

Cross Party Group on Medical Research:

Call for written Evidence – HEFCW’s response

27 January 2020

The Higher Education Funding Council for Wales – HEFCW – is the public body operating between Welsh Government and higher education providers. We regulate fee levels at higher education providers, ensure a framework is in place for assessing the quality of higher education and scrutinise the performance of universities and other designated providers. We also provide funding for higher education teaching and research, and apply our influence and expertise to help deliver Welsh Government priorities for higher education that also have wider societal and economic benefits.

The following response answers the questions in the call for written evidence that are relevant to HEFCW.

Theme: Welsh initiatives

Are you working with or part of the Sêr Cymru programme?

- HEFCW is a funding partner of the Sêr Cymru programme, with a current commitment to contribute a total of £15 million to the Sêr Cymru 1 and 2 programmes.
- HEFCW is a member of the Sêr Cymru Programme Beneficiary Board and is working closely with Welsh Government in the development of Sêr Cymru 3 to identify areas of complementary work where appropriate. We would anticipate to continue working in partnership with Welsh Government as the programme builds over time in order to fully exploit the synergies that become possible through strategic working.

Have you worked with Health and Care Research Wales? How do you think the research community in Wales could work with HCRW in the future?

- Health Care Research Wales has recently been included as an observer to the Research Wales Committee. HEFCW also works with HCRW as members of the RISE group within Welsh Government.

Do you have any comments on the forthcoming Post-Compulsory Education Training and Research (PCETR) Bill and the creation of Research and Innovation Wales?

- The reforms aim to ensure a whole-system solution to funding, regulation and performance in tertiary education, training, and research and innovation to better deliver for learners and the economy for many years to come. Research and innovation are a key part of the remit of the new Commission, as recognised in Professor Graeme Reid’s Review of Government Funded Research and Innovation in Wales. HEFCW has already started to address many of the issues which will be covered by the Commission and its proposed statutory research committee, developing a high-level vision for research and innovation in Wales, and rebranding its Research, Innovation and Engagement Committee as ‘Research Wales’ to set a

marker of the comparable responsibility and visibility of policy support and strategy for research and innovation in Wales compared to England. The Welsh Government is currently working on the Vision, Mission and Goals for the Commission for Tertiary Education and Research, and we understand will consult publicly in due course.

- Our comments on PCET are based on the consultation from 2018 and proposals that were being considered at that point. We have limited insight into the extent to which these proposals have moved on, so as such our position and comments on these issues remains.
- The proposal to extend the scope of funding to organisations beyond HE would reduce the funding available to support research in universities, currently the largest contributors to the research agenda in Wales. This would occur:
 - if QR funding (in Wales, currently determined by HEFCW) were reduced in order to provide some of the hypothecated funding streams for research and innovation described in the document; or
 - if eligibility for QR were extended to organisations outside HE.
- The UK HE funding bodies currently allocate their respective QR funding streams on the outcomes of a UK wide Research Excellence Framework (REF). Furthermore, they restrict eligibility to enter the REF to HEIs. Any intention to extend Wales' QR funding to organisations outside the HE sector (as opposed to other forms of R&I funding), would deviate from this UK wide system and would place our universities at a competitive disadvantage in terms of attracting the best researchers to Wales.
- In the initial consultation for a new structure for post-compulsory education and training, it was suggested that recipients of QR may be required to align their activities to Welsh Government priorities. We have concerns that too much alignment to short-term priorities could damage universities' capacity to engage with new fields of research which will produce the discoveries of the future.
- The issue of whether Health and Care Research Wales would be included needs clarification. It would be surprising for the NHS to be included in the list of organisations within the scope of RIW funding, if HCRW were not part of RIW, as this would result in potential duplication and overlap.
- Early proposals of how a PCET Commission would function suggested that routine funding provision (e.g. QR) and medium term revenue commitments (e.g. the Innovation Hubs proposed by Diamond) would need to be agreed with Welsh Government through the Commission's strategic plan; and that Ministerial or Welsh Government approval for other investments would be required on a case-by-case basis. This would represent a very high level of direct Welsh Government control over RIW. We would urge caution:
 - This degree of control is not consistent with the principle of an arm's-length body. The Hazelkorn review specifically recommended that the proposed Commission should operate at arm's-length from Welsh Government. That implies that Welsh Government should set the overall strategic direction but leave its arm's-length body to implement it.

- The requirement for all funding commitments to be approved by Welsh Government would be extremely bureaucratic and time-consuming. It would result in substantial delays and prevent RIW from operating in an efficient and timely manner.

Theme: QR and other funding

How is QR funding allocated in your institution?

