
Review of Research Policy

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To: Heads of higher education institutions in
Wales

Summary: This Circular invites comments on a revised
statement of HEFCW's research policy
objectives and a broad supporting funding
scenario.

Response by: 27 April 2007

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INTRODUCTION

- 1 This Circular invites comments on a revised statement of HEFCW's research policy objectives and a broad supporting funding scenario. These have been developed as the first stage of a review of HEFCW's research funding method.

BACKGROUND

- 2 The Council's research funding method will require revision following the 2008 Research Assessment Exercise (RAE) in order to articulate with the outcomes of that exercise. Before embarking on any work on the research funding method itself, however, the Council agreed firstly to undertake a review of its research policy. This is intended to ensure that the subsequent work on revising the funding method is informed by an explicit and up-to-date understanding of policy objectives and the purposes for which the funding is provided.
- 3 In order to assist with the policy review, the Council established a Research Sounding Group, whose membership is shown at **Annex A**.

RESEARCH POLICY OBJECTIVES

- 4 The Council's previous review of research policy and funding, undertaken in 2000, resulted in a statement of research policy objectives and a separate statement of the purpose of the Council's research funding.
- 5 These statements have become somewhat outdated as a result of policy developments which have taken place in the wider research environment since that time. The review has therefore sought to update these statements to take account of the new policy drivers.
- 6 At the same time, the two separate statements have been combined into a single document, setting out the desired characteristics of the research base in Wales and indicating how the Council's research funding will support these characteristics. This approach mirrors the structure of HEFCW's Corporate Strategy.
- 7 The principal policy drivers taken into account in revising the policy objectives are summarised below:

Reaching Higher

- 8 The central message of the Assembly's *Reaching Higher* policy document, published in 2002, is that there is a need to strengthen the Welsh HE sector through reconfiguration and collaboration. The Council's research policy needs to reflect this important agenda which has particular relevance for research. In order to be sustainable and effective, research groupings need to be of a reasonable size – for example, so that they are able to withstand the impact of staff departures, manage an effective division of labour and network effectively. They also need to have sufficient disciplinary range to facilitate multidisciplinary work.

Science Policy for Wales

- 9 A key aspect of the Welsh Assembly Government's Science Policy for Wales, published in November 2006, was the identification of three priority areas for research in Wales – health, low carbon energy systems, and enabling sustained economic and social renewal.
- 10 The Council will need to ensure that the sector is well-placed to contribute strongly to research in the three selected areas. At the same time, however, it is also important to avoid any undue concentration of funding, and to ensure that Wales continues to have a broad and diverse research base, capable of responding to new and emerging challenges. It is therefore envisaged that the Council will have regard to the Science Policy priority areas when allocating initiative or other discretionary research funding, but will continue to use its core funding to maintain a broad span of research activities.

Full Economic Costs

- 11 Full economic costing of research, which was implemented in 2005, is intended to promote the long-term financial sustainability of the UK research base by ensuring that, in aggregate, HEIs cover the full economic cost of the research which they undertake. Research Councils now pay 80% of the full economic costs of the research that they sponsor (increasing to 100% over time), and industry and Government departments are generally expected to pay 100%.
- 12 The introduction of FEC means that QR funding constitutes a smaller proportion of institutions' total research income than in the past. However, this does not detract from the vital role which QR plays in promoting the dynamism of the research base. QR is a relatively stable funding stream which can be deployed at institutions' discretion. Consequently, institutions are able to align this funding with their own strategic priorities and use it to make a key contribution to developing and sustaining research capabilities. This could not be achieved by a system of 100% project funding: it can be argued that FEC ensures that the existing research base is financially sustainable, but QR allows the research base of the future to emerge and develop. The specific functions of QR include:
 - giving institutions the flexibility to determine the strategic direction of their research
 - supporting emerging areas of research which are not yet sufficiently developed to attract external funding
 - meeting the balance of costs for those categories of research sponsors which do not pay full economic costs (e.g. charities).

Continuing Priorities

- 13 In addition to the above policy developments, there are also a number of longstanding priorities which remain relevant. These include the following:

High Quality Research Base

- 14 The overriding objective of the Council's research policy for many years has been to ensure that research base in Wales is of a quality which compares favourably

with the rest of the UK and internationally. It is envisaged that this will continue to be the paramount consideration underpinning the revised policy statement.

