

HE-BCI record 2023/24 - Coverage of the record – Proposed

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1. The HE-BCI record is collected in line with statutory requirements from all HE providers in Wales, Scotland and Northern Ireland, and in line with statutory requirements from all approved (fee cap) providers in England. These requirements are as detailed at <https://www.hesa.ac.uk/support/provider-info/subscription>

Purpose of the Higher Education - Business and Community (HE-BCI) record

2. The HE-BCI record is the main vehicle for measuring the volume and direction of interactions between UK HE providers and business and the wider community. The record has collected data for each academic year from 1999/2000.
3. The HE-BCI record collects information regarding the whole HE provider rather than any constituent team or function. There may be examples of HE providers with one department engaging with international partners in research projects while another is embedded in regional economic development; in such circumstances it is expected that the respondent provides the most useful summary within the format of the HE-BCI record.
4. Part B of the HE-BCI record is primarily concerned with gathering numeric and financial data regarding KE activity. While any low-burden questionnaire is likely not to capture everything given the complexity of such interactions, the majority of an HE provider's income from KE activities should be reflected under HE-BCI.
5. It is important for the record to distinguish between types of partner (such as between private businesses and the public sector). This allows for the understanding that there may be a number of indirect economic benefits brought about by these interactions that may differ by organisation type and industry sector.
6. The data supplied within the return are required for the following reasons:
 - a. To assist in the production of knowledge exchange activity information.
 - b. To assist in the production of management information.
 - c. To support policy development.
 - d. To provide metrics to drive the allocation of public funds.
 - e. To further develop HE providers' infrastructure in this area.

7. Related bodies (see introduction to the record for details of these) in the UK draw on HE-BCI record data to inform funding of KE and this remains one of the key drivers for collection of the information. In addition, a range of other public and project funders such as DSIT and UK Research and Innovation (UKRI) use the HE-BCI record to produce key performance indicators, and also for systems intelligence and international benchmarking. HEFCW uses the data for producing a set of national measures. These national measures are used to monitor a provider's progress fee and access plan commitments, as well as to inform funding and monitoring of KE activities. SFC is proposing to use specific HE-BCI measures to inform the allocation of the Knowledge Exchange and Innovation Fund (evolved UIF) from AY24-25.
8. It is therefore important that the return should be completed as consistently as possible between one HE provider and another and over successive years.

Scope of the HE-BCI record

9. The HE-BCI record covers a range of activities: from the commercialisation of new knowledge, through to the delivery of professional training, consultancy and services, to activities intended to have direct social benefits. The term 'business' in the context of the HE-BCI record refers to both public and private sector partners of all sizes and sectors, with which HE providers have interactions.
10. The HE-BCI record collects data on interactions between UK HE providers and businesses and the wider community. This excludes interactions between a UK HE provider and their constituent parts, colleges or corporate group, or with another HE provider regardless of whether in the UK or overseas.
11. HE-BCI seeks to use financial and other data as a proxy for the HE provider's engagement with the economy and society. Therefore, while there are areas of apparent overlap between the [Finance](#) and the HE-BCI records, each collect different data for different reasons. The same activity (for example contract research income) may be returned under both records, but there should be no assumption that all external income has a place within HE-BCI (as is the case for the Finance record).
12. Please note that providers cannot return re-stated data from previous years in the HE-BCI returns. The previous year's data will be displayed as a read-only field in the Part B template.

Conventions to be used in the HE-BCI record

Uniformity of returns and audit

13. The HE-BCI record may be subject to audit. It is imperative that the HE-BCI record is completed uniformly, and so all HE providers should follow the notes of guidance provided. This will allow the data to be compiled in a consistent manner and interpreted meaningfully.
14. HE providers should be confident of the total income from knowledge-related business interactions with the majority of data returned under appropriate headings even if it is not possible in a small minority of cases to draw exact distinctions between categories such as consultancy and facilities and equipment-related services.

15. To achieve a balance between data needs for HE providers and their principal funding bodies, HE-BCI record guidance allows for a certain degree of expert estimation in certain parts of the return, namely where totals are to be disaggregated into subcategories. Where such estimation takes place, HE providers are required to keep records of the details and it is expected that they will be able to make provision for this data within their data capturing systems. Data from the HE-BCI record that is used to inform funding is likely to be included alongside other data as part of the general funding data audits; this is already happening in Wales.

