



# Consultation on allocation method for postgraduate research funding from 2012-13

To	Heads of HEFCE-funded higher education institutions
Of interest to those responsible for	Postgraduate programmes, Planning, Research funding
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## Executive summary

### Purpose

1. This consultation proposes changes to the allocation method for the research degree programme (RDP) supervision fund from 2012-13 and invites comments on those proposals.

### Key points

2. In 2011-12 HEFCE allocated £205 million for the RDP fund. The funding is distributed by reference to numbers of home and EU students in the first three years of their programme.
3. In this consultation we invite comments on proposals:
  - to increase the value of the RDP supervision fund by up to £35 million
  - for options to link the allocation of RDP supervision funding to quality, meeting HEFCE's aim of supporting the supervision of students in higher-quality research environments
  - that the value of an institution's RDP grant relative to its mainstream QR grant provides a useful indicator of the sustainability of postgraduate supervisory activity at whole-institution level, which we might take into account in future funding.
4. We expect to publish an analysis of responses to this consultation at the end of 2011.
5. The consultation responses and outcomes arising from them will be considered by the HEFCE Board at its meeting in October 2011. Any proposed changes to the method for allocating RDP funding for 2012-13 onwards will be announced shortly after the Board meeting.

## Action required

6. Responses to this consultation should be made online by **Monday 20 June 2011** using the electronic response form which can be accessed alongside this document at [www.hefce.ac.uk/pubs](http://www.hefce.ac.uk/pubs).

## Introduction

7. At its meeting of 28 January 2011, the HEFCE Board confirmed its policy of selectively allocating research funding on the basis of quality and agreed to allocate the limited funding more selectively by reference to excellence demonstrated in the 2008 Research Assessment Exercise (RAE2008). The Board noted the advice in the grant letter for 2011-12 from the Secretary of State for Business, Innovation and Skills that:

'HEFCE should take forward funding both for research and for support for the next generation of researchers, by selectively funding on the basis of only internationally excellent research.'<sup>1</sup>

8. Consequently from 2012-13 we will change the method for allocating mainstream quality-related research (QR) funding by attaching no weighting to research volume that is notionally associated with 2\* (internationally recognised) quality. We will implement this change partially in 2011-12 and fully from 2012-13 (for more information see 'Recurrent grants for 2011-12', HEFCE 2011/07).

9. This consultation seeks comments on proposals for:

- allocating our funding more selectively on the basis of quality by changing the allocation method for the research degree programme (RDP)
- introducing an eligibility threshold for an institution's RDP grant, whereby we cease to allocate RDP funding if its value exceeds a certain proportion of an institution's mainstream QR.

## Discussion and proposals for consultation

10. In 2011-12 HEFCE will allocate £205 million for the RDP supervision fund. We allocate this element in support of the costs incurred by higher education institutions in supervising students on research degree programmes. The funding is distributed by reference to numbers of home and EU students in the first three years of their programme (or the part-time equivalent) with the subject cost weightings and London weighting applied.

11. Prior to the outcome of RAE2008, this funding was allocated only for eligible students in departments which were rated 4 and above (or in departments rated at 3a and 3b in seven subject units receiving capability funding), and was subject to a requirement that the providing departments observe quality standards laid down in guidance published by the Quality Assurance Agency for Higher Education (QAA). This reflected a clear government policy, set out in paragraph 4.25 of 'Investing in Innovation' (July 2002)<sup>2</sup>, that funding in respect of PhD students should be made conditional on their programmes meeting high quality standards.

12. The outcome of RAE2008 was presented as quality profiles rather than single scores. As a result, from 2009-10, all departments that received funding for research

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<sup>1</sup> Grant letters from the Secretary of State may be read in full at [www.hefce.ac.uk/finance/fundinghe/grant/](http://www.hefce.ac.uk/finance/fundinghe/grant/).

<sup>2</sup> See [www.hm-treasury.gov.uk/spending\\_review/spend\\_sr02/spend\\_sr02\\_science.cfm](http://www.hm-treasury.gov.uk/spending_review/spend_sr02/spend_sr02_science.cfm)

were determined to have met the minimum quality threshold and therefore qualified for funding for postgraduate students. We maintained our clear requirement that all departments receiving RDP grant comply with the revised Section 1 of the QAA code of practice on postgraduate research programmes as a condition of grant.

