, the feedback suggested that there is a good degree of confidence in RE's current KE funding and policy approaches. Inputs to the review did not suggest any significant alternatives to our current approaches and/or there was not widespread consensus on what needed to change. Feedback did not then indicate the need for

fundamental changes to our methods. However, we identified important suggestions for improvements which we address in our decisions and next actions on KEF (paragraph 28) and HEIF (paragraph 34).

14. We have identified that a key issue to unlock the potential for long-term and more fundamental changes to our methods, including the use of KEF as a basis for allocating HEIF, is the availability of better data, metrics and evidence. A major decision of the review then relates to our commitment to a significant work programme to improve metrics and evidence (paragraphs 15-20). This is with the intention to have the tools available to make more fundamental changes to our approaches in the longer run.

## Metrics and evidence

15. Feedback to the review has confirmed that our current metrics set does not capture the full achievements, nor help describe the ambitions, of HE KE. Better evidence is also a theme in DSIT's priorities, particularly related to better evidence on HE performance in commercialisation and business collaboration.
16. Feedback to this review echoed sector insights during the specific KEF review activity in 2021 that further development of the KEF requires new metrics so that it can meet its objective of capturing the breadth of HE KE activity and performance. Better metrics could also provide the basis for improvement on the HEIF funding method, and the potential to use KEF as the basis for this method. Better metrics are then critical to make more significant changes to our methods in the long run. The issue of better metrics is a theme running through the feedback received and also a central issue in our decisions.
17. HESA (part of Jisc) has been undertaking a review of the Higher Education: Business and Community Interactions (HE-BCI) survey, the main dataset for policy and funding in KE, including for KEF and HEIF. The HESA-led review is an important development to move the current dataset forward. However, we and HESA are agreed that more effort is needed, particularly in the longer-term design of new data collection.
18. The design of the initial HE-BCI dataset in 1998 was based on inputs from a range of academic/experts from different knowledge domain areas. We believe that the challenges now to improve the metrics set - to provide the tools for better institutional good practices, funding methods and national policy developments - require similar expert inputs. This is necessary to add new classes of data, beyond improving the quality of guidance and definitions of existing data fields as is taken forward in the HESA HE-BCI review.
19. We set out in our recent [Strategic Delivery Plan](#) our intention to develop our national capability to be a centre for KE and impact evidence, metrics and data for

the long term<sup>1</sup>, whilst continuing to participate in HESA's current review of the HE-BCI survey. Although the focus is on knowledge exchange initially, the work may be relevant to wider areas of activity such as research impact. We have commissioned UCI to work with us in an initial development phase, continuing their important work to provide evidence to meet DSIT priorities on commercialisation, as well as providing broader expert support to us and expanding on the some of the themes explored in the literature review for this review activity. We will also work with HESA as part of this development programme, to ensure a centre is informed by and utilises expertise on national data collection and existing KE data capabilities.

### Decisions/next actions

20. We will:

- a. Commence a two-year work programme with UCI to develop our national capability as a centre for university KE and impact evidence and metrics, working across UKRI and closely with partners including HESA.
- b. Reach a major milestone of the development phase in Spring 2024, presenting a blueprint for the national capability and centre at a major metrics conference, with these to be established by Spring 2025 at the latest.
- c. Our long-term aim following successful culmination of our work on the national capability and centre is to have available the appropriate data to make more fundamental changes to our approaches. Specifically, we aim to bring forward proposals for consultation on the development of KEF for use in funding. As this is necessarily a long-term endeavour, we would not expect to bring forward such proposals before 2025/26 at the very earliest. We note that any subsequent implementation and a phased roll out of an evolved funding method may take several further years.

## KEF

21. Feedback to this review echoed views from specific engagement already undertaken on the KEF. Generally, it is considered that KEF has had a positive impact on raising the profile of KE and incentivising strategic approaches within HEPs and across the sector, with overall beneficial effects of improving HE KE performance. There is broad agreement that the KEF has been useful within HEPs as a novel tool for benchmarking performance, making useful comparisons, giving

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<sup>1</sup> Further detail at [recent blog](#).

greater accountability, and as a prompt to starting discussions on future areas of strategic focus.