General guidance for the HE-BCI record

16. When completing the HE-BCI return, please use the same conventions as required for the completion of the HESA Finance record (see the Coverage statement for that record in particular). As per these conventions VAT charged to customers should not be included in income figures collected in HE-BCI.
17. All monies should be shown in units of £1,000 and where necessary be independently rounded to the nearest £1,000. For example, £147,700 should be entered as 148.
18. For the HE-BCI record (Tables 1 to 5) it is income rather than [full economic costing \(fEC\)](#) which should be returned.
19. Data should not be returned more than once in Tables 1 to 5, except for the specific sub-set of questions regarding regional partners and overseas interactions. Where financial data can be recorded in HE-BCI, it should always be returned as reported in the HE provider's audited financial statements.
20. Where the provider's financial year differs from the HESA reporting year, data should be returned as appropriate for the HESA year and in a way that avoids double counting.
21. Income from donations and endowments (as collected in the HESA Finance record) would not normally be included within the HE-BCI return.
22. Where HE providers are asked to split values between SMEs, other (non-SME) commercial businesses and non-commercial organisations, and the HE provider has hundreds of contracts to return, it is acceptable for the provider to take a representative sample of contracts in order to determine the split between these 3 categories, and then scale up.

The diagrams at the end of this section illustrate whether different categories of income can be returned and which table that they can be attributed to. These examples are illustrative and do not represent some of the more complex arrangements.

Definitions

Academic staff

23. Academic staff are defined as [staff](#) at least one of whose contracts of employment relate to an academic function and whose contract activity can be categorised as 'Managers, directors

and senior officials', 'Professional occupations' or 'Associate professional and technical occupations' as defined by the 2020 Standard Occupational Classification (SOC) major groups 1, 2 or 3. This may therefore include vice-chancellors and other senior academic managers, medical practitioners, dentists, veterinarians and other health care professionals whose contract of employment includes an academic function.

24. The [academic employment function](#) may be teaching, research, teaching and research or neither teaching nor research (where an academic professional that has taken up a senior administrative responsibility but there is no change to the academic function in their contract of employment).

Non-commercial businesses

25. Non-commercial businesses include the public sector, not-for-profit organisations and charities.
26. Where the HE provider's systems do not allow analysis of partner type, it is permissible to take representative samples and scale for the return. In this case, in the event of audit, the focus will be on providers having robust and valid processes to return such figures.

Research

27. For the purposes of the HE-BCI research section of the return, research is defined as 'original investigation undertaken in order to gain knowledge and understanding'. This definition excludes routine testing and analysis and the development of teaching materials that do not embody original research. For the full definition see the HMRC's internal VAT education manual: <https://www.gov.uk/hmrc-internal-manuals/vat-education-manual/vatedu37000>

SMEs (small and medium-sized enterprises)

28. SMEs are classified according to the European Commission as enterprises which:
- employ fewer than 250 employees worldwide (including partners and executive directors), and
 - have either an annual turnover not exceeding 50m euros, or an annual balance sheet total not exceeding 43m euros, and
 - conform to the following independence criteria:
29. An enterprise is considered independent unless 25% or more of the capital or of the voting rights is owned by an enterprise falling outside the definition of an SME whichever may apply, or jointly by several such enterprises. (This ceiling may be exceeded if the enterprise is held by public investment corporations, venture capital companies or institutional investors, provided no control is exercised either individually or jointly, or if the capital is spread in such a way that it is not possible to determine by whom it is held).
30. SMEs include micro, small and medium enterprises, and sole traders.
See https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en and particularly [the revised user guide to the SME definition \(2020\)](#) for the full definition.