Knowledge Transfer

- 15 The requirement that HEIs should maximise opportunities to commercialise and apply their research for the benefit of the wider economy is a major element of Government policy, both in Wales and at UK level. This issue featured strongly in the Assembly's *Reaching Higher* policy document, and in recent HEFCW remit letters, as well as in numerous UK policy documents, including *The Science and Innovation Investment Framework (2004)*. It is also reflected in the Assembly's ambitions for higher education in its new Science Policy, and in recommendations arising from the 2004 *Nexus* report.
- 16 The Council regards its research funding as supporting the generation of high quality and original research which advances knowledge and practice and, where appropriate, provides a basis for application and knowledge transfer. Funding to help support the actual exploitation of such research is provided separately through the Council's Third Mission Fund.

Research Council and other external research income

- 17 HEFCW and the Assembly have had a long-standing concern that the sector's share of total Research Council income is considerably less than would be expected from its size and RAE performance. *Reaching Higher* included a target that the sector's share of Research Council income should increase to 4.5% by 2010/11. Following several years of gradual upward progress, the sector's share of the UK total stood at 3.5% in 2003/04, but fell back to 3.1% in 2004/05. *Reaching Higher* also includes a target for the sector to double its research income from external funders other than the Research Councils over the ten years to 2010/11. Performance against this target has been stronger, and current indications are that it is likely to be achieved.
- 18 Increasing the sector's share of income from the Research Councils and other external research funders is likely to continue to be an Assembly priority. If the Welsh research base does not secure credible levels of income, there is a risk both to its reputation and standing, and to the level of activity which it can undertake. The importance of strong performance in this area has been further underlined by the recent moves towards a metrics-based approach to research assessment after 2008, which is likely to make significant use of levels of research income.

We would welcome comments on the above analysis of policy drivers. Are there any other significant policy drivers which should be taken into account?

REVISED STATEMENT OF RESEARCH POLICY

- 19 Taking account of the above policy drivers, and having regard to discussions in the Research Sounding Group, a revised statement of the Council's research policy and purpose of funding has been prepared, as shown at **Annex B**. Copies of the existing statements are attached at **Annex C** for reference.

Comments are invited on the revised draft statement of research policy and purpose of funding, as shown at Annex B.

BROAD FUNDING SCENARIO

- 20 The present consultation does not deal with the detail of funding mechanisms, which will be considered at a later date. However, it would seem useful to give some consideration at this stage to the overall shape of the funding framework. For planning purposes, it should at present be assumed that there will be no additional funding for research following the 2008 RAE. There are, however, very few constraints on the deployment of the existing funding.

Current Arrangements

- 21 The main elements of the Council's existing funding method are summarised at **Annex D**. A brief critique of recent developments is as follows:

- During the period since the last RAE, the selectivity of the Council's main formula funding for research (QR) has increased. As in other parts of the UK, the threshold for eligibility has been raised from an RAE rating of 3b to 4. This means that the Council is able to concentrate the available resources on the highest quality research, thereby helping to maintain its competitiveness.
- In the period since the last review, there has been a move away from the earlier approach of having a multiplicity of fairly small research funding initiatives. In the early part of the period, the Council ran a single, large-scale initiative – the Research Capacity Development Fund (RCDF). An evaluation of this initiative, undertaken by Arad Consulting in Summer 2006 and published on the HEFCW website (www.hefcw.ac.uk/research/initiatives), concluded that the initiative had generally been successful in its objective of building research capacity in areas of importance to the economy, culture and society of Wales. The Council, however, has not moved to establish a successor initiative, in part because the Reconfiguration and Collaboration Fund can be regarded as performing a similar function.
- The Reconfiguration and Collaboration Fund (currently £12m per annum) was established to support the Assembly's policy, set out in *Reaching Higher*, of promoting the reconfiguration of the sector on the basis of networks of excellence. This Fund is playing an increasingly important role in promoting the robustness of the research base by bringing together areas of research excellence into collaborative partnerships. Developments supported to date include: the merger of Cardiff University and UWCM (£15m); the Research and Enterprise Partnership between UW Aberystwyth and UW Bangor (£11m); the Wales Institute of Cognitive Neuroscience (£5m); and the Wales Institute of Mathematics and Computational Science (£5m).
- During the period under review, the physical research infrastructure in Wales has been significantly strengthened by substantial investment from the UK-wide Science Research Investment Fund (SRIF), which is funded jointly by the funding bodies and the Office of Science and Innovation. Since 2002-03, HEIs in Wales have received almost £129 million from this fund which has helped address past under-investment and allowed extensive upgrading of equipment and premises. Arrangements for capital funding for research beyond 2007-08 will be subject to review.

