



Statement of eligibility for KE funding

Of interest to those responsible for	Knowledge Exchange, including directors of knowledge exchange and PVC Research and Enterprise/Innovation
Purpose	Statement of criteria to be considered eligible for KE funding from Research England
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Purpose

1. To present Research England (RE) policy on the criteria for higher education providers (HEP) to be considered eligible for RE knowledge exchange formula funding, known as Higher Education Innovation Funding (HEIF) and minimum criteria for all KE funding.
2. The eligibility criteria are based on the principles of evidencing a track record of knowledge exchange activity using existing data sources. The publication of this policy will provide transparency and clarity around eligibility for knowledge exchange funding and establish a route of entry for new providers.

Context

3. In April 2022 Research England set out our intention to [review our funding](#) and policy approaches in knowledge exchange. In May 2023 we published [Knowledge exchange funding review: decisions and implementation](#) which provides the decisions from our review of knowledge exchange funding and our plans to implement these decisions.
4. Research England are proposing to clarify the over-arching eligibility criteria for Research England funding within the 2023-24 terms and conditions. The update is intended to provide additional clarity, specifically to our eligibility criteria, where the terms and conditions may previously have contained ambiguous or unclear wording. Full details of the proposed clarification are detailed in the [terms and conditions consultation document](#). To align with the proposed clarification to the Research England terms and conditions for funding 2023-24, this document presents the associated eligibility criteria for funding streams related to knowledge exchange. Responses to the Research England terms and conditions consultation should be submitted via the [online survey](#) by 12 June 2023.

Research England's statutory funding powers

5. As summarised in the Terms and Conditions of Research England Grant¹ 2022-23, Research England was established as a Council of UK Research and Innovation (UKRI) in the Higher Education and Research Act 2017 ("the 2017 Act"). The 2017 Act, along with any related secondary legislation, provides the legal basis for Research England's funding role. Under the 2017 Act (section 97 (1)), Research England provides funding to eligible higher education providers for:

- a. The undertaking of research or knowledge exchange;

¹ <https://www.ukri.org/publications/research-england-terms-and-conditions-2022-to-2023/>

- b. The provision of facilities for research or knowledge exchange. The 2017 Act (sections 39) defines eligible providers as institutions that are registered to the OfS register of providers.
6. The statutory instrument 'The Higher Education (Transparency Condition and Financial Support) (England) Regulations 2018' provided further regulations under the 2017 Act. This includes confirmation under section 5 that "A higher education provider registered in the 'Approved (fee cap)' part of the register is prescribed as an eligible higher education provider for the purposes of section 39 of the 2017 Act."

Principles for eligibility

7. The Research England criteria for eligibility for knowledge exchange funding are based on the principles of evidencing a track record of knowledge exchange activity, with a low-burden data-driven evidence base and a clear route of entry or exit.
8. Research England have a statutory duty to restrict our knowledge exchange funding for the purpose of KE activities as defined by the Higher Education and Research Act (HERA) 2017, section 93(4).

"For the purposes of this Part, "knowledge exchange", in relation to science, technology, humanities or new ideas, means a process or other activity by which knowledge is exchanged where—

(a) the knowledge is in, or in connection with, science, technology, humanities or new ideas (as the case may be), and

(b) the exchange contributes, or is likely to contribute, (whether directly or indirectly) to an economic or social benefit in the United Kingdom or elsewhere."

Scope of the eligibility criteria

9. The eligibility criteria set out in this document will form the complete eligibility criteria for Research England's knowledge exchange formula funding 'Higher Education Innovation Funding' (HEIF) from the allocation year 2024-25.
10. The criteria set out here will also be the minimum eligibility criteria for all other Research England knowledge exchange funding streams from 2024-25. It should be noted that these wider knowledge exchange funding streams may have further criteria in addition to these as determined relevant to the particular objectives of the funding stream. Any such additional criteria will be published with the related funding stream information.

Eligibility criteria

11. In order to be considered eligible for Research England knowledge exchange funding a provider must meet all of the below criteria. (A provider decision tree is provided at [Figure 1](#) and worked examples are provided in [Annex A](#).)

Criteria 1 – Approved (fee-cap) registration

A provider must be registered with the Office for Students as approved (fee-cap) and subject to the following full regulatory reporting requirements:

- a. the Annual Finance Return to the Office for Students (OfS); and
- b. the Higher Education Business & Community Interaction (HE-BCI) survey to HESA (part of Jisc).

It should be noted that Further Education (FE) and Sixth Form Colleges are also regulated by the Education and Skills Funding Agency (ESFA) and subject to different OfS Approved (fee-cap) regulatory reporting requirements.