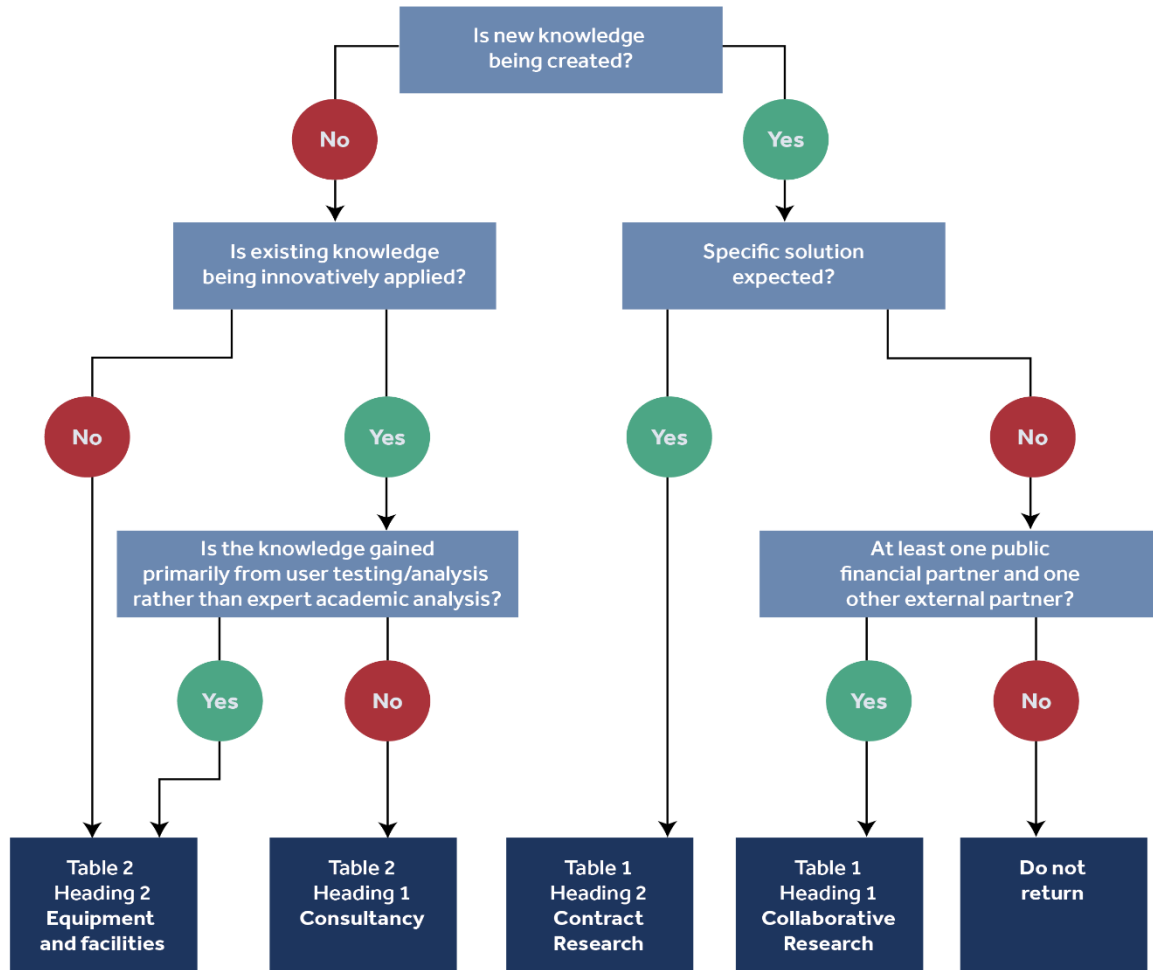
Basic principles to consider when determining if an enterprise is an SME

- A) SME or not SME - The number of SMEs that a HE provider is working with (and the value of that work) may have onward funding implications, so the onus of proof for questions of categorisation should be on whether there is any evidence that the organisation is an SME. Therefore, where staff and financial records are not available for a given firm the HE provider may seek to ask the organisation to verify if they are an SME, but if that is not possible then the assumption should be that they are not an SME.
- B) Commercial or non-commercial business - This categorisation is less likely to have onward funding implications. Therefore, if it is not possible to determine whether an organisation is commercial or non-commercial either by asking them or from desk based checks, the HE provider should use their best judgement to determine the most appropriate categorisation using a consistent process that is set out as would be appropriate for audit purposes. For example, in cases where it is not clear the HE provider might wish to consider the type of activity undertaken by the organisation or overarching objectives e.g. pure commercial activity for profit only or with social / environmental goals.
- C) Categorising firms that are not SMEs but have multiple shareholders - The guidance on determining independence is designed to give a yes/no outcome over whether an organisation is an independent SME, so it is less precise for this onward data categorisation query. Once the SME independency test is failed, i.e. "25% or more of the capital or of the voting rights is owned by an enterprise falling outside the definition of an SME" then the logical way to proceed is to determine who is the largest single owner with a stake of over 25% and categorise the organisation by that stakeholder type. For example, if an organisation's largest shareholder is a public body with a 55% stake, then it is the majority owner so the organisation should be classified as non-commercial.
- D) Single categorisations - which ever categorisation is given, this should be a single category for a whole organisation, therefore even where ownership is split between commercial and non-commercial owners a single organisational value must not be split between categories.

Flowchart 1

Simple decision tree for HE-BCI income.

This diagram should be viewed as illustrative and not prescriptive of such linear models.



Flowchart 2

Illustrative knowledge exchange (KE) journey with external partner.

This diagram shows the various stages of KE within an HE provider and which HE-BCI table should be used to capture this information. A single relationship can encompass multiple modes of KE.