Proposed Future Funding Scenario

- 22 The revised statement of research policy, if endorsed by the present consultation exercise, does not seem to point to the need for any radical change to the Council's general funding framework although there will, of course, be a need to review and modify operational details. This conclusion was reinforced by discussion with the Research Sounding Group, where there did not seem to be any impetus for major changes. Accordingly, it is envisaged that the broad funding scenario which will apply following the 2008 RAE will consist of the following elements:
- QR funding – allocated selectively on the basis of the outcomes of the 2008 RAE to reward and reinforce research excellence
 - PGR funding – following consultation with the sector in 2005, the Council has already signalled its intention of establishing a consolidated PGR funding stream after the 2008 RAE by transferring the funding currently associated with the PGR minor volume measure in the QR formula into the PGR funding stream.
 - Capital funding for research
- 23 Additionally, it is envisaged that the Reconfiguration and Collaboration Fund will continue to play an important role in helping to strengthen and reshape the research base by supporting collaborative groupings and other forms of partnership.
- 24 In discussion with the Research Sounding Group, consideration was given to the desirability or otherwise of establishing a successor initiative to the RCDF to build research capacity in selected areas. The prospect of some developmental funding of this nature was generally welcomed, provided that this was not at the cost of adequate levels of support through QR. There was also a view that such funding should result in large-scale step changes, and that it should be used to build on established track records of success. This view is consistent with the outcomes of the evaluation of the RCDF initiative, which found that the most successful projects were those at institutions which have a sizeable and well-established research base.
- 25 It is proposed that the establishment of a further capacity-building initiative should be considered further at a later date, subject to the availability of funds, but that it should be a second-order priority.

Comments are invited on the proposed broad funding scenario, as set out in paragraphs 22-25.

- 26 In discussions with the Research Sounding Group, some doubts were expressed about whether the promotion of collaboration between institutions is necessarily always the most effective way of building strong research groups. In order for collaborations to succeed, the collaborating departments must have a very strong sense of common purpose and identity, effectively operating as a single unit. Notwithstanding some manifestly successful examples of such forms of collaboration, it was suggested by some that this can be hard to achieve, particularly when travel between collaborating institutions is difficult. A further factor is that, at present, much multidisciplinary work takes place as a result of interaction between different departments *within* an institution, rather than *across* institutions, and that this works most effectively where the subject departments are sufficiently large to have a broad range of expertise.

- 27 In the light of the above factors, there was a suggestion that it could be more effective for all activity in a particular subject area to be located in a single place and that the Council should seek to reshape the research base in Wales through a policy of concentration, by moving some selected subjects between institutions. We would like to establish whether there would be support for this approach.

Comments are invited on the suggestion that the Council should develop a policy of research concentration.

NEXT STEPS

- 28 The revised statement of research policy objectives and the broad funding scenario will be finalised in the light of responses to this consultation. The final versions will be published in July.
- 29 The Council will then undertake a review of its research funding methodology in 2007/08. It is currently envisaged that, if warranted, there will be a consultation with the sector on the revised method in Spring 2008. The revised method will be implemented with effect from the 2009/10 funding allocations.

SUMMARY OF POINTS FOR CONSULTATION

- 30 Comments are invited on:
- the analysis of policy drivers, as set out in paragraphs 8 to 18
 - the revised draft statement of research policy and purpose of funding, as set out at Annex B
 - the proposed broad funding scenario, as set out in paragraphs 22 to 25
 - the suggestion that the Council should promote a policy of research concentration

RESPONSES AND FURTHER INFORMATION

- 31 Responses should be submitted by **Friday, 27 April 2007**. They should be addressed to Linda Tiller and can be submitted either by post (Higher Education Funding Council for Wales, Linden Court, The Orchards, Ilex Close, Llanishen, Cardiff CF14 5DZ) or by email (linda.tiller@hefcw.ac.uk).
- 32 Any queries arising from this Circular should also be addressed to Linda Tiller (tel 029 2068 2228; email linda.tiller@hefcw.ac.uk).