Criteria 2 – demonstrable level of knowledge exchange activity

A provider must have a demonstrable base level of knowledge exchange activity within the last three years as detailed in criteria 2a and 2b below.

Criteria 2a – evidence of knowledge exchange activity

Providers will be considered to have demonstrated a base level of knowledge exchange activity where they have met or exceeded a minimum income level of 1% of the sector mean income in any one of the following seven HEIF qualifying income elements (the data source is noted in brackets):

- a. Total contract research income (HE-BCI)
- b. Total consultancy income (HE-BCI)
- c. Total facilities and equipment related services income (HE-BCI)
- d. Total regeneration and development income (HE-BCI)
- e. Total IP income (excluding sales of shares in spin-offs) (HE-BCI)
- f. Total non-credit bearing course fees (OfS Finance record)
- g. Knowledge transfer partnership (KTP) income (Innovate UK, UKRI)

Criteria 2b – track record of knowledge exchange

The minimum activity level must be met or exceeded in any one income stream in any two of the most recent three years of available data.

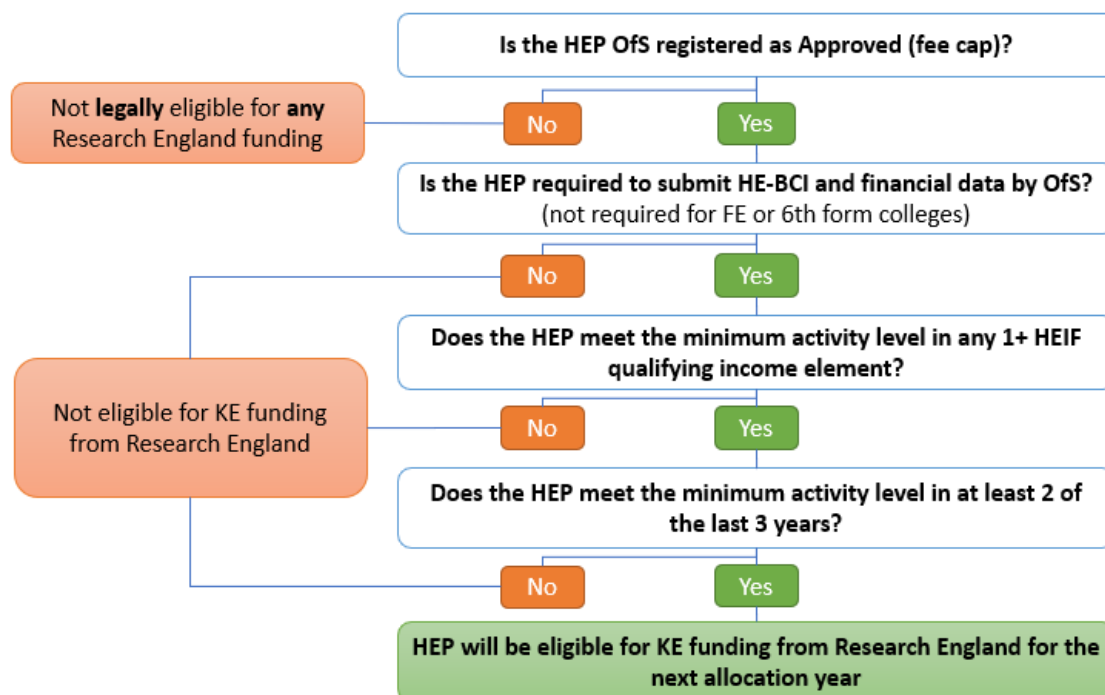
Criteria 3 – Research England verification stage

Research England reserves the right to review the eligibility of any provider on an annual basis. Informed by the metrics outlined above, Research England will consider the activities that are informing the reported data to verify that the income relates to KE activities that meet the HERA definition of knowledge exchange. We will apply our judgement as to whether these activities constitute knowledge exchange as defined by the Higher Education and Research Act (HERA) 2017, section 93(4)².

Research England reserves the right to withhold or remove a provider's eligibility for knowledge exchange funding where we deem that the relevant provider's income from activities that are considered by Research England to meet the HERA definition of knowledge exchange, does not meet or exceed the minimum level. The minimum level of income from activities that meet the HERA definition of knowledge exchange is 1% of the sector mean income in any one of the seven HEIF qualifying income elements in any two of the last three years.

