

Requirement - Research England Assurance of Financial Costings Supplied in applications to the International Investment Initiative (I3) Fund

Research England

The Higher Education and Research Act 2017 established Research England as a Council of UK Research and Innovation (UKRI) and alongside the other existing Councils (the seven Research Councils and Innovate UK).

Research England (RE) shapes healthy, dynamic research and knowledge exchange in English universities. We are responsible for funding, engaging with and understanding these institutions, and working with devolved funding bodies and the Office for Students to understand their strategies, capabilities and capacity. We support and challenge universities to create new knowledge, strengthen the economy, and enrich society. We distribute over £2.2bn to universities in England every year, principally through quality-related research (QR) funding, and the Higher Education Innovation Fund. We are responsible for administering the Research Excellence Framework, used to inform QR funding, and for delivering the forthcoming Knowledge Exchange Framework. We also support specific activities with dedicated project funding, including the £900m UK Research Partnership Investment Fund (UKRPIF), and the £100m Connecting Capability Fund.

This tender relates to the requirements of the new £4m International Investment Initiative (I3) Fund, launched in November 2018.

UK Research and Innovation

Operating across the whole of the UK, and with a combined budget of more than £6 billion, UK Research and Innovation (UKRI) brings together the seven Research Councils, Innovate UK and a new organisation, Research England.

Through UKRI, the government is implementing the recommendations of the Nurse Review, led by Nobel Prize-winning scientist Sir Paul Nurse. The review panel's report called on government to "support the Research Councils to collectively make up more than the sum of their parts" and develop a "smoother pathway to more applied research". UKRI was a proposal of Part 3 of the Higher Education and Research Bill, which received Royal Assent on 27 April 2017. The Bill is now an Act of Parliament, and UK Research and Innovation was created in April 2018.

Aims

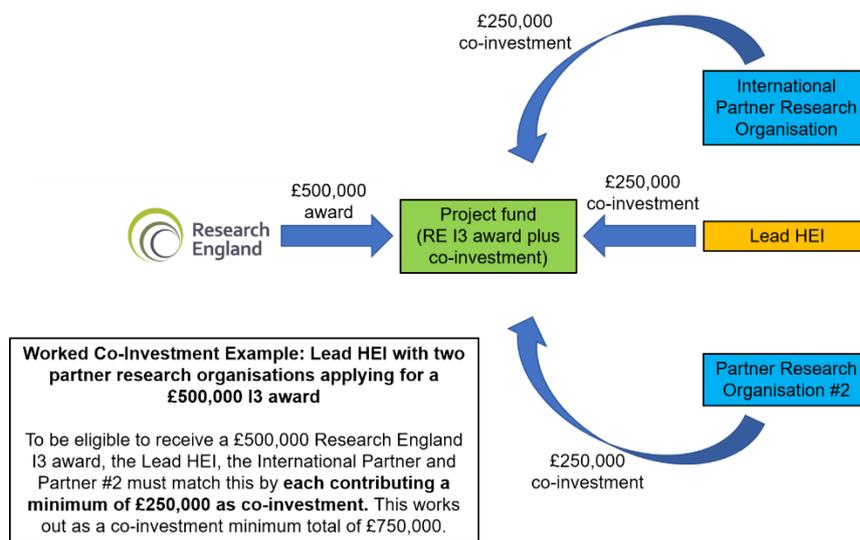
Research England (RE) seeks external support to deliver financial assurance / analysis of costings, valuations, payment profiles and co-investment supplied in applications to the international investment initiative. RE does not currently have the in-house resource and expertise to support this work at the level required.

Historically, and following lessons learned from an audit of the UK Research Partnership Investment Fund (UKRPIF) scheme commissioned in 2016, RE (formerly part of HEFCE) called on the expertise of in-house financial analysts to scrutinise the co-investment committed to proposed projects, as well as the funding / co-investment profile in more detail. UKRPIF has been cited as an example of good practice in relation to the

robustness of the scheme and the evaluation and assessment processes¹, and to that end RE are keen that these practices are adopted across its other competitive funding schemes, where relevant. RE does not have the in-house resource and expertise to support this level of analysis.