22. Feedback also addressed an important issue raised in our review - whether KEF can be designed to be fit for all its various initial purposes. These purposes are:
- a. To provide HEPs with a useful source of information and data on their knowledge exchange (KE) activities, for the purposes of understanding, benchmarking and improving their own performance.
  - b. To provide businesses and other users (and potential users) of HEPs knowledge with another source of information, which may increase visibility of potential university partners and their strengths and contribute to their internal decision-making processes.
  - c. Underpinning both of these purposes is the objective of providing more easily accessible and comparable information on performance for the purposes of transparency and public accountability.
  - d. And the potential to link KEF with funding.
23. Consistent feedback to KEF exercises and this review confirms that KEF is providing universities with useful KE information and is hence an important vehicle to support performance improvement in KE. It is hence contributing to meeting purpose a) and is well settled in its current design to meet this purpose.
24. Feedback to the KE review confirmed that KEF is not well understood beyond the KE sector and particularly by external users. HEP respondents were doubtful whether KEF could meet both its HE internal improvement purposes and provide useful information for external partners. We agree with this feedback and believe that the design and development of the KEF for external partners, purpose b), is an entirely different challenge, and one that would distract us from the purposes that KEF can fulfil well. It is also not clear that RE is the right body to lead provision of information for external partners, though our work might help others to address that purpose.
25. We also believe from feedback from stakeholders, including from government priorities, that KEF is contributing to purpose c). KEF is providing a basis for explaining the nature of, and effective performance in, the diverse KE contributions of the HE sector. Underpinning this, KEF has improved approaches to KE data returns, making data published and used in policy more robust.
26. We set out in paragraphs 15-20 that use of KEF in funding through HEIF, purpose d), is dependent on long-term work to improve the metrics available.
27. We recognise the strengths of the current design principles of the KEF in meeting its purpose to provide HEPs with data to understand, benchmark and improve their



own performance. Therefore, we view there to be benefit in continuing to publish a relatively consistent and stable KEF in the short term.

### **Decisions/next actions**

28. We will:

- a. Continue the short/medium term KEF purpose of supporting HEP performance and confirm that the current design and development work will continue through the next iterations and be focussed on this purpose, until at least KEF5 in 2025.
- b. Discontinue the purpose of the KEF to meet information needs of partners external to HE.
- c. Continue KEF to fulfil purposes of public information.
- d. In the long-term, bring forward proposals for consultation on development of KEF for use in funding (paragraphs 15-20 sets out our approach on KEF and funding).

### **HEIF**

29. The inputs and evidence to the first stage of the review suggested that there is a good degree of confidence in RE's current HEIF approach:

- a. Feedback confirms that there is good balance between addressing government priorities and giving flexibilities that enable HEPs to use funding in line with their strategies, strengths and capabilities, and hence getting the best out of the sector to meet the priorities.
- b. Our approach to accountability for our funding was regarded as appropriate and proportionate, noting the need for RE to ensure that our approach is adequate for assurance on appropriate use of public funding and value for money.
- c. Our definitions and scope of HEIF were generally regarded as appropriate. There were a range of views on whether additional activities should be included, but generally it was felt that RE was not getting it wrong. The drivers from research and teaching were flagged and there were discussions as to whether our approaches fully address both.
- d. There were a range of views put forward on how to measure success, including qualitative approaches. Our substantial work programme on metrics and evidence addresses the need to provide the more sophisticated tools needed to achieve all our objectives.

30. Inputs to the review did not then suggest agendas for major changes now. Two areas that we have noted for further consideration are:
- a. Some HEPs reported challenges for them in managing year on year fluctuations in HEIF allocations and for some the ability to always make long-term strategic decisions is limited by the mechanism of our making annual allocations. This lack of predictability might affect quality of staff and hence of outcomes. We cannot pre-commit funding into a next government spending review (SR) period, so we could only provide any predictability in allocations within an SR period. We could fix allocations for this SR period rather than recalculate each year, which was our approach for HEIF until 2015-16. However, reverting to a less dynamic approach could also depress prompt rewards for improvement (including HEPs below the allocation threshold for the entire SR period). We have also had rising funding over the last years which necessitated dynamism, that is recalculations to accommodate more funds. Given limited time within this SR period to devise and consult on a new method, we propose to do further work to scope whether there is an approach that better balances dynamism and predictability for the next SR period.
  - b. Many HEPs reported challenges in balancing a focus on HEIF qualifying income related activity, to ensure sustainability of funding/gain them an allocation, and activities aligned to internal strategy or activities that are not qualifying income-generating whilst still generating impact. We accept that HEPs generate impact from activities that we do not presently count. However, if we cannot measure these it is not possible to include them in a formula, and therefore drive evidenced performance to deliver value for public money (the rationale for HEIF rewarding measurable high performance). We will therefore consider this in our work on improving metrics and evidence, so we have better tools to reward (in allocations) and demonstrate (to government) all forms of HEIF achievements.
31. There is an ongoing government priority for HEIF of funding only HEPs that are effective performers in KE. We implement this priority by applying a threshold to HEIF allocations, so that a HEP needs to achieve a £250K allocation to receive funding. This current £250k allocation threshold level has been in place since government confirmed its policy priority in 2011. Feedback to this review has prompted us to consider up to date evidence on the appropriateness of this threshold level to meet government priorities. We will now undertake and consider further analysis work.
32. Although we have confidence in the robustness and suitability of the current metrics of performance by which funding allocations are currently determined, we recognise a potential opportunity to be more ambitious to identify and reward all forms of KE achievements in the longer run. This is reflected in our substantial work programme on metrics and evidence (paragraphs 15-20).