- QR funding in universities across the UK is absolutely fundamental for supporting high quality research and generating the ideas which lead to the products and innovations of the future. QR in Wales, currently determined and allocated by HEFCW, is already low compared to the rest of the UK (only 3.9% of the UK total). Examples of how QR funding underpins success in Wales include the range of life science and biomedical research activity in Cardiff University. QR funding has underpinned the establishment of dementia research at Cardiff University, which has subsequently developed and secured £13m to host one of the six sites for the UK Dementia Research Institute. QR is also used for match funding to secure the range of Sêr Cymru and UKRI fellowships opportunities, helping to attract and retain world leading excellence in Wales.
- As the higher education funding council for Wales we allocate QR to all universities in Wales. We allocate QR funding selectively to recognise and reinforce research excellence. The key data in the QR formula are provided by the 2014 Research Excellence Framework (REF), which was conducted jointly by the four UK higher education funding bodies. The QR formula has three elements: quality, volume and subject cost relativities.¹ Within this, the weighting of clinical medicine and laboratory based subjects is 1.6 compared to 1.3 for subjects with technical or experimental premia and 1.0 for other subjects. This leads to approximately 36.5% of QR funding being allocated on the basis of excellence in medical subjects, compared to the REF2014 FTE in these disciplines making up less than 20% of the overall volume in Wales.
- In parallel to QR funding we operate a separate funding stream to support the training that higher education institutions provide for postgraduate research (PGR) students. The current total formula allocation had been fixed since AY 2011/12 at £5.2m. In the meantime, full-time equivalent (FTE) numbers of PGR students eligible to be included in the allocation have increased.
- HEFCW has committed to review the QR/PGR funding model for implementation after REF2021, which will be used for allocation in AY 2022/23.

¹ Weightings applied to each of these elements and further detail on the formula used to allocate QR can be found here:
https://www.hefcw.ac.uk/documents/policy_areas/research/Explanation%20of%20QR%20Funding%20Method.pdf

How are you leveraging funding from non-university sources, including research councils, industry and third sector?

- In 2020/21 HEFCW will reintroduce support for innovation and engagement activities in Wales. The new Research Wales Innovation Fund (RWIF) will provide £15m support annually to institutions in Wales.
- Funding will be allocated in two ways:
 - i) £2.25m will be provided as capacity grant to institutions aimed at supporting the base through additional staff, support for on-going activities and collaborations/ partnerships
 - ii) £12.75m allocated via a formula designed to meet the principles of the Reid Review of government-funded research and innovation in Wales and both incentivise and reward institutional performance, particularly around external income capture.
- Formula allocations will be recalculated annually based on the latest data submitted to the annual Higher Education Business Community Interaction Surveyⁱ. Institutions who perform well could receive up to 30% additional funding, with those who see a downturn in performance potentially losing up to 10% of their funding. RWIF strategies will need to articulate commercialisations and business support ambitions, particularly around income generation and wider economic growth. However, HEIs will also be required to support non-income generating knowledge exchange activity such as Civic Mission projects.
- Additional resource of £6.6m was made available to universities by Welsh Government via HEFCW during 2019. Funding was provided with the intention to:
 - provide external leverage on Welsh Government's investment by increasing success rates in securing external income, leading to a more robust and sustainable R&D base in Wales that can underpin our economy and societal needs;
 - help Wales' research and innovation base compete and win additional funding at a crucial point in time where there are new funding opportunities available from UKRI;
 - provide some of the essential infrastructure needed to target opportunities, assemble consortia, to ensure bids are fully evidenced and grounded via preparatory activity and construct effective bids;
 - enhance partnerships between universities and businesses in Wales; increase the robustness and sustainability of the research base in Wales for the longer term.

Are there any improvements you believe could be made to QR funding in Wales?

- The Diamond review² recommended the following:
 - QR funding should be protected at £71m per annum in real terms from 2016 onwards
 - funding for innovation and engagement should be re-instated at £25m per annum.
- The Reid Review³ strongly endorsed these recommendations and noted that the Welsh Government had already accepted them. The report, which was also accepted in principle, additionally recommended:
 - That, once QR funding reaches the levels proposed by Diamond, a new funding stream – the Future of Wales Fund – should be created and allocated to universities in proportion to the amount of additional research funding they secure in competitions from outside Wales in order to incentivise and reward those who attract investment into Wales from elsewhere. The review recommended that this funding should amount to £30 million per annum, and emphasised that this needs to be additional funding, ie not at the expense of QR.
 - That innovation and engagement funding of £25 million per annum should all be distributed to universities on the basis of performance metrics.
- Researchers in Wales are operating within an extremely competitive landscape, within the UK and globally. There is competition in attracting stellar researchers to Wales and in winning the external funding that allows defined projects, both curiosity driven and target-driven, to be taken forward, for the benefit of the economy and society of Wales. In order to be able to compete for expert researchers and peer reviewed funding sources, research and innovation activity in Wales needs to be supported via a competitive and sustained level of unhypothecated baseline infrastructure funding (QR). Welsh Government has provided an increase to QR funding for 2019-20, so a commitment to increased funding to enable sustained change in real terms is critical for our universities to fully exploit this resource.