HEFCW RESEARCH SOUNDING GROUP

MEMBERSHIP

Professor Sir Brian Smith (HEFCW Council member) (*Chair*)

Professor Peter Blood (Pro Vice-Chancellor, Research, Cardiff University)

Professor Anne Carlisle (Pro Vice-Chancellor, Academic, UW Newport)

Dr Virginia Chambers (DEIN)

Professor Richard Davies (Vice-Chancellor, UW Swansea)

Professor John Farrar (PVC Research, UW Bangor)

Professor David Halton (Vice-Chancellor, University of Glamorgan)

Professor Sir Ronald Mason, FRS

Mr Richard Rossington (DEIN)

Sir Keith Thomas, FBA

Professor Nigel Yates (UW Lampeter)

Observers

Ms Judith Cole, Welsh Assembly Government

Ms Amanda Wilkinson, Higher Education Wales

HEFCW's RESEARCH POLICY OBJECTIVES: PROPOSED REVISED STATEMENT

Desired Characteristics of the Research Base in Wales include:

- A research base of a quality which compares favourably with the rest of the UK and internationally
- Sufficiently broadly based to respond flexibly to new and emerging challenges
- Research groupings of a size and disciplinary range to be effective and sustainable
- A research culture which encourages staff to perform to their full potential and facilitates the recruitment and development of leading researchers
- Is sustainable in the longer term, both financially and in terms of developing the next generation of researchers
- Generates high quality and original research which advances knowledge and practice and, where appropriate, provides a basis for application and knowledge transfer
- Supports the economy, society and culture of Wales
- Maximises opportunities to lever research income from external funders, including Research Councils, charities, business and the EU.

HEFCW will enable the sector to achieve the above by:

- Allocating research funding **selectively** on the basis of research excellence to recognise and reinforce high quality research
- Seeking to ensure that levels of research funding in Wales compare favourably with other parts of the UK, giving priority to ensuring that funding for top-rated research remains competitive
- Seeking to strengthen the research base by promoting genuine and effective collaborations which result in credible research groupings in terms of size, disciplinary reach and institutional support
- Funding a sufficiently broad research base to enable the sector to respond to emerging research opportunities
- Encouraging best practice in the management of institutional research strategies, in terms both of grant-seeking and ensuring (FEC) sustainability
- Monitoring institutional performance and impact, including providing analysis and feedback
- Seeking to ensure that the sector is well-placed to respond to the Welsh Assembly Government's priorities, including the science policy, and other Government initiatives.

The purpose of the funding which HEFCW provides through its main quality-driven research grant is: to give institutions the flexibility to determine the strategic direction of their research; to support emerging areas of research which are not yet sufficiently developed to attract external funding; to help meet the balance of costs for those categories of research funding which do not currently pay full economic costs.

Other research or knowledge transfer funds may also be deployed from time to time in order to build capacity or promote the application of research.

CURRENT STATEMENT OF HEFCW'S RESEARCH POLICY OBJECTIVES

1 *The maintenance and improvement of the quality of research in the sector*

The Council's principal concern is to secure the maintenance and improvement of the quality of the research undertaken in the sector – basic, strategic and applied research. It will seek to promote a research base that is acknowledged for its excellence in all it does.

2 *The promotion and development of a resilient research base, well-founded and comprising a credible volume of research active staff and a strong cadre of researchers in training*

A resilient research base has sufficient strength and flexibility both to drive and to respond to change. Resilience requires up to date equipment and facilities, a healthy number of research active staff and a strong body of researchers in training. The Council will seek to secure all these elements.

3 *The promotion of a research base sufficiently diverse to span the range of types of research, from basic and strategic to applied.*

The research undertaken in the sector should span the full spectrum from basic and strategic to applied research, with specialisation according to institutional mission. The Council will seek to maintain diversity, the sole criterion for its support being the quality of the work undertaken.

4 *The promotion of an outward looking research base, alert to opportunities for synergy and the extension of its capability and capacity*

Collaborations between partners with common or complementary research agendas promote cross-fertilisation of ideas; they may also provide access to an enhanced range of equipment and facilities to further the research effort. The Council will seek to encourage an outward-looking research base that is both able and disposed to take full advantage of opportunities to collaborate.

5 *The promotion of a dynamic and responsive research base, capable of continuous regeneration and revitalisation*

The Council will seek to promote a research base that has the flexibility to reshape existing research portfolios; to develop research capacity in embryonic areas; and to allow the emergence of new groups of researchers.

6 *The promotion of a research base capable of contributing to economic and social development in Wales and more widely*

The Council will seek to encourage research that will underpin economic and social development in Wales in particular and in the UK in general. Such research includes not only commercially exploitable work that contributes directly to wealth creation, but also research that informs public policy and otherwise enhances the quality of life.

CURRENT STATEMENT OF THE PURPOSE OF THE COUNCIL'S RESEARCH FUNDING

The overall purpose of the Council's research funding is to help secure a strong, diverse and flexible research base with the capacity to conduct high quality, innovative research which advances knowledge, creates wealth and enhances the quality of life. Its contributions in these areas serve in particular to support the achievement and delivery of strategies for sustaining the health and well-being of Wales in all its aspects.

