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Circular

## Revisions to Research Funding Method

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This Circular provides information on adjustments which the Council intends to make to its research funding method from 2009/10 onwards, following the 2008 Research Assessment Exercise.

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## Introduction

- 1 This Circular provides information on adjustments which the Council intends to make to its research funding method from 2009/10 onwards, following the 2008 Research Assessment Exercise (RAE).

## Background

- 2 The Council's research funding method will require revision following the 2008 RAE in order to articulate with the outcomes of that exercise, which will be expressed as quality profiles rather than discrete ratings. In preparation for this work on the research funding method, the Council reviewed its research policy objectives in 2007 and published a revised statement of objectives in June 2007 (Circular W07/31HE). It undertook at that point to provide further information to the sector in Spring 2008 on the amendments envisaged to the research funding method.
- 3 The planned amendments set out in this paper were discussed with HEFCW's Research Sounding Group in February 2008. They consist primarily of technical adjustments to the existing method, rather than fundamental changes, and are therefore not being formally presented for consultation.
- 4 In view of the proposals for the introduction of metrics-based arrangements for research assessment which are currently under consideration, a more fundamental review of the Council's research funding method may be required in the longer term. The Council would consult the sector as part of any such fundamental review.

## QR Funding

### *General Approach*

- 5 The Council's main formula allocations for research are provided through the QR funding stream (£65.5 million in 2007/08). The current QR funding method can be summarised as follows:
  - Funding is provided to departments with RAE ratings of 4, 5 and 5\*. These ratings are weighted differentially so that those Units of Assessment (UoAs) with the highest ratings gain the most funding.
  - The allocations for each eligible department is calculated by multiplying its **weighted RAE rating** by its **research volume**<sup>1</sup> and a **subject weighting** and then dividing the outcomes by a moderating factor (the

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<sup>1</sup> Research volume consists of the FTE of research active staff returned to the RAE and a number of minor volume measures – postgraduate research students, research assistants, research fellows and charities research income.

**UK average rating factor**). The outcomes are scaled to the funding available.

- 6 In June 2007, we wrote to HEW to provide an indication of the very broad parameters of the revised QR funding model. That letter indicated:
- That QR funding will be allocated by reference to the RAE quality profile for each submission. There is no intention to compute average/summary ratings for each submission.
  - That differential weightings will be attached to the various starred quality levels of the profile. None of these weightings will be negative, and they are unlikely to be linear.

#### *Revision of the Formula*

##### *QUALITY WEIGHTINGS*

- 7 The weightings to be attached to the various starred quality levels of the profile will be determined after the RAE results are published in December 2008, as they will depend on variables which will not be known until after the exercise has been completed.
- 8 In determining these weightings, the Council will give priority to ensuring that funding for top-rated research in Wales is competitive with that in other parts of the UK. This is consistent with one for the principles identified in the 2007 review of HEFCW's research policy objectives.

##### *PGR STUDENTS*

- 9 The Council currently provides funding for postgraduate research students (PGR) through two separate channels – the QR funding formula, where PGR students are one of the minor volume measures, and the separate PGR funding stream. This latter is intended to contribute to the training of postgraduate research students. In Spring 2005, the Council consulted the sector on a proposal to establish a consolidated PGR funding stream by transferring the funding associated with the PGR minor volume measures from QR into the PGR funding stream.
- 10 This consolidation would have created a more streamlined and transparent funding method. However, a number of institutions argued strongly against consolidation at that stage, because they were concerned about funding perturbation in the run-up to the 2008 RAE. The Council therefore indicated that it intended to undertake the consolidation as part of the wider revision to the research funding method required after the RAE.

- 11 The case for excluding the PGR minor volume measures from the QR funding method is now less clear-cut, however, in view of the likely future transition to metrics-based research assessment, where PGR numbers are expected to feature either as part of the quality metrics themselves, or as one of the funding drivers. Additionally, it would require the withdrawal of around £8 million from QR funding, which would be difficult against the background of the present tight funding position.
- 12 It is therefore now intended to retain PGR numbers as one of the minor volume measures in the revised QR funding formula, and to retain the separate PGR funding stream.