Do you perceive any risk to QR funding in the current climate?

- Using £71m in AY 2016/17 as the base figure used by the Diamond report, this would mean an uplift of 6% would be required to reach “real terms” in 2020/2019, taking QR to £75.3m. However, it is important to note that QR funding in Wales had been flat since 2011/12⁴.
- HEFCW has not had sufficient funds to implement the recommendations for funding above. However, in a [recently updated remit letter](#) (December 2019), Welsh Government has provided an additional £6million “to support research and development and sustaining levels of QR and PGR funding.” This funding has been provided for the year 2019/20. HEFCW welcomes this uplift, but this investment will

² <https://gov.wales/sites/default/files/publications/2018-02/higher-education-funding-final-report-en.pdf>

³ https://www.hefcw.ac.uk/documents/policy_areas/research/reid-review-en.pdf

⁴ The totals allocated for 2019/20 had QR been uplifted by inflation year on year are estimated at:
Using £73,901,356 in 2010/11 as the base - £86,215,081 (a rise of 17%).
Using £71,077,344 in 2011/12 as the base - £81,655,217 (a rise of 15%).
Using £71,077,344 in 2016/17 as the base - £75,273,484 (a rise of 6%).

need to become recurrent in real terms in order to achieve a sustainable ambition and reach parity with the rest of the UK.

- This is in the context of the UK Government's recent announcement of an additional £45m for QR funding in England – representing a real-terms increase of 2.3%. Mainstream QR funding in England will therefore increase from £1,050m in 2018-19 to £1,095m in 2019-20. An additional £23m will be provided to enhance Research England's investments in national initiatives (supporting international research collaborations and increasing research capacity in small but excellent departments). The budget for national facilities and initiatives will therefore rise from £23m to £46m. This extra investment will accelerate support towards the UK Government's commitment to boost spending on research and development to 2.4% of GDP by 2027. The increased funding comes from the National Productivity Investment Fund (NPIF), supporting universities to implement the UK Government's Industrial Strategy. These additional allocations should trigger consequential to Wales' Barnett allocation.
- With respect to risks that may face QR funding in Wales, we refer back to concerns around how the development of the Commission of Tertiary Education and Research, may wish to extend the reach of such funding and dilute the capacity for HEIs to deliver on research agendas.

Are you aware of, and do you use the Charity Research Support Fund?

- In Wales, the element that is similar to England's charity research support fund, is included within the overall QR allocation. As such, all universities are in receipt of this funding.
- In years prior to 2011/12, the annual circular that set out recurrent grant funding information stated the level of charity income related funding within the text rather than as a breakdown in tables. In 2010, for example, it is explained in paragraph 49 and is noted as £3.1million.
- In the more recent years, the different elements have not been presented separately. The overall level of QR funding has been held at the same level over this period (for which the charity income related element would be ~£3.1m) subject to an overall budget reduction across teaching and research allocations, which is explained in paragraphs 21-24 in W18/10HE: HEFCW's Funding Allocations 2018/19

Theme: Project-based nature of awards and careers

What support do you think is required to help researchers at all points in their careers?

- HEFCW is a member of the Researcher Development Concordat Strategy Group and has had a significant role in the redevelopment of the Concordat during 2019. The Concordat is underpinned by the need for research careers to be supported, with fixed term contracts and the precarity of these roles in the research landscape as the driver to ensure career opportunities for those in whom research investment is made.
- A launch event was held in Cardiff in October 2019 to raise the profile of the Concordat. Being a signatory to the Concordat is underpinned by the need to develop an action plan, committing the signing organisation to developing ways of working that will tackle issues that the Concordat is challenging the sector on. The launch event was successful in raising the profile of important career development issues that a range of stakeholders can have a role in influencing. HEFCW is developing an action

plan, to be signed off in summer 2020, and we will continue to encourage other sector partners to do the same.

Theme: Wider Collaboration

UK/England collaboration

Have you had any engagement with those setting up the Wales Research in London Office (WRILO) as part of the response to Professor Reid's review?

How do you feel this resource could support your work in the future?