The Council's funding provides the reasonably assured foundation that sustains the research infrastructure in institutions. It is the principal source of support for the physical and human infrastructure for research: equipment and facilities, and staff and postgraduate research students. These are the fundamentals of a basic research capability that, consistent with the purposes of the dual support system, are complemented by the resources the Research Councils provide for specific research projects.

The Council's funding underpins research across the full spectrum of basic, strategic and applied activity. It provides a relatively stable environment within which established lines of enquiry can be maintained and new lines of research, not yet sufficiently developed to attract support from other sources, can be pursued. Since future needs for knowledge cannot be predicted accurately, the continuity of the Council's funding and the freedom it affords to undertake speculative work is essential in securing a responsive and dynamic knowledge base.

The Council's research funding also plays a critical role in securing research capacity into the future by affording scope to nurture the next generation of researchers. At one level, the Council's funding provides development opportunities for new scholars while they establish the track record required to attract support from other sources; at another, it provides the environment for research training, the route to a subsequent career in higher education or in public or private enterprise.

The research infrastructure and opportunities for development offered by the Council's funding provide a platform from which institutions can attract funding for specific research projects, as much from public and private enterprise as from the Research Councils. It also provides institutions with the base from which to embark on research collaborations with external partners. In these ways, the Council's funding serves to extend research capability and capacity in the sector.

SUMMARY OF HEFCW'S CURRENT RESEARCH FUNDING METHOD

Current Funding Streams

QR – formula funding allocated on the basis of the outcomes of the RAE to reward and reinforce research excellence. This is by far the largest component of HEFCW's research funding method (£60.8m in 2006/07). Since 2004/05, eligibility has been restricted to departments rated 4, 5 and 5* in the 2001 RAE.

PGR – to support the training of postgraduate research students (PGR). The funding (currently £5.2m) is currently allocated in proportion to qualifying PGR enrolments in departments rated 3b and above. Funding associated with PGR is also currently allocated through the QR funding stream, where PGR student numbers are one of the minor volume measures. The Council has already signalled its intention of transferring the latter funding into the PGR funding stream after the 2008 RAE.

Science Research Investment Fund (SRIF) – capital funding for research infrastructure (buildings, equipment and IT infrastructure). This is a UK-wide scheme, funded jointly by the Office of Science and Innovation and the funding bodies. HEIs in Wales currently receive around £23m a year (£10.8m from HEFCW, £12.2m from OSI). Arrangements beyond 2007-08 are to be determined.

Research Investment Fund – established in 2004/05 in parallel with the Council's decision to limit QR funding to UoAs rated 4 and above, and intended to enable institutions to bring on emerging areas of research, enhance existing strengths and reshape their research portfolios. The funding (£4.1m per annum) is allocated in proportion to the volume of staff in 3a and rising 3b departments, although its use is not limited to such departments.

Previous or One-Off Funding Streams

Research Capacity Development Fund – established to build research capacity in areas of particular relevance to the economy, culture and society of Wales. The initiative ran for three years, from 2002/03 to 2004/05, and provided £3m per annum. It supported 10 projects at eight institutions, selected on a competitive basis. An evaluation of the initiative, undertaken by Arad Consulting in Summer 2006, concluded that the initiative had been generally successful in achieving its objectives.

Strategic Support for 2008 RAE – In 2005/06, the Council announced the provision of additional, non-recurrent funding totalling £8 million to assist institutions with their preparations for the 2008 RAE.

Other Funding Streams Relevant to Research

Reconfiguration and Collaboration – the Council has established a Reconfiguration and Collaboration Fund (currently £12m per annum) to support the Assembly's policy, set out in *Reaching Higher*, of promoting the reconfiguration of the sector on the basis of networks of excellence. Although not formally part of the research funding method, this Fund is playing an increasingly important role in promoting the robustness of the research base by bringing together areas of research excellence into collaborative partnerships. Developments supported to date include: the merger of Cardiff University

and UWCM (£15m); the Research and Enterprise Partnership between UW Aberystwyth and UW Bangor (£11m); the Wales Institute of Cognitive Neuroscience (£5m); and the Wales Institute of Mathematics and Computational Science (£5m).

Strategic Development Fund – this Fund (currently £3m per annum, but expected to increase) supports developments that significantly address the *Reaching Higher* agenda, but at a lower level, or of a different character from, that which would be appropriate for the Reconfiguration and Collaboration Fund. It has, for example, been used to enable HEFCW to participate in collaborative UK-wide research capacity building initiatives in partnership with the Research Councils.