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## **CONSULTATION ON PROPOSED CONSOLIDATED FUNDING STREAM FOR POSTGRADUATE RESEARCH TRAINING (PGR)**

**10 May 2005**

**Ref: W05/24HE**

To: Heads of higher education institutions in  
Wales

Summary: This circular invites comments on proposals  
to consolidate funding for postgraduate  
research training (PGR) into a single stream.

Response by: 8 July 2005

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## INTRODUCTION

- 1 This Circular invites comments on proposals to consolidate funding for postgraduate research training (PGR) into a single stream.

## BACKGROUND

- 2 The Council currently provides funding for PGR through two separate channels: its PGR funding stream, which has operated since 2000/01, and its quality-based funding stream for research (QR) where research students are one of the minor volume measures in the funding formula.
- 3 The Council first broached the possibility of consolidating these two channels into a single funding stream for PGR in July 2000, as part of its review of its research policy and funding method. This proposal was strongly supported by the sector, but the Council decided to defer implementation pending completion of the UK higher education funding bodies' joint initiative to develop minimum standards for research degree programmes (RDPs).
- 4 That initiative has recently been completed, culminating in the publication by the Quality Assurance Agency (QAA) of a revised Code of Practice on RDPs which incorporates the minimum standards. The way is therefore now clear to proceed with implementation of the consolidated PGR funding stream.

## CURRENT FUNDING ARRANGEMENTS

### PGR Funding Method

- 5 The Council has operated a distinct PGR funding stream since 2000/01. The method by which funds are allocated through this stream is described at **Annex A**. Its key features include a standard unit of resource for provision in cognate disciplines and the possibility of an element of provision on a fees only basis.
- 6 While the PGR funding method uses student numbers as the building blocks for institutional allocations, the funding is provided to institutions as a block grant. In this way, PGR funding is provided to support institutions' PGR activity as a whole, rather than a specific number of student places.
- 7 In 2005/06, the funding provided through the PGR funding stream will be £5.1 million.

### PGR within the QR Funding Stream

- 8 As indicated in paragraph 2 above, PGR student numbers are one of the minor volume measures in the QR funding formula, and consequently there is an element of QR funding which is associated with PGR.
- 9 In 2005/06, the funding associated with PGR students in the QR funding stream will amount to £8.7 million. Essentially, this amount is derived from the numbers of fundable PGR students in each unit of assessment (UoA), weighted according to the QR funding formula, multiplied by the appropriate point on the Council's QR funding scale.

## RATIONALE FOR CONSOLIDATING PGR FUNDING INTO A SINGLE STREAM

- 10 As noted above, the Council's earlier proposal to establish a consolidated funding stream for PGR was strongly supported by the sector. Proceeding with consolidation at this stage would therefore fulfil an existing commitment, the rationale for which included:
- providing an appropriate and effective means of recognising the centrality of PGR to the research base and its function of both securing the next generation of researchers and furthering advances in knowledge. This is consistent with the Council's research policy which includes, as one of its objectives, the promotion of a resilient research base with, among other things, a strong cadre of researchers in training
  - improving the transparency of the Council's funding methods by making a clearer connection between the grants allocated to institutions and the activities which they are expected to support.

## CREATING THE SINGLE STREAM

- 11 Building on the outcomes of the earlier consultation, the Council now proposes to create a single consolidated funding stream for PGR with effect from 2006/07. This would be achieved by removing PGR student numbers from the QR minor volume measures and increasing the amount of funding distributed through the PGR funding stream. At the same time, there would be a number of modifications to the operation of the PGR funding stream. These are described in the section below headed *Revisions to the PGR Funding Stream*.

***Comments are invited on the desirability, in principle, of proceeding to establish a single, consolidated funding stream for PGR with effect from 2006/07.***

## ELIGIBILITY FOR PGR FUNDING

- 12 The current threshold for eligibility for support through the PGR funding stream is a rating of 3b and above in the 2001 RAE, or a rating of 2 for departments in receipt of Research Council (including AHRB) funding. The Council has reviewed the principle of operating a quality threshold for PGR funding and has concluded that it remains appropriate. The rationale underlying the Council's view is that the quality of the research environment is of central importance to PGR students' academic experience and that the best indicator of this continues to be the RAE rating.
- 13 The Council considered the possibility of establishing the eligibility threshold at the same level as that for QR – i.e. an RAE rating of 4 and above. However, it recognised that this would erode the funded PGR base in Wales, which is already not as robust as could be desired. In 2003/04, PGR FTE student numbers were 3,383; 1,921 of these attracted funding. With the eligibility threshold raised to 4, the numbers attracting funding would reduce to 1,489. The Council's research policy recognises the importance of PGR in securing the next generation of researchers, and hence the future of the research base. In the light of this, the Council has taken the view that the threshold for eligibility for PGR funding should remain as now: an RAE rating of 3b and above, or 2 with Research Council income.