13. HEFCE's funding policy on postgraduate research is to support training in high-quality research environments, in all disciplines, for an appropriate number of postgraduate students. In recent years, increases in overall enrolments have been driven by increases in numbers of non-EU students. This is a cause for some concern given the importance of RDPs both in training the next generation of researchers – at a time when international competition for the best talent is increasing – and in the supply of very highly qualified workers into the UK economy. We should note too the concern expressed about variable quality in RDPs in the Department for Business, Innovation and Skills' recent review of postgraduate provision<sup>3</sup>. This was reiterated in HEFCE's grant letter from the Secretary of State of December 2010:

'You should take forward funding both for research and for support for the next generation of researchers, by selectively funding on the basis of only internationally excellent research.'

14. Funding the training of doctoral students is a shared responsibility between HEFCE, other public funders (including Research Councils and charities), students who chose to fully or partly fund their study, and universities. HEFCE's is the only funding stream that currently contributes towards the cost of training all home and EU PhD students, in all subjects: in 2011-12, the £205 million RDP supervision funding will be allocated by reference to 42,700 eligible postgraduate student full-time equivalents (FTEs). The RDP fund is allocated relatively broadly by type of institution and geography, thereby playing a critical role in supporting access to postgraduate provision, especially for students who pay their own fees.

15. Our consultation proposals have been developed in view of our general policy that HEFCE's research funding should be driven by quality considerations. Our proposal to allocate RDP funding more selectively on the basis of research quality is designed to reflect our concerns about the quality of research environments in which students are supervised, while protecting the diversity of provision that our funding supports.

16. We see our RDP supervision fund as an essential element of support for training the next generation of researchers. In an environment of funding constraint over the spending review period, investment in training postgraduate researchers is essential to maintain and enhance research capacity that will underpin England's continued excellence in research.

17. In 'Funding for universities and colleges for 2010-11 and 2011-12' (HEFCE Circular letter 05/2011) we indicated that from 2012-13 the method for allocating mainstream

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<sup>3</sup> Department for Business, Innovation and Skills, 'One Step Beyond: Making the most of postgraduate education' (March 2010), available in full at <http://webarchive.nationalarchives.gov.uk/+http://www.bis.gov.uk/policies/higher-education/shape-and-structure/postgraduate-review>.

quality-related research funding will no longer attach a weighting to research volume that is notionally associated with 2\* activity. In recognition of the importance we attach to the training of the next generation of researchers, we propose to use the funding released by this change in 2012-13 to the mainstream QR funding method to increase the amount allocated to support RDP supervision by £35 million in that year. The funding will remain as part of the block grant for institutions to allocate internally according to their own strategic priorities.

**Consultation question 1:**

Do you agree that for 2012-13 we should increase the value of the RDP supervision fund, by up to £35 million?

18. We wish to maintain support for RDP supervision, while more explicitly linking our grant to the quality of research in the providing departments, as was the case until 2009-10. We have considered two broad approaches: setting a threshold below which departments would receive no funding; or using a quality indicator to target more public funding to departments that provide the highest-quality training environments. We examine these options in paragraphs 19 and 20.

**Option 1: thresholds**

19. Using RAE outcomes, we could introduce a threshold at unit of assessment level calculated on the basis of quality, volume, or a combination of the two. To achieve a significant degree of redistribution to increase funding for higher-quality training environments, we would need either to set a uniformly high threshold across all subjects, or to set different thresholds for different subjects. In either case, to release significant sums for redistribution we would need to withdraw all funding from a significant number of currently funded departments. We doubt that we could establish robust, evidence-based criteria for setting any particular threshold.

**Option 2: quality weighting**

20. Our preferred approach would use a quality score (based on a department's weighted proportion of activity rated at 3\* and at 4\* in RAE2008), in combination with cost-weighted postgraduate research student numbers to allocate RDP funding differentially to departments on the basis of quality. We set out our proposed approach to calculating the quality score in paragraphs 21-22 below. The aim of allocating funding more selectively to those departments that demonstrated higher-quality research in the RAE is to encourage the supervision of students in higher-quality research environments.