33. In parallel with the review, we are currently undertaking work to update our policy on the criteria for HEP eligibility for HEIF and all KE funding, working with OfS. We have established a formal RE Council sub-group reporting to the full Council to provide us with advice: Dr Carol Bell (Chair), Dr Richard Armour and Kellie Beirne. We are also gaining input from DSIT and DfE, wider UKRI, and other UK HE Funding Bodies.

### **Decisions/next actions**

34. We will:

- a. Retain at present our current formula funding method and accountability processes.
- b. Undertake further work in the run-up to the next SR to explore any method to better balance predictability and dynamism in allocations, implementing any consequences for 2025-26 at the earliest (that is after SR funding levels and priorities are known).
- c. See paragraph 20c on our evidence and metrics work leading to long-term changes to our methods, which includes consideration of issues around potential constraints from a focus on HEIF qualifying income in use of HEIF.
- d. Undertake further work on the threshold level to HEIF and whether change to this would provide assurance to government on their priority of HEIF funding only effective performers, implementing any consequences for funding allocations for academic year 2024-25 at the earliest.
- e. Consult on proposals to update our policy on the criteria for HEP eligibility for HEIF and all KE funding ahead of implementation no earlier than 2024-25.

### **KE Concordat**

35. The sector-led KE Concordat (KEC) can act as a mechanism to share information on good practice across the UK sector, helping HEPs improve their performance. Feedback to our KE review was overall in strong agreement that the KE Concordat processes of self-evaluation and consideration of principles had been a useful exercise for HEPs, raising the profile of KE within their institution and encouraging engagement from across the institution. There were many suggestions on how to improve the processes from the pilot phase (development year) for a future iteration. These included suggestions for activity more in line with action learning sets, rather than narrative evaluator (peer) feedback, as a means to provide feedback and follow ups, and to assist intra-HEP learning.

36. Feedback (as summarised at Annex B) has been shared with the representative bodies (UUK and GuildHE), who lead on decisions on the KEC, with input and support from the UK HE Funding Bodies.

## Summary of decisions

KE policy area	Decisions/next actions
<b>Metrics and Evidence</b>	<p><i>We will:</i></p> <ul style="list-style-type: none"> <li>a. Commence a two-year work programme with UCI to develop our national capability as a centre for university KE and impact evidence and metrics, working across UKRI and closely with partners including HESA.</li> <li>b. Present a blueprint for the national capability and centre at a major metrics conference in Spring 2024 (centre to be established by Spring 2025 at the latest).</li> <li>c. Following successful culmination of our work on the national capability and centre, make more fundamental changes in the long-term to our approaches which are informed by having the appropriate data available.               <ul style="list-style-type: none"> <li>i. Specifically, aim to bring forward proposals for consultation on development of KEF for use in funding (2025/26 at the very earliest, noting that any subsequent implementation may take several further years).</li> </ul> </li> </ul>
<b>KEF</b>	<ul style="list-style-type: none"> <li>a. Continue the short/medium term KEF purpose of supporting HEP performance and confirm that current design and development work will continue through next iterations focussed on this purpose, until at least KEF5 in 2025.</li> <li>b. Discontinue the purpose of the KEF to meet information needs of external to HE partners.</li> <li>c. Continue KEF to fulfil purposes of public information.</li> <li>d. Bring forward proposals in the long-term on development of the KEF for use in funding (paragraph ci above).</li> </ul>
<b>HEIF</b>	<ul style="list-style-type: none"> <li>a. Retain at present our current formula funding method and accountability processes.</li> <li>b. Undertake further work in the run-up to the next SR to explore any method to better balance predictability and dynamism in</li> </ul>