***Comments are invited on the proposal to retain the threshold for eligibility for PGR at its present level – an RAE rating of 3b and above, or 2 with Research Council income.***

## REVISIONS TO OPERATION OF PGR FUNDING STREAM

### Funding Relativities

- 14 The Council's PGR funding method employs a standard unit of PGR funding for groups of cognate academic subject categories (ASCs). There are currently three such groups – Clinical Medicine and Dentistry; Science and Technology; and Other. The cost relativities for these groups are derived from those between the ASCs used in the teaching funding method.
- 15 The Higher Education Funding Council for England (HEFCE) recently commissioned a study to determine the full economic costs of providing research degree programmes and to establish the cost relativities for different subject groups. The subject groupings used for this study were the three subject bands (research bands) which both HEFCE and HEFCW already use for their QR funding methods – effectively, Other, Intermediate and High. The study demonstrated that the cost relativities for PGR provision are consistent with those used for QR: 1, 1.3 and 1.6 for Other, Intermediate and High respectively.
- 16 The relativities established by the HEFCE study are set out in the table below, together with those currently employed by HEFCW in its PGR funding method.

HEFCE		HEFCW	
BANDS	RELATIVITIES AS % OF BAND C	GROUPS FOR PGR FUNDING METHOD	RELATIVITIES AS % OF GROUP 3
A – High Cost Laboratory and Clinical Subjects	160%	1 – Clinical Medicine and Clinical Dentistry	550%
B – Intermediate Cost Subjects (Part Laboratory)	130%	2 – Science, Engineering and Technology, Mathematics, IT and Computing	194%
C – Other (Library)	100%	3 – Other	100%

- 17 As is apparent from the above table, the distribution of subjects between the research bands and HEFCW's current PGR subject groups differs. A full comparison is provided at **Annex B**.
- 18 In its QR funding formula, the Council uses the subject cost relativities for research established by HEFCE. The reasoning is that the larger size of the English HE sector provides more representative subject cost data. This rationale would hold in the context of the PGR funding method. In this case, there is also the additional consideration that the HEFCE relativities derive from a systematic study of the costs of PGR provision rather than, as is the case with the current HEFCW relativities, from teaching based data. Taking these factors into account, the Council is minded to adopt the subject relativities confirmed by the HEFCE study.
- 19 However, the Council recognises that, under this arrangement, there would be funding consequences for clinical subjects. These subjects would be included in the same band as high cost laboratory subjects, and would have a lower relativity than at present. In order to avoid an abrupt reduction in funding, the Council proposes that special interim arrangements should be made for clinical subjects. These are described in paragraph 22 below.

**Comments are invited on the proposal to adopt the subject cost relativities confirmed by the HEFCE study, with special interim arrangements for clinical subjects.**

### Units of Funding

- 20 In considering the total amount of funding to be made available for the consolidated PGR funding stream in a constrained funding envelope for research, the Council's overriding concern is to minimise perturbation to QR in the run-up to the 2008 RAE. With this in mind, the Council proposes to freeze QR funding in cash terms for one year, and to assign funding equivalent to a GDP uplift of 2.5% on the frozen sum to PGR to support the establishment of the consolidated funding stream. In practice, assuming a consolidated PGR funding stream for 2006/07, this would mean freezing QR for that year at its 2005/06 level. The overall effect of this approach on total research funding (QR plus PGR) would be cash neutral.
- 21 Applying this approach to 2005/06 allocations for modelling purposes produces a sum of approximately £1.4 million to be added to PGR funding. The total sum for the PGR funding stream would then be around £6.5 million – the current funding of £5.1 million plus the additional £1.4 million.
- 22 The initial units of funding for the revised PGR funding method would be calculated by applying the new subject relativities set out in paragraph 16 above to the total funding available. However, in order to avoid a sharp reduction in funding for clinical subjects, as an interim measure, the unit of funding for these subjects would be held at the current level of £8.8k in the first year, with phased convergence to the same level as Band A over the following two years, 2007/08 and 2008/09. The funding method for PGR beyond this date will require review and revision in order to articulate with the outcomes of the 2008 RAE which will be expressed as continuous quality profiles rather than single, composite ratings.
- 23 The units of funding which result from this approach compared with the current ones are set out below:

CURRENT ARRANGEMENTS		PROPOSED NEW MODEL	
SUBJECT GROUPS	UNIT OF FUNDING (2005/06)	SUBJECT BANDS	UNITS OF FUNDING
1 - Clinical Medicine and Clinical Dentistry	£8.8k	Clinical Medicine and Clinical Dentistry	£8.8k – <i>first year only</i>
2 - Science, Engineering and Technology, Maths, IT and Computing	£3.1k	A - High Cost Laboratory Subjects	£3.6k
3 - Other	£1.6k	B – Intermediate Cost Subjects (Part Laboratory)	£2.9k
		C – Other (Library)	£2.2k

**Comments are invited on:**

- ***the proposal that the establishment of the consolidated PGR funding stream should be achieved through a one year standstill, in cash terms, in QR funding***

- *the proposed interim arrangements for clinical subjects, as set out in paragraph 22.*

## MODELLING THE NEW APPROACH

- 24 The revised funding method proposed above has been modelled using 2005/06 funding data. The new PGR units of funding set out in paragraph 23 have been used to calculate institutional allocations, assuming a total funding £6.5 million for PGR, and keeping the eligibility threshold at the current level (RAE rating of 3b and above or 2 with Research Council income). At the same time, revised QR allocations have been calculated, excluding PGR students from the minor volume measures.
- 25 The outcomes for PGR allocations alone are shown at **Annex C**, and the outcomes for PGR and QR allocations combined are set out at **Annex D**. These outcomes should be regarded as illustrative examples, since they are based on 2005/06 funding data. If the new approach is introduced in 2006/07, as proposed, the funding data used in the first year of the new arrangements would be those for 2006/07.

## TIMETABLE

- 26 A report on the outcomes of the consultation will be presented to the Council at its meeting on 5 September 2005. Assuming general support, the revised method would then be finalised for implementation in 2006/07. This would follow the special review of RDP provision in Wales which the QAA has been commissioned to undertake in 2005/06 against its revised Code of Practice.

## SUMMARY OF POINTS FOR CONSULTATION

- 27 Comments are invited on the following points:
- the desirability, in principle, of proceeding to establish a single, consolidated funding stream for PGR with effect from 2006/07
  - retaining the threshold for PGR funding at its current level – an RAE rating of 3b and above, or 2 with Research Council income
  - adopting the PGR subject relativities confirmed by the HEFCE study
  - the means of funding the establishment of the consolidated PGR funding stream as set out in paragraph 20
  - the proposed interim arrangements for clinical subjects, as set out in paragraph 22.

## RESPONSES

- 28 Responses to the consultation should be submitted to the Council by **Friday, 8 July 2005**, and should be addressed to Linda Tiller, Senior Strategic Projects Manger, Higher Education Funding Council for Wales, The Orchards, Ilex Close, Llanishen, Cardiff CF14 5DZ.
- 29 Any queries arising from this Circular should also be directed to Linda Tiller (direct line: 029 2068 2228; email [linda.tiller@hefcw.ac.uk](mailto:linda.tiller@hefcw.ac.uk)).

**HEFCW's METHOD OF FUNDING POSTGRADUATE RESEARCH TRAINING (PGR)**

- 1 Each year the Council establishes the total amount of funding to be made available for PGR. Grants to individual institutions are calculated by applying the Council's standard unit of PGR funding (Council unit of resource less assumed fees) for a particular group of cognate academic subject categories (ASCs) to their previous year's qualifying PGR enrolments in those ASCs.
- 2 Currently, qualifying enrolments are those in Departments rated 3b or above in the 2001 Research Assessment Exercise (RAE), or in Departments whose RAE returns included Research Council income, and within prescribed time limits for study: 3 and 2 years for a full-time PhD and MPhil respectively and the equivalent for part-time.
- 3 The method implies that where the number of qualifying enrolments in the previous year is below that of the year before, the institution's grant will decrease proportionately; where it is above, the grant will rise proportionately but only within the limits of the total amount of funding made available by the Council. In other words some, but not necessarily all, of the qualifying enrolments will attract funding.
- 4 Funding to institutions for PGR is provided in the form of a block grant.