- HEFCW's Research, Innovation and Engagement team structure includes an External Engagement Manager whose role covers building engagement with UKRI and the WRILO. We are working to ensure this role complements and supports the Head of Research and Innovation in the WRILO and their engagement work. However the scale of the funding opportunities and policy developments that are taking place within research and innovation are growing and the WRILO will need to be well-resourced to meet the ambition reflected in the Reid Review.
- For information, the External Engagement Manager in HEFCW is based within UKRI offices in London for 20% of their time. The role was developed to help better equate HEFCW's position compared to Research England, where Research England now sits alongside the research councils as part of UKRI. Further information about how HEFCW has worked together with UKRI is set out in further responses below.

Theme: UKRI

How do you work with UKRI and are there opportunities to further develop these relationships within Wales?

Has the restructuring of UKRI has had a negative or positive impact on the chances of getting funded within the Wales medical research sector?

Does your Institution have clear lines of communication with Welsh Government on UKRI policy?

- Upon the development of UKRI, and the movement of the research role of HEFCE developed as Research England to sit alongside the seven disciplinary focused funding councils, HEFCW recognised the need to develop parity with Research England. As a result there have been a number of developments and a range of UK-level groups developed that help to ensure the devolved areas work with UKRI as consistently as possible.
 - UK Funders of Research and Innovation Group – HEFCW and Welsh Government attend quarterly meetings with counterparts in Scotland, Northern Ireland and England, including BEIS, Research England and the UKRI Strategy team.
 - UK Research and Knowledge Exchange Group – HEFCW meets with other funding bodies to discuss developments on the full range of university policy issues related to research and innovation.

- UK Public Engagement Funders Group – Funding bodies and other large UK funders including Wellcome and UKRI meet with a remit to coordinate public engagement in research across the UK.
- Research Wales Committee – a refresh of the HEFCW Committee with responsibility for research, innovation and engagement included a change of name to acknowledge the equivalence HEFCW has with Research England. The membership has also expanded to include representation from the UKRI strategy team, and continues to include BEIS and Welsh Government as observers.
- The extent of the involvement that HEFCW has, is intended to help ensure Wales has a full role in the development of UK funding priorities and policy development. One way that this has worked through being in attendance at UK funding committees for Strength in Places and UK Research Partnership Investment Funds (UKRPIF), where HEFCW has been able take a role providing the Welsh policy context to discussion as well as having a better understanding of the drivers and expectations of funding schemes which informs feedback to universities in Wales. In this respect, the scale of Wales, and HEFCW’s ability to speak directly to all universities in Wales quickly and easily, in some way provides a huge opportunity for Wales and its opportunity to engage effectively with UK funds.
- Conversely, scale is also a challenge for Wales. With only eight universities that receive QR funding, within which all types of university are evident from Russell Group to teaching intensive, capacity to take advantage of the opportunities for the UK can be limited.
- The External Engagement Manager role based within the research, innovation and engagement team in HEFCW works for 20% of their time in the London office. This has facilitated a number of working relationships with key strategy leads which has in turn highlighted a range of opportunities in which to ensure the Welsh context is fully represented in UK-wide policy.

Theme: Industry

Are you aware of the Higher Education Innovation Fund (HEIF) in England and is there a need for a similar fund in Wales?

- As a consequence of the introduction of the full-time undergraduate fee grant HEFCW took the decision to withdraw Innovation and Engagement Funding (IEF) in 2013/14. This was the Welsh equivalent of England’s HEIF and had previously made available (in the region of) £8m per annum to support higher education institutions (HEIs) in their knowledge exchange; supporting economic, social, and cultural growth across Wales and beyond. Since this support was withdrawn commercialisation income generated by Welsh HEIs has fallen by -9.5%, a pattern not replicated in any other part of the UK where support has been maintained [HE-BCI Survey 2017/18].
- As noted above (page 3) HEFCW is now in a position to reinstate support for innovation and engagement from 2020/21. Following consultation HEFCW recently confirmed that, through the new Research Wales Innovation Fund (RWIF), £15m will be made available annually. The majority of funding will be distributed on the basis of metrics which support the Reid Review recommendation of incentivising and rewarding performance, particularly external income capture. Recognising the underinvestment in

the system since 2013/14 institutions will all receive an annual £250k capacity grant to invest in staff, facilities, collaborations and partnerships. Institutions will be required to submit 3-year strategies which reflect their mission and align with HEFCWs [Vision for Research and Innovation in Wales](#). Strategies will outline broad commitments to commercialisation and business support, but must also demonstrate how institutions will support the civic mission agenda where this relates to research, innovation and skills.

ⁱ www.hesa.ac.uk/collection/c17032