#### *UK AVERAGE RATINGS FACTOR*

- 13 The QR formula divides subjects into three broad bands, each with its own subject cost relativity weighting, as shown below. These reflect differences in subject costs.

Clinical medicine and laboratory based subjects	1.6
Subjects with a technical/experimental premium	1.3
Other subjects	1.0

- 14 There are, however, some anomalies in the operation of these subject weightings. For example, the funding per unit volume for a 5\* in Civil Engineering is currently virtually the same as for a 5\* in Town and Country Planning, although these subjects are in different cost bands.
- 15 This effect arises because of the UK average rating factor, referred to in paragraph 5 above. This is a moderating factor that is intended to take account of the average rating in each UoA and replicate the calculation of "subject pots" (i.e. total levels of funding for each subject area) which is the first stage of the HEFCE funding calculation. The moderating factor also acts on the subject weightings, however, with the result that subjects in the same cost band with identical ratings receive different units of funding.
- 16 Subject to detailed modelling using the 2008 RAE outcomes, the Council intends to discontinue use of the UK average rating factor in the revised QR formula. This should mean that within each subject cost band, the funding per unit volume for a given starred quality level should be identical for all subjects.

#### *VOLUME THRESHOLDS*

- 17 The new RAE quality profile could mean that some departments which do not have research strength in depth might nevertheless achieve a very small volume of starred activity. This is most likely to be at the lower end of the quality profile (1\*), but in some instances could possibly be at the

higher end, including 4\*. If HEFCW funds all of these small pockets of work, there could be a risk that QR funding will be spread too thinly to be effective. Additionally, very small research groupings may not be sustainable in the longer term, because they can be critically affected by the departure of one or two staff members. Consequently, it is debatable whether the provision of QR funding to such groups represents good value for money in the longer term.

- 18 One possibility would be for the Council to consider applying minimum volume thresholds for eligibility for QR funding. Under this approach, it could be specified that very small volumes of research would only be funded if the department concerned undertook to collaborate with another institution.
- 19 The Research Sounding Group expressed reservations about this idea, and urged that it should only be adopted if there were serious problems of affordability in funding the 2008 RAE outcomes. Having noted these concerns, the Council intends to leave open the possibility of introducing minimum volume thresholds for eligibility for QR funding depending on the RAE outcomes.

#### *OTHER ISSUES*

- 20 The Council also intends:
  - To retain research assistants, research fellows and charity research income as minor volume measures in the new formula. These elements of data are updated annually, and their retention will continue to provide for a degree of dynamism in funding allocations from year to year.
  - To continue to ring-fence within the QR funding model the additional £3 million per annum which the Assembly introduced in 2007/08 to help meet the full economic costs of charity-funded research. This funding will continue to be allocated pro rata to institutions' income from UK-based charities.

#### **PGR Funding Stream**

- 21 In revising the research funding method, it is also necessary to consider the question of the eligibility threshold for the PGR funding stream, which provides around £5.4 million per annum to help support postgraduate research training. At present, this threshold is set at the level of a RAE rating of 3b or above, a level which remained unchanged when the threshold for QR funding was raised to 4.
- 22 It will not be possible to take firm decisions on the future level of the PGR funding threshold until the outcomes of the 2008 RAE are known and

subsequent decisions have been taken on the new QR quality weightings. However, the Council considers that it would, in principle, be desirable to re-establish the link between eligibility for PGR funding and eligibility for QR funding at that point. This would ensure that the PGR research training supported by HEFCW is undertaken in a strong research environment.

### **Timing**

- 23 The adjustments to the research funding method will be implemented for the 2009/10 funding allocations, which will be announced in the Recurrent Grant Circular in Spring 2009.

### **Further Information**

- 24 For further information contact Linda Tiller (tel 029 2068 2228; email [linda.tiller@hefcw.ac.uk](mailto:linda.tiller@hefcw.ac.uk)).