**Consultation question 2:**

Which of the options we have described for linking the allocation of RDP supervision funding to quality (a threshold, or a quality weighting) best meets our aim of encouraging the supervision of students in higher-quality research environments? Why?

21. In calculating quality scores we would wish to use a weighting ratio that provides a degree of differentiation in funding per student dependent on the differential volume of world-leading and internationally excellent work in the host department. However, we also wish to avoid introducing very extreme variation between institutions and departments in the rate of funding notionally related to students studying the same

subjects. We anticipate that such an approach would be an incentive for postgraduate researchers to be supervised in departments of higher quality, without reducing funding per student to an unsustainable level.

22. We consider that a quality weighting of 1:2 for research activity at 3\* and 4\* quality respectively would provide the appropriate differentiation at the present time. Within this model, 80 per cent of departments would receive an allocation of RDP supervision funding per student FTE per annum within the following ranges:

- cost band A: £5,584 to £7,413
- cost band B: £4,609 to £6,205
- cost band C: £3,546 to £4,830.

**Consultation question 3:**

If we used a quality score, as described in paragraph 22, to achieve differentiation by quality does a ratio of 1:2 seem appropriate?

**Institutional threshold levels for the allocation of RDP funding**

23. We have considered complementary measures that could be implemented within our funding policy to ensure that postgraduate students are supervised in high-quality, stimulating and sustainable research environments.

24. In some cases, institutions receive a disproportionately large amount of RDP funding compared to their mainstream QR allocation. Given that RDP funding is driven by student numbers, we wish to consider whether it is appropriate to fund large numbers of students within an institution where a large amount of high-quality research has not been shown to be present. This leads us to ask whether, in the future, the value of an institution's RDP grant relative to its mainstream QR grant might be used as an indicator of the sustainability of postgraduate supervisory activity at whole-institution level; and in particular whether at some stage we should cease to allocate RDP funding where its value exceeds a certain proportion of an institution's mainstream QR.

**Consultation question 4:**

Do you consider that the value of an institution's RDP grant relative to its mainstream QR grant provides a useful indicator of the sustainability of postgraduate supervisory activity at whole-institution level?

**Responses to the consultation**

25. Responses to this consultation should be made online by **Monday 20 June 2011** using the electronic response form which can be accessed alongside this document at [www.hefce.ac.uk/pubs](http://www.hefce.ac.uk/pubs).

26. We will publish an analysis of responses to the consultation. Additionally, all responses may be disclosed on request, under the terms of the Freedom of Information Act. The Act gives a public right of access to any information held by a public authority, in this case HEFCE. This includes information provided in response to a consultation. We have a responsibility to decide whether any responses, including information about your identity, should be made public or treated as confidential. We can refuse to disclose

information only in exceptional circumstances. This means responses to this consultation are unlikely to be treated as confidential except in very particular circumstances. Further information about the Act is available at [www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk).

## **Next steps**

27. The consultation responses and outcomes arising from them will be considered by the HEFCE Board at its meeting in October 2011. Any proposed changes to the method for allocating research funding for 2012-13 onwards that are agreed at that meeting will be announced shortly afterwards.

## **Annex A Summary of consultation questions**

**Consultation question 1:** Do you agree that for 2012-13 we should increase the value of the RDP supervision fund, by up to £35 million?

**Consultation question 2:** Which of the options we have described for linking the allocation of RDP supervision funding to quality (a threshold, or a quality weighting) best meets our aim of encouraging the supervision of students in higher-quality research environments? Why?

**Consultation question 3:** If we used a quality score, as described in paragraph 22, to achieve differentiation by quality does a ratio of 1:2 seem appropriate?

**Consultation question 4:** Do you consider that the value of an institution's RDP grant relative to its mainstream QR grant provides a useful indicator of the sustainability of postgraduate supervisory activity at whole-institution level?

## **List of abbreviations**

<b>FTE</b>	Full-time equivalent
<b>HEFCE</b>	Higher Education Funding