

INTRODUCTION

- 1 This Circular reports on the outcomes of the Council's consultation on proposals to establish a consolidated funding stream for postgraduate research training (PGR) and announces decisions on future arrangements.

BACKGROUND

- 2 The Council currently provides funding for PGR through two separate channels – its PGR funding stream and its quality based funding for research (QR), which includes PGR student numbers as one of the minor volume measures in the allocation formula.
- 3 In May 2005, the Council consulted the sector on proposals to establish a single, consolidated funding stream for PGR with effect from 2006/07 (Circular W05/24HE). It was proposed:
 - that this consolidation should 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.
 - that the increase in funding required for the consolidated stream should be secured by freezing QR funding in cash terms for one year and assigning funding equivalent to a GDP uplift of 2.5% on the frozen sum to PGR
- 4 Views were also sought on proposals that the Council should adopt revised PGR subject relativities derived from a recent HEFCE study, and that the threshold for PGR funding should be retained at its current level in the period up to the 2008 Research Assessment Exercise (RAE).

SUMMARY OF RESPONSES

- 5 Responses to the consultation were received from ten institutions. The views expressed in these responses were strongly polarised. A majority of institutions were generally in favour of the introduction of a consolidated PGR funding stream with effect from 2006/07, but a significant minority were very strongly opposed.
- 6 One of the principal concerns voiced by institutions which objected to the proposals was that the shifts in funding resulting from the new arrangements would have a destabilising effect on research funding in the critical run-up to the 2008 RAE.

OUTCOMES

- 7 The Council recognised the validity of some of the concerns expressed in the consultation responses, and considered the possibility of providing special, transitional funding for those institutions which would otherwise face a reduction in their combined QR and PGR allocations. It concluded, however, that such an approach was not appropriate, particularly since the proposed revised arrangements would only operate for a limited period up to 2008 RAE.
- 8 The Council remains convinced that consolidation of the PGR funding stream would create a more logical and transparent funding method, and this remains a desirable objective. However, in the light of the views expressed in some of the consultation responses, it accepts that, on balance, the timing is not right to proceed with implementation on the basis proposed in the consultation paper at the present time.

- 9 The Council has therefore agreed to defer the establishment of a consolidated PGR funding stream until after the 2008 RAE, and to introduce it in 2009/10 as part of the wider changes to the research funding method which will be required at that time. In the meantime, it intends to continue to operate the QR and PGR funding streams on the existing basis.

BASIS OF FUTURE IMPLEMENTATION

- 10 The basis for the establishment of a consolidated PGR funding stream in 2009/10 will require further consideration in the light of the circumstances which apply at that time. However, two general principles have been established at this stage:
- the consultation indicated that there was general support for the proposal that the Council should adopt subject relativities for PGR validated through the recent HEFCE study. The Council has therefore agreed that, in establishing the consolidated PGR funding stream in 2009/10, it will have regard to the subject relativities operating elsewhere in the UK at that time. It does not envisage retaining a separate relativity for clinical subjects beyond 2008/09.
 - the Council has reaffirmed the principle of selectivity in the allocation of PGR funding. The eligibility threshold for PGR funding from 2009/10 onwards will be reviewed as part of the general revision of research funding arrangements which will be required following the RAE.