The funding call for which support is sought is the International Investment Initiative (I3) Fund.

International Investment Initiative (I3) Fund – I3 is a Research England Investment the full guidance can be found here <https://re.ukri.org/research/international-investment-initiative-i3/>. To be eligible to apply for funding from this call, bids must be led by a Research England-funded HEI partnering with a single non-UK institution at a minimum. Up to £500,000 per proposal may be requested from this fund to cover up to 5 years of funding, from an available budget of £4m. Co-investment (cash and/or in kind support) from institutions participating in this bid is a core eligibility requirement for applying, and also to receive funding from this call, as demonstrated in the worked example below (also provided in the I3 applicant guidance):



As part of Research England’s role in administering competitive funding through I3, the project teams provide high-level advice to those making the final decision on the allocation of funds (e.g. for I3, an Assessment Panel is convened). This includes analysis of whether, in principle, the bids meet the specific objectives of each fund, and that the principles of each fund are upheld – for example, for every £2.00 of investment by Research England, £1.00 (at a minimum) co-investment is required from each participating research organisation. For example, a lead HEI with a single partner will bring a minimum total of £500,000 (each investing a minimum of £250,000) to match a £500,000 investment awarded by Research England.

Research England will require assurance that bids have provided sufficient evidence that partners can meet the stated commitment of co-investment. Where the co-investment is

in-kind, assurance of the reasonable value of the co-investment will be required. Further to this, assurance regarding the legal legitimacy of the partnering organisations (legal entity checks), financial risk checking (e.g. bankruptcy) and whether fraudulent/negligent activities (historical and current) are associated with the partnering organisations, is needed.

Objectives

The principal objective of this work is to provide financial assurance of information on up to 15 bids deemed fundable in relation to the total funding budget, such as, the valuation, validity and security of the funding requested, co-investment secured and profiling of payment proposed by both lead organisation and co-investor/s, the legal legitimacy of partnering organisations and any indication of fraudulent/negligent activity by partnering organisations. Partners may be based in any country and we expect there to be an average to 2 partners with the occasional bid presenting with 3 partners. The majority of partners will be higher education institutions or public research performing organisations; however, the contractor may need to assure contributions from up to 5 partners from the private sector (industry). The analysis should answer questions such as (this is not an exhaustive list):

- Does publicly available information provide assurance that committed funds exist, or that the non-UK HEI/non-HEI project partner or co-investor² is sufficiently financially robust to commit such an investment?
- Is the costing and valuation of in-kind contributions (e.g. from project partners and / or co-investors) fair and correct / accurate as presented?
- Are payment profiles representative of cash-flows of the project?
- Are the partnering organisations legal entities?
- Is there a history of bankruptcy in the partnering organisations?
- Is there a history of fraudulent/negligent activity in the partnering organisations?

As part of the requirements for this service, the successful consultants would be expected to:

- Analyse the robustness of the financial commitments made by the project partners and / or co-investors;
- Provide advice as to the financial security of the proposed projects;
- Provide advice as to the financial security of any non-HEI project partner and / or co-investor;
- Provide advice as to the financial security, validity and valuation of any committed co-investment, particularly where this investment is in-kind;
- Provide advice as to the legal legitimacy of any partnering organisations and/or co-investor;
- Provide advice as to whether there is a history of bankruptcy and/or fraudulent/negligent activity of any partnering organisations;
- Identify and use a robust methodology that permits the collection, analysis and presentation of the collated data in a consistent manner, and ensuring that this is coherent with BEIS, UKRI and HMT.

² Private company, public sector organisation or third sector body

- Identify any limitations to the information gathered.

Deliverables

A single report, providing specific and individual feedback on the financial information included in up to 15 fundable bids, in accordance with the objectives and individual timings of I3, and to be discussed with the appropriate RE team prior to commencement. This should take the form of specific advice to those making the final decision on the allocation of funds on the security and validity of the financial information provided. Where possible, and in particular, this advice should highlight to RE and those making the final funding decisions any risks to public investment that could arise should funding be awarded.

Approach

- Full briefings from the relevant RE Staff
- Update calls between the appointed consultants and appropriate RE teams.
- Where appropriate and necessary, liaise with RE in order for RE to secure further or missing information.