Eligibility decision tree

Figure 1: KE funding eligibility decision tree



² <https://www.legislation.gov.uk/ukpga/2017/29/section/93>

Data sources and timescales

12. In order to be considered for eligibility for a given allocation period (usually 1 August to 31 July) a provider must be [registered](#) as an [Approved \(fee-cap\)](#) provider with the Office for Students on 31 March prior to the allocation period.
13. The proposed eligibility criteria are based on data that will be sourced directly by Research England from the following organisations under existing reporting requirements:
 - a. HESA (part of Jisc) – Higher Education Business & Community Interaction ([HE-BCI](#)) survey.
 - b. Innovate UK – Knowledge Transfer Partnership ([KTP](#)) income.
 - c. Office for Students - Annual Finance Return ([AFR](#)). The Office for Students operates varying deadlines for the return of the AFR. For the purpose of determining eligibility, Research England will use the most recent finance data that is available on 31 March each year.
14. There will be **no requirement for individual providers to provide any additional data outside of their existing regulatory reporting requirements** as an Approved (fee-cap) provider.
15. Any change to the KE funding eligibility status of an individual HEP, compared to the previous year, will be communicated to the provider(s) as soon as possible and within eight weeks of the HE-BCI data publication date.
16. It is not possible for any provider to apply for eligibility for Research England knowledge exchange funding. Research England will determine the eligibility status for all Approved (fee-cap) providers for the forthcoming allocation period each spring according to the criteria set out under paragraph 11.
17. The activation of criterion 3 where RE reserves the right to verify that the activities underlying the reported data will be **by exception** should Research England identify extraordinary circumstances where reported income does not relate to knowledge exchange activity as defined by the 2017 Act.
18. The list of all eligible providers included in any formula funding calculations will be published on an annual basis as part of the suite of [supporting information](#) published following our funding allocations.
19. Research England will immediately withdraw eligibility from any provider who loses Approved (fee-cap) status from the Office for Students during an allocation year.

Annex A - Worked examples

Worked example 1 – Provider with low levels of income

The below example represents a fictional provider who is **currently eligible for HEIF** but who **does not meet the allocation threshold³** and who has very **low levels of income**.

Example 1 eligibility outcome: CONFIRMED ELIGIBLE - this provider would be deemed eligible for KE funding as they have met or exceeded the 1% of the sector mean in at least one qualifying income stream in two of the most recent three years, as shown below across three tables.

Important note: Each of the below three tables represents the example provider's income in relation to mock data representing minimum levels for a given year. The data presented in the below worked example is representative of sector income levels but it is not accurate data. Full data for the three most recent years of HEIF qualifying income is published in the [HEIF: supporting information for 2022 to 2023](#).

Table 1: Year 1 Qualifying Income levels - total of 180 HEPs in England who are Approved (fee-cap) with full reporting requirements

Qualifying income (QI) stream	Year 1 Sector total (000s)*	Sector mean (total income / nr of HEPs) (000s)*	Minimum level (1% of sector mean) (000s)*	Example 1 HEP - QI (000s)*	HEP performance
Contract research	£1,152,916	£6,405	£64	£0	Below
Consultancy	£381,270	£2,118	£21	£32	Exceeded
Equipment and facilities	£217,295	£1,207	£12	£8	Below
Regeneration	£192,265	£1,068	£11	£0	Below
Intellectual property	£190,857	£1,060	£11	£0	Below
Knowledge transfer partnerships (KTP)	£15,571	£87	£1	£0	Below
Non Credit Bearing (NCB)	£558,053	£3,100	£31	£25	Below
Nr of Approved (fee-cap) HEPs	180			Year 1 OUTCOME	Minimum level met in year 1

*Mock figures – not actual data

³ HEPs that do not achieve an allocation equal to or higher than a threshold (currently £250,000) get no allocation at all.

Year 2 Qualifying Income levels: Total of 184 HEPs in England who are Approved (fee-cap) with full reporting requirements

Qualifying income (QI) stream	Year 2 Sector total (000s)*	Sector mean (total income / nr of HEPs) (000s)*	Minimum level (1% of sector mean) (000s)*	Example 1 HEP - QI (000s)*	HEP performance
Contract research	£1,230,913	£6,690	£67	£0	Below
Consultancy	£360,301	£1,958	£20	£58	Exceeded
Equipment and facilities	£196,125	£1,066	£11	£11	Met
Regeneration	£213,301	£1,159	£12	£9	Below
Intellectual property	£200,337	£1,089	£11	£0	Below
Knowledge transfer partnerships (KTP)	£18,627	£101	£1	£0	Below
Non Credit Bearing (NCB)	£466,931	£2,538	£25	£20	Below
Nr of Approved (fee-cap) HEPs	184			Year 2 OUTCOME	Minimum level met in year 2

*Mock figures – not actual data

Year 3 Qualifying Income levels - total of 185 HEPs in England who are Approved (fee-cap) with full reporting requirements

