



Department
of Health &
Social Care



National Institute for
Health Research



From the Chief Scientific Adviser
Professor Chris Whitty CB FMedSci
and Dr Louise Wood, Director Science, Research
and Evidence

7th Floor
39 Victoria Street
London
SW1H 0EU

E: chris.whitty@dhsc.gov.uk
E: louise.wood@dhsc.gov.uk
W: www.gov.uk/dhsc

21st November 2018

By email to: RCF Recipient Financial Directors

Dear colleague

OUTCOME OF REVIEW OF NIHR RESEARCH CAPABILITY FUNDING

Last year, the Department of Health and Social Care (DHSC) began a review to identify the degree to which Research Capability Funding (RCF) is meeting its current aims and whether changes are required to ensure that RCF policy, and its implementation, remain fit for the future of the National Institute for Health Research (NIHR).

We are writing to you today to outline the conclusions of the review and to highlight where you can find further information about the likely impacts of forthcoming changes to RCF policy on organisations which receive RCF funding.

Key conclusions from our review of RCF

Our main conclusion is that RCF has played an effective role in helping to ensure that the health and care system can act flexibly and strategically to maintain research capability and capacity. We recognise the contribution that RCF can continue to make in years to come and will therefore be retaining RCF as a funding stream for the foreseeable future.

However, we will gradually reduce the total annual allocation to the RCF funding stream from 2019/20 onwards. Resources released from these changes to RCF will be used to tackle cross-cutting demands on the NIHR budget, such as those brought about by amendments to the NHS *Agenda for Change*. They will also be used to increase investment in NIHR research topics which are key to the future of patient care and the sustainability of the health and care system, such as mental health and multi-morbidities and other areas identified in our *Future of Health*¹ report.

We provide below further detail about the context and conclusions of the review. A Q&A about the review and scenarios illustrating the potential impact of the changes to RCF on

¹ https://www.rand.org/pubs/research_reports/RR2147.html

recipient organisations can be found on the NIHR website at <https://www.nihr.ac.uk/funding-and-support/funding-to-support-research/research-capability-funding/>

It should be noted that the future funding envelope for RCF will, as now, be subject to the annual settlement to NIHR from DHSC and also subject to the outcome of any cross-Government Spending Review in 2019.

The context of our review

Our review took into account evidence about the operation of our current RCF policy, gathered over the implementation period of RCF (2012/13 – 2018/19), *via* annual reports from recipient NHS organisations. It also considered, in depth, the stakeholder responses to our consultation on RCF in 2017. We are grateful to all of the organisations who responded.

When undertaking the review, we were also conscious of the conclusions of the *Future of Health* report and the financial context of the NIHR as part of the health and care system more generally, with a developing long-term funding plan for the NHS and a likely forthcoming Government-wide Spending Review in 2019. As you would expect, we kept at the forefront of our considerations the need to act as sound custodians of public money for public good – a core principle of the original strategy underpinning NIHR².

Our review considered the overarching purpose of RCF to assess whether it is still relevant for the future of NIHR. We scrutinised each facet of our existing RCF policy – the overall approach to allocating RCF *via* a formula; the ways in which RCF payments are made to receiving organisations; how the uses of RCF are reported to DHSC on a yearly basis and the justification for each of the component RCF payments associated with NIHR programmes and infrastructure weightings, Senior Investigator affiliation and patient recruitment.

Further detail on the conclusions of the review

Many aspects of the policy underpinning RCF allocation and use will remain the same, as outlined below:

- The permitted uses of RCF will remain as they are in current NIHR guidance;
- Recipients will continue to have flexibility as to how they prioritise the deployment of RCF for permitted uses;
- RCF will continue to be distributed to NHS organisations *via* a formula-based methodology, although we are making changes to the formula itself;
- Recipients of RCF will continue to account for RCF spend using existing processes – namely, the end of year report currently in use;
- The RCF budget at national level and for local NHS organisations will continue to be set on an annual basis, using existing financial processes;
- Organisations that are ineligible for RCF based on their NIHR income will continue to be awarded £20k if they recruit over 500 participants to non-commercial studies during the

² <https://www.gov.uk/government/publications/best-research-for-best-health-a-new-national-health-research-strategy>

previous reporting period. This reflects the ongoing importance of patient recruitment across the health and care system by organisations which are not yet highly research active.