Project Milestones

1. Methodology for the work (to be agreed with appropriate RE teams).
2. Delivery of analysis consisting of advice to RE and to those making the final decision on the allocation of funds on each application for each scheme, as per the appropriate timelines.

RE funds and engages with universities, UK-wide, working with devolved HE funding bodies. In addition to the distribution of over £2.2 billion to universities in England every year through formula funding, RE also supports specific activities with dedicated project funding. It is for these competitive funding schemes that RE requires assurance and analysis of the financial costings and commitments described in bids.

I3

The International Investment Initiative (I3) is a £4m fund, launched in November 2018, which aims to support the scaling up of existing strategically significant, internationally collaborative research relationships between English HEIs (HEIs) and universities and research organisations outside the UK. To scale up existing collaborations, the scheme focusses on HEIs that can demonstrate existing research excellence, strategic alignment with partners, and evidence of an existing productive collaboration.

I3 is a single-stage competitive scheme and a maximum of £500,000 may be applied for, to be allocated over up to five years (AY 19/20, 20/21, 21/22, 22/23, 23/24). Awards must be led by an English HEI with a minimum of one international university or research organisation. An HEI may only lead one bid to this scheme, but may participate as a partner HEI in multiple proposals, whether leading on a separate proposal or not.

The primary use of the I3 awards must be for scaling up international research collaboration at the institutional or organisational unit level (e.g. faculty). Awards will be for a period of five years, allowing successful bidders time to scale up activity and build quality. The I3 funding must be matched by bidders through cash and/or in-kind contributions. Funds are not available through this scheme to fund capital investment.

Research England is working with [Universities UK International \(UUKi\)](#) in the delivery of I3. UUKi have advised on the development of the fund and will be providing advice and support to the assessment and panel process.

As part of UK Research and Innovation's investment in international research collaborations, the Research England I3 will support approaches in English HEIs that lead to increased scale of effective and sustainable research collaborations at an organisational level that enhance sector practice and research outcomes. The initiative's objectives are to:

- Increase the scale and impact of existing international research collaborations that are based on excellent research
- Strengthen the contribution of international collaborations involving English HEIs to our society, pushing the frontiers of human knowledge, delivering economic impact and creating social impact by supporting communities to become enriched, healthier, more resilient and sustainable
- Contribute towards the delivery of government strategy, including the Industrial Strategy, by supporting sustained improvements in institutional capacity and capability in England.

The applicant guidance, including the eligibility and funding criteria, and associated application and financial templates can be found [here](#). The deadline for applications was 28 February 2019. We expect the successful bidder to perform assurance on up to 15 fundable bids. It is expected that the majority of bids will include 2 partners, but a limited number may have up to 3. It is expected that the majority of international partners will be HEI's or public research performing organisations. A small number of private partners we estimate up to 5 may also feature and the method should take this in to account.

Timing

Date	Outcome or Expectation
w/c 15 April 2019	<ul style="list-style-type: none"> • Inception meeting (17th April) • Development of assurance methodology • Draft assurance methodology (22th April) • Feedback on assurance methodology (RE to successful bidder 3rd May) • Agree assurance methodology (7th May)
10 May 2019	<ul style="list-style-type: none"> • Up to 15 fundable bids from the prioritised list will be selected for undergoing financial assurance by the consultant. • Estimated number of partners 15-30 across the 15 fundable bids

	<ul style="list-style-type: none"> • Conflict of interest checks • Financial assurance begins.
31 May 2019 – early w/c 3 June 2019	<ul style="list-style-type: none"> • Submission of outcomes of financial assurance of bids by consultant – the consultant should ensure that any undue risks or issues with the financing of the bid are identified alongside any concerns about the accuracy of the information provided.

Conflicts of interest

Any consultant selected will be required to confirm the individuals carrying out the work have no conflicts of interest with the funding schemes and organisations involved overall.

Where the appointed consultant has any potential conflict of interest these should be identified, reported and discussed with RE. RE expect that should there be any conflict identified appropriate measures will be taken to provide staff that are free of such conflicts and who have the required expertise to complete the work.