	<p>allocations (implementation of any consequences for 2025-26 at the earliest, after SR funding levels and priorities are known).</p> <p>c. Following establishment of our metrics and evidence work, bring forward proposals in the long-term on changes to our methods, including consider issues around potential constraints from a focus on HEIF qualifying income in use of HEIF.</p> <p>d. Undertake further work on the threshold level to HEIF, providing assurance to government on their priority of HEIF funding only effective performers (implementation no earlier than 2024-25 funding allocations).</p> <p>e. Consult on proposals to update our policy on the criteria for HEP eligibility for HEIF and all KE funding (implementation no earlier than 2024-25 funding allocations).</p>
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## Implementation timetable (including continuing our business-as-usual activity)

Date	Activity undertaken during this period
Summer 2023	<p>a. Allocate formula funding for academic year 2023-24.</p> <p>b. Consult on proposals for eligibility for HEIF/all KE funding as part of wider annual RE terms and conditions (for potential implementation in 2024-25 allocations at the earliest, see below).</p> <p>c. Publish third iteration of the KEF (KEF3) confirming a more focused purpose.</p>
Late 2023	<p>d. Publish further details of our work on the appropriate HEIF threshold level (any subsequent required implementation in 2024-25 allocations at the earliest, see below).</p>
Spring 2024	<p>e. Host a major conference on future of KE and impact metrics and evidence and launch national capability and centre blueprint.</p>
Summer 2024	<p>f. Allocate formula funding for academic year 2024-25.</p> <p>i. Earliest for implementation of any changes to the HEIF threshold level.</p>

	<ul style="list-style-type: none"> <li>ii. Earliest for implementation of new approach to HEIF/all KE funding eligibility.</li> <li>g. Publish proposals of work to consider dynamism/predictability in the HEIF method, with any implementation consequences in 2025-26 allocations, subject to spending review.</li> <li>h. Publish fourth iteration of the KEF (KEF4).</li> </ul>
Spring 2025	<ul style="list-style-type: none"> <li>k. By this time at the latest, the national capability and centre for university KE and impact evidence and metrics will be in place.</li> <li>l. Very earliest for proposals to be brought forward on:               <ul style="list-style-type: none"> <li>i. Further KEF development and consideration of purpose, aligned with development work of additional metrics and data.</li> <li>ii. Use of KEF in funding.</li> </ul> </li> </ul>
Summer 2025	<ul style="list-style-type: none"> <li>m. Allocate first round of formula funding (2025-26) post the next SR.               <ul style="list-style-type: none"> <li>i. Earliest implementation of any short-term changes to HEIF method.</li> </ul> </li> <li>n. Publish fifth iteration of the KEF (KEF5).</li> </ul>

## Annex A – Main features of our current approach being reviewed

1. The main features of our current approach which are the subject of this review<sup>2</sup> are:

- a. The **bulk of our funds for KE are allocated annually through the HEIF formula**. Funds are allocated **selectively toward high performance**. Full details of the method are at [Annex A](#) of our review 'Stakeholder engagement and evidence' publication. The method uses data particularly drawn from the HE-BCI survey collected by HESA.
- b. **A minority of funds are allocated to projects** with a view to improving efficiency and effectiveness, encouraging innovations and stimulating new KE activities and capacity. This includes through the Research England Development (RED) fund for exemplars and demonstrators in priority areas, and through competitive projects of the Connecting Capability Fund (CCF) focussed on sharing capabilities and good practices in commercialisation and working with business.
- c. **Accountability for formula funds** is provided through submission and approval by us of HEP HEIF [accountability statements](#). HEPs must satisfy us that they have appropriate strategic objectives for KE against which they will use formula funds; that they have in place sound monitoring and management systems for funds; and that HEIF is being used to deliver government priorities. We have reduced our requirements for accountability data related to efficiency and effectiveness in use of HEIF due to the additional information provided by the KEF and the sector-led KE Concordat. We monitor formula funds annually, collecting evidence on use of funds and managing under spends. We evaluate HEIF periodically with the next major evaluation underway. Our accountability, monitoring and evaluation of KE project funds follows RE general practices for project programmes.
- d. The first [KEF](#) was published in 2021. KEF was intended to address government concern that no HEP level KE performance data was published, and there was no way to make comparisons between HEPs. **KEF therefore provides enhanced assurance beyond HE-BCI data of a high-performing English KE HE sector**. KEF also provides evidence to enable HEPs to develop their performance to deliver their own strategic KE

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<sup>2</sup> As previously set out at: <https://www.ukri.org/publications/review-of-ke-funding-stakeholder-engagement-and-evidence-summary/>

objectives and work with external partners. The KEF may also assist external KE partners directly by providing improved information about the knowledge and expertise available to them through HEPs. KEF may also provide better evidence and analytical techniques that might inform funding approaches.

- e. The sector-led [KE concordat](#) is currently being piloted by Universities UK and GuildHE. It provides a framework of eight principles for supporting good practice in KE against which HEPs self-assessed themselves and identified priority actions to drive improvement and success in KE in the future. The action plans received were peer evaluated with feedback provided on strengths and areas of development. For Research England, the KE Concordat **provides enhanced assurance that the high performance identified in the KEF is being furthered through a commitment by the sector to continuous improvement**. This also can provide RE with assurance on the efficiency and effectiveness in use of our funding.
2. Our approach is significantly based on HESA data, particularly the HE-BCI survey. In parallel with our review, HESA are undertaking a review of HE-BCI which includes consideration of the data currently needed to inform the approaches above, as well as other policy priorities.



## Annex B – Detailed stakeholder engagement feedback

This Annex provides additional details on the stakeholder engagement feedback received.

### General

1. There was general recognition that while KE is strongly linked with research and teaching, it has developed distinctive practices and activities beyond those areas. There was a fair consensus that available KE data needs to similarly develop further, capturing these new activities, and feeding into how we allocate funding, and how universities are accountable for this funding.
2. Across the engagement events there were mixed views about how to measure success in KE, noting that these responses considered both measures used internally by HEPs, as well as those employed by funders/government – and an important issue to consider was therefore alignment between these.
3. When discussing equality, diversity and inclusion in KE, there was a lot of support for working groups and special interest groups to pool knowledge and drawing together good/best practice from across the sector. Many noted that a diverse workforce within HEPs is key to building collaborations with more diverse external partners. This was a broader concern of the sector beyond RE's specific review and activities.
4. There were a number of suggestions received on how we might improve communications of our approach to policy development, our funding mechanisms and connection to other mechanisms, rather than necessarily changes to policies:
  - a. Use of diagrams/brief narrative context to set out different relevant funding streams (including across UKRI) and policy instruments – for example, partners within the sector-led KE Concordat or use of the HE-BCI survey.
  - b. Feedback to HEPs on how we use accountability materials, and also other evidence we require from HEPs in order to meet government/public expenditure requirements. This would strengthen responses to be more targeted to purpose and reassure that there was appropriate burden-benefit balance.
  - c. Overall better signposting between HEIF, KEF, and the sector-led KE Concordat (KEC) would be helpful, though there was a range of different views on importance of different alignments related to the different priorities of HEPs (such as research or teaching related).

## Approach to HEIF

5. There was agreement that the flexibility of HEIF to allocate across the breadth of KE activity (while addressing broad government priorities) and not limited to areas that generate income, is important and generally appreciated and welcomed. This enables HEPs to align with regional and local needs, individual HEP strategy and mission, and to be agile and capitalise on emerging opportunities beyond what has been reported in their accountability statements. Agility and flexibility of HEIF is also appreciated when meeting shorter term government priorities, though often some priorities such as place are already intrinsically aligned to their activities and mission.
6. Although generally it was recognised that a breadth of government priorities were reflected in HEIF (such as those in the Innovation Strategy and Levelling Up White Paper), it was noted that some important areas such as student participation in KE are not directly captured in the HEIF qualifying income metrics.
7. Views from the sector were varied and mixed on any additional or new processes/activities that could be introduced to support the management of HEIF. Overall, the view was that RE is not significantly getting it wrong, and the direction of travel is on right lines.
8. The current design of the formula used to allocate HEIF against broad government priorities was generally agreed to be effective, allowing HEPs to use allocations to meet the priorities drawing on their distinctive strengths and partnerships.
9. It was noted that the cap on main allocations may inhibit some HEPs at the cap from growing their activity further, but this is balanced by it allowing the broadening opportunities for the majority of HEPs not at the cap. Also, the annual modifier was appreciated in providing stability for planning.
10. Although it was noted that the structure and reporting of KE incentivises collaboration between HEPs, it was suggested that more could be done to maximise use of existing capacity through collaboration, such as to address challenges within specific regions.