The changes to RCF policy centre around the allocation formula, as discussed below.

From 2019/20 onwards, the RCF formula weighting for qualifying NIHR programme funding will be maintained at approximately the 2018/19 level (£0.28)³. The weighting will be maintained due to the shorter duration of programme contracts compared to NIHR infrastructure awards.

There are currently different formula weightings for qualifying income due to NHS organisations holding NIHR Centres, CLAHRCs and other infrastructure contracts. From 2019/20 onwards, these weightings will be reduced so that by 2023/24 they will be approximately 10% of their 2018/19 value. From 2023/24, the formula weighting for Centres, CLAHRCs/ARCs and other infrastructure will be the same (approximately £0.013) and it will remain at this level from that year onwards. There will be a linear reduction in the Centres, CLAHRCs/ARCs and other infrastructure weighting over the 2019/20 to 2023/2024 period. Infrastructure awards are sizeable, stable over a longer time period than programme awards and, importantly, include funding to contribute explicitly to certain costs that are not funded under NIHR programme awards. The residual 10% weighting is expected to support parental leave cover, long-term sick leave and researchers time allocated to preparing research proposals, uses which are not covered by NIHR infrastructure awards.

We are also making changes to the Senior Investigator (SI) element of the existing RCF formula:

- For SIs appointed from April 2020 onwards, there will no longer be an associated £75k per SI per annum payment to their host NHS organisation. Instead, SIs appointed from 1st April 2020 will have their personal awards increased from £15k per annum to £20k per annum. This increased personal award to SIs will come with an increased need for accountability to NIHR for this spend. SIs will, in future, need to report on how they use this funding to achieve overarching NIHR goals, which include a focus on patient and public engagement, involvement and participation in research. Further information about this will be provided as part of the 2020/21 SI award scheme, which will be advertised in 2019.
- Existing SIs and SIs appointed on 1st April 2019 will have an associated £75k per annum payment to their hosting NHS organisation for the duration of their SI contracts, in line with the current arrangements. The personal awards to existing SIs and SIs appointed on 1st April 2019 will have a per annum personal award of £15k, again, in line with the existing arrangements.

³ The formula weightings for Programmes, CLAHRCs, infrastructure and Centres are adjusted each year in light of the total quantum of RCF allocated to NIHR by DHSC. Weightings are adjusted to ensure that the summation of allocations to individual NHS organisations does not exceed the total yearly quantum of RCF budget at national level. This form of adjustment will continue in future.

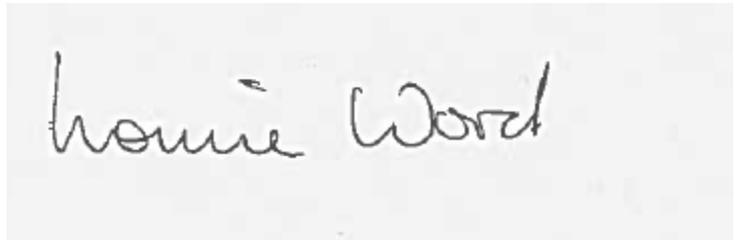
We recognise that the emergent effect of these changes is that the quantum of RCF to a number of individual organisations will reduce in future. This is why we are introducing these changes gradually, over a period of years, to mitigate impacts on recipients. Whilst these changes will bring challenges, they will also create opportunities. As we indicated above, any resources released by these changes will not be withdrawn from the research system. Rather they will be re-invested in supporting NIHR research to provide evidence to help safeguard the future of patient care and the sustainability of the health and care system.

If you have any questions relating to these forthcoming changes, please contact Claire Owen, our DHSC RCF policy lead, at claire.owen@dhsc.gov.uk.

Yours sincerely,



PROFESSOR CHRIS WHITTY
CHIEF SCIENTIFIC ADVISER



DR LOUISE WOOD
DIRECTOR SCIENCE, RESEARCH AND EVIDENCE