Qualifying income (QI) stream	Year 3 Sector total (000s)*	Sector mean (total income / nr of HEPs) (000s)*	Minimum level (1% of sector mean) (000s)*	Example 1 HEP - QI (000s)*	HEP performance
Contract research	£1,220,905	£6,599	£66	£0	Below
Consultancy	£394,554	£2,133	£21	£0	Below
Equipment and facilities	£192,445	£1,040	£10	£2	Below
Regeneration	£186,934	£1,010	£10	£0	Below
Intellectual property	£186,271	£1,007	£10	£0	Below
Knowledge transfer partnerships (KTP)	£20,239	£109	£1	£0	Below
Non Credit Bearing (NCB)	£407,323	£2,202	£22	£15	Below
Nr of Approved (fee-cap) HEPs	185			Year 3 OUTCOME	Minimum level NOT met in year 3

*Mock figures – not actual data

Worked example 2 – Provider with modest levels of income

The below example represents a fictional provider who is currently eligible for HEIF and who meets the threshold for a HEIF allocation, with their most recent HEIF allocation being between £250k and £300k.

Example 2 eligibility outcome: CONFIRMED ELIGIBLE

This provider would be deemed eligible for KE funding as they have met or exceeded the 1% of the sector mean in at least one qualifying income stream for two or more of the most recent three years, as shown below across three tables.

Important note: Each of the below tables represents the example provider's income in relation to mock data representing example minimum levels for each of the most recent three years. The data presented in the below worked example is representative of sector income levels but it is not accurate data. Full data for the three most recent years of HEIF qualifying income is published in the [HEIF: supporting information for 2022 to 2023](#).

Table 2: Year 1 Qualifying Income levels: Total of 180 HEPs in England who are Approved (fee-cap) with full reporting requirements

Qualifying income (QI) stream	Year 1 Sector total (000s)*	Sector mean (total income / nr of HEPs) (000s)*	Minimum level (1% of sector mean) (000s)*	Example 2 HEP - QI (000s)*	HEP performance
Contract research	£1,152,916	£6,405	£64	£186	Exceeded
Consultancy	£381,270	£2,118	£21	£230	Exceeded
Equipment and facilities	£217,295	£1,207	£12	£161	Exceeded
Regeneration	£192,265	£1,068	£11	£122	Exceeded
Intellectual property	£190,857	£1,060	£11	£0	Below
Knowledge transfer partnerships (KTP)	£15,571	£87	£1	£0	Below
Non Credit Bearing (NCB)	£558,053	£3,100	£31	£1,589	Exceeded
Nr of Approved (fee-cap) HEPs	180			Year 1 OUTCOME	Minimum level met in year 1

*Mock figures – not actual data

Year 2 Qualifying Income levels: Total of 184 HEPs in England who are Approved (fee-cap) with full reporting requirements

Qualifying income (QI) stream	Year 2 Sector total (000s)*	Sector mean (total income / nr of HEPs) (000s)*	Minimum level (1% of sector mean) (000s)*	Example 2 HEP - QI (000s)*	HEP performance
Contract research	£1,230,913	£6,690	£67	£159	Exceeded
Consultancy	£360,301	£1,958	£20	£213	Exceeded
Equipment and facilities	£196,125	£1,066	£11	£178	Exceeded
Regeneration	£213,301	£1,159	£12	£64	Exceeded
Intellectual property	£200,337	£1,089	£11	£0	Below
Knowledge transfer partnerships (KTP)	£18,627	£101	£1	£0	Below
Non Credit Bearing (NCB)	£466,931	£2,538	£25	£1,548	Exceeded
Nr of Approved (fee-cap) HEPs	184			Year 2 OUTCOME	Minimum level met in year 2

*Mock figures – not actual data

Year 3 Qualifying Income levels: Total of 185 HEPs in England who are Approved (fee-cap) with full reporting requirements

Qualifying income (QI) stream	Year 3 Sector total (000s)*	Sector mean (total income / nr of HEPs) (000s)*	Minimum level (1% of sector mean) (000s)*	Example 2 HEP - QI (000s)*	HEP performance
Contract research	£1,220,905	£6,599	£66	£178	Exceeded
Consultancy	£394,554	£2,133	£21	£251	Exceeded
Equipment and facilities	£192,445	£1,040	£10	£256	Exceeded
Regeneration	£186,934	£1,010	£10	£17	Exceeded
Intellectual property	£186,271	£1,007	£10	£0	Below
Knowledge transfer partnerships (KTP)	£20,239	£109	£1	£0	Below
Non Credit Bearing (NCB)	£407,323	£2,202	£22	£1,289	Exceeded
Nr of Approved (fee-cap) HEPs	185			Year 3 OUTCOME	Minimum level met in year 3

*Mock figures – not actual data