## Approach to KEF

11. There was general agreement on the importance of the KEF in raising the profile of KE and encouraging senior management to think about opportunities in KE and about the breadth and complexities of the agenda. For example, KEF was helping focus attention on areas previously undervalued, by creating evidence and incentivising strategic approaches. In particular, the production of narratives for public & community engagement and local growth & regeneration helped to highlight lesser-known work.

12. It was noted that the KEF has improved KE data collection, including on activity where there was no collection previously. Consequently, this has improved HEP confidence in their internal focused measurement of KE, and there may be potential for this to filter down to departments to capture more KE activity.
13. There were some mixed views on the KEF's use as an external tool and internally with non-KE staff and some senior management. In particular, care was needed on understanding where weaker performance reflected that activity was actually not a strategic priority. In some cases, it was noted that the architecture to KEF - clusters and perspectives – was sometimes difficult to understand and explain to colleagues. However, it was recognised that this architecture was vital to ensuring meaningful comparison in a diverse sector.
14. It was also recognised that performance measurement and communicating this to external partners is generally more difficult (and not just related to KEF) as:
  - a. HEPs often are focussed on 'good' in all areas, across their mission. However, external partners are interested in good related to their particular areas of interest. Hence there is a mismatch in interest and understanding of what "good" looks like. In addition, stakeholder objectives do not necessarily align with the basket of metrics behind the KEF (such as into research and teaching contributions).
  - b. Stakeholders often know the particular strengths of their partner HEPs in areas of mutual activity. They are less likely to understand the strengths of the wider sector. In addition, stakeholder objectives do not necessarily align with the basket of performance metrics used in the KEF, and therefore a different set of data and indicators would likely be more helpful in identifying the HEP strengths that they are interested in.
  - c. Language used in the KEF is also not always consistent with how external partners would describe their activities or needs - for example, the use of 'perspectives' or even 'KE'. Although outside the sector these terms do not have as much meaning, internally these are the design features which enable the strength of the KEF as a tool for drawing meaningful comparisons in HE.
15. A number of questions were raised for RE to explore as part of our work to consider the KEF in our funding methodology:
  - a. Does KEF have value in promoting collaboration (if it were linked to funding, would this damage collaboration?), balanced against natural competition resulting from performance-based funding.
  - b. Concerns about the burden of switching to new mechanism, and any resultant effects such as a need to implement changes to HEP strategy. It

was noted that a new mechanism would need to be demonstrably better to balance the burden of a change in method.

- c. KEF encourages HEPs to focus on their areas of strategic importance, however this would not happen if a link to funding was introduced – as HEPs may feel pressured to be ‘good at everything’ to maximise funding.

## KEF/KEC

16. It was recognised that the KEF and the KEC aim to achieve different purposes as the value of KEC is describing the environment in which activities are conducted, whereas the KEF captures the activities that are being conducted.
17. There was strong support for the KEF and sector-led KEC being kept separate and distinct activities, and that for HEPs in England there is benefit from the two exercises which can inform each other significantly. However, many commented that others within a HEP can be unclear on difference between the two and this contributes to perception of burden. A number of suggestions were made for how the practical cross-overs between the two activities could be considered.
18. There were a range of different responses put forward on how purpose and use of both the KEF and KEC can be described. This included that KEF showed performance/benchmarking information, whereas KEC should be used for continuous improvement and reflection (for internal to HEP purposes). Comparison was also made with REF, with KEF providing information on outputs and KEC on the environment.
19. Feedback suggested improving communications on the complementarity of KEF and KEC.

## Approach to KEC

20. The stakeholder feedback in this section has been shared with the sector bodies who lead the KEC development and other partners.
21. We noted overall positive feedback on the KEC, with strong agreement amongst HEPs that the self-evaluation and consideration of principles had been a useful exercise and had raised the profile of KE within their institution and encouraged senior institutional staff buy in. The KEC was noted by many to have raised the profile of KE, better captured level of activity, brought fundamental/longstanding issues forward to be addressed at a senior level and brought about a level of coordinated activity (covering governance, accountability, staff development and in some cases, a more common understanding of KE).
22. There were wide-ranging views and suggestions put forward on reworking the process used in the development/pilot year of the KEC, including exploring a variety

of ways for HEPs to share learning and receive feedback, through activity such as a sector-led series of shared discussions/communities of practice, and specifically through an action learning sets approach.

23. There was some support for the sector using a form of annual 'check-ins' in order for HEPs to be able to monitor their progress – such as that their structures and policies continue to improve.