## ANNEX B

### Distribution of subjects between HEFCW's current PGR subject groups and the research bands

Unit of Assessment	PGR subject group	Research Band
Number Subject		
1 Clinical Laboratory Sciences	1	A
2 Community-based Clinical Subjects	1	A
3 Hospital-based Clinical Subjects	1	A
4 Clinical Dentistry	1	A
5 Pre-Clinical Studies	2	A
6 Anatomy	3	A
7 Physiology	3	A
8 Pharmacology	2	A
9 Pharmacy	2	A
10 Nursing	3	B
11 Other Studies and Professions Allied to Medicine	3	A
13 Psychology	2	B
14 Biological Sciences	2	A
15 Agriculture	2	A
16 Food Science and Technology	2	A
18 Chemistry	2	A
19 Physics	2	A
20 Earth Sciences	2	A
21 Environmental Sciences	2	A
22 Pure Mathematics	2	B
23 Applied Mathematics	2	A
24 Statistics and Operational Research	2	A
25 Computer Science	2	A
26 General Engineering	2	A
27 Chemical Engineering	2	A
28 Civil Engineering	2	A
29 Electrical and Electronic Engineering	2	A
30 Mechanical, Aeronautical and Manufacturing Engineering	2	A
32 Metallurgy and Materials	2	A
33 Built Environment	3	B
34 Town and Country Planning	3	B
35 Geography	3	B
36 Law	3	C
37 Anthropology	3	C
38 Economics and Econometrics	3	C
39 Politics and International Studies	3	C
40 Social Policy and Administration	3	C
41 Social Work	3	C
42 Sociology	3	C
43 Business and Management Studies	3	C
44 Accounting and Finance	3	C
45 American Studies	3	C
46 Middle Eastern and African Studies	3	C



Unit of Assessment	PGR subject group	Research Band
Number Subject		
48 European Studies	3	C
49 Celtic Studies	3	C
50 English Language and Literature	3	C
51 French	3	C
52 German, Dutch and Scandinavian Languages	3	C
53 Italian	3	C
54 Russian, Slavonic and East European Languages	3	C
55 Iberian and Latin American Languages	3	C
56 Linguistics	3	C
57 Classics, Ancient History, Byzantine and Modern Greek Studies	3	C
58 Archaeology	3	B
59 History	3	C
60 History of Art, Architecture and Design	3	C
61 Library and Information Management	3	C
62 Philosophy	3	C
63 Theology, Divinity and Religious Studies	3	C
64 Art and Design	3	B
65 Communication, Cultural and Media Studies	3	C
66 Drama, Dance and Performing Arts	3	B
67 Music	3	B
68 Education	3	C
69 Sports-related Subjects	2, 3	B

## PGR FUNDING

(Illustrative Example, using 2005/06 Funding Data)

INSTITUTION	CURRENT FUNDING METHOD – 2005/06 ALLOCATIONS £	PROPOSED REVISED METHOD		
		ALLOCATION £	DIFFERENCE FROM 2005/06 ALLOCATIONS £	% DIFFERENCE
University of Glamorgan	423,611	614,866	+191,255	+45.1%
UW Aberystwyth	375,657	484,945	+109,288	+29.1%
UW Bangor	518,914	635,153	+116,239	+22.4%
Cardiff University	2,728,292	3,397,042	+668,750	+24.5%
UW Lampeter	86,565	149,729	+63,164	+73.0%
UW Swansea	888,034	1,091,783	+203,749	+22.9%
UWIC	55,373	114,439	+59,066	+106.7%
UW Newport	29,432	56,404	+26,972	+91.6%
NEWI	8,593	10,443	+1,850	+21.5%
Swansea Institute	6,898	16,021	+9,123	+132.3%
Trinity College	0	0	0	-
RWCMD	0	0	0	-
<b>TOTAL</b>	<b>5,121,369</b>	<b>6,570,825</b>	<b>+1,449,456</b>	<b>+28.3%</b>

## COMBINED PGR AND QR ALLOCATIONS

(Illustrative Example, using 2005/06 Funding Data)

INSTITUTION	CURRENT FUNDING METHOD – COMBINED PGR AND QR ALLOCATIONS 2005-06 £	PROPOSED REVISED METHOD		
		COMBINED PGR AND QR ALLOCATIONS £	DIFFERENCE FROM 2005/06 ALLOCATIONS £	% DIFFERENCE
University of Glamorgan	1,559,061	1,703,095	+144,033	+9.2%
UW Aberystwyth	5,262,621	5,380,502	+117,881	+2.2%
UW Bangor	7,984,743	7,872,679	-112,063	-1.4%
Cardiff University	38,916,570	38,940,701	+24,131	+0.1%
UW Lampeter	1,213,425	1,066,338	-147,087	-12.1%
UW Swansea	8,072,288	7,837,649	-234,639	-2.9%
UWIC	953,965	1,100,634	+146,668	+15.4%
UW Newport	333,399	349,605	+16,206	+4.9%
NEWI	8,593	10,443	+1,850	+21.5%
Swansea Institute	6,898	16,021	+9,123	+132.3%
Trinity College	0	0	0	0
RWCMD	0	0	0	0
CAWCS	237,597	271,493	+33,896	+14.3%
<b>TOTAL</b>	<b>64,549,160</b>	<b>64,549,160</b>	<b>0</b>	<b>0.0%</b>