

University Alliance response to the HE-BCI Phase 2 consultation on 'in-kind' contributions

31st March 2023

About University Alliance

University Alliance (UA) unites the UK's leading professional and technical universities: the places where the knowledge and skills that will power the UK's future are built. We are always looking for new and exciting ways to teach and research, and working hand in glove with business, industry, and public services to keep the UK at the cutting edge. Alliance universities promote the best of British higher education worldwide, with campuses and partnerships across the globe, while remaining rooted in their local communities. The Alliance is committed to driving regional prosperity and social mobility, and our universities have the power to deliver growth across the UK. A full list of UA members can be found [here](#).

Timing and policy context

We understand that having consistent, reliable, and complete data on in-kind contributions could serve several valuable purposes for funders and other stakeholders, including strategic decision-making within HEIs themselves. In this regard, there are advantages to updating the HE-BCI guidance, but it is only one part of the picture.

For many HEIs, the range of competing priorities and the time and cost burden of setting-up and running a process for fully capturing in-kind contributions will continue to outweigh the benefits, unless there are clearer incentives or requirements to record in-kind contributions for the purposes of funding and accountability. For UA members in England, it would have been preferable to have a strategic conversation about the role of in-kind contributions in accountability and funding frameworks within a wider context of the review of knowledge exchange funding, before the HE-BCI guidance was updated.

We are concerned that taking a piecemeal approach to the review could end up creating additional burden for some HEIs. Moving ahead with a part of the review that focuses on changes to guidance, rather than the underlying data, appears logical at face value, but there are a couple of reasons why this might be challenging.

Firstly, making changes to guidance in-year could require a complex process of retrofitting existing recording and monitoring processes. In this instance, it is less consequential for most UA members than it would be for other parts of the HE-BCI data return. Those UA members that do not already have a well-established process for returning in-kind contributions to collaborative research would be unlikely to respond to changes for the 2022/23 return. However, we would like to stress that any changes proposed through the next phase(s) of the HE-BCI review must provide sufficient notice for HEIs to review and change their reporting and monitoring processes before the next cycle begins. On a related note, UA members noticed and appreciated the efforts to engage with the sector at the start of the HE-BCI major review process. Opportunities for written evidence are welcome

and important, but we hope to see some of the wider engagement opportunities (e.g., webinars, roundtables, conference workshops) included in the next phase(s) of the review. Secondly, it is not clear to what extent there is a risk that this updated guidance will have a brief shelf-life if narrower definitions or changes to the guidance are needed following the review of knowledge exchange funding in England. This would exacerbate some of the factors in the burden assessment outlined below.

We appreciate that the environment in which policy decisions are being made has been extremely challenging and this has no doubt created some unavoidable delays to decision making. However, the timing of this consultation has not been ideal for English HEIs as the deadline falls in the same week as the KEF3 narrative statements, which has impacted the capacity of some HEIs to engage with the proposals.

Comments on the proposed approach

Notwithstanding the comments above, we are generally supportive of the revised guidance proposed in the consultation under Approach 1. As a mission group with members across the UK, we have taken into account that reported values for 'in-kind' contributions are included in funding allocation metrics for the Research Wales Innovation Fund.

Elements of the revised guidance that are particularly helpful are the illustrative examples and the guidance on common types of contributions. The ability for HEIs to apportion contributions differently between themselves and to pro-rata in-kind contributions across a multi-year project are important features to retain. In addition, it would be helpful if Jisc could provide training support (e.g., webinars and guides) for staff with responsibility for completing the HE-BCI return, perhaps drawing on the HESSES [training materials](#) provided by the Office for Students as an example.

There are a few areas where changes could be made to the proposed guidance to ensure greater clarity and consistency:

- There are several references to “letters of support” throughout the revised guidance. There are occasions when non-academic partners receive funding as part of a grant, which is outlined in the funder offer letter rather than the collaboration agreement, so it is helpful to have this kind of document referenced in the guidance. However, the language needs tightening (perhaps amending to “offer letters”) or a greater explanation is needed on what constitutes a formal record to ensure clarity and prevent gaming of the system.
- The summary of the approach states that “income from donations and endowments (as collected in the HESA Finance Record) would not normally be included within the HE-BCI return”. If a donation is very specifically for research or knowledge exchange activity, it should be allowed to be included and it is not clear in the guidance where exceptions might apply.
- It is clear under the updated ‘Collecting and recording methodologies’ guidance that there is no requirement for contributions to be stated in published accounts or financial records, but in the summary of Approach 1 it states that “Where financial data can be recorded in HE-BCI, it should always be returned as reported in the HE provider's audited accounts”.

- For clarity, we suggest removing “where possible” under the proposed ‘Introduction’ guidance where it states “However, to allow for comparability of contributions received by providers they are to be, where possible, assigned an economic value”. The rest of the proposed guidance provides clear indication that providers must not account for contributions that cannot be assigned an economic value.

Burden assessment

Most UA members anticipate that sustained increased resources would be required to both set-up and run Approach 1, although it is important to note that due to conflicting priorities around the deadline for this consultation (as noted above), many have not had the opportunity to make an assessment based on the full burden assessment guide.

The likelihood of needing sustained increased resources is based on a range of factors, including:

- The need to set-up processes outside of existing finance systems as these are set-up to record income that can be reflected in audited accounts.
- In many UA members, responsibility for collaborative research sits within a different team to the one with responsibility for the rest of the areas covered by the HE-BCI return. This adds complexity to establishing systems and ensuring a joined-up approach across multiple teams (including finance departments).
- The need for manual processes, including ongoing spot-checks. This is particularly burdensome in the set-up stage if it requires reviewing previous collaborative research agreements.
- Establishing an audit and risk system to check the processes put in place to record in-kind contributions continue to be fit for purpose.
- The challenge of assigning a market value rate for bespoke equipment from industry partners and the additional costs incurred if this needs to be verified through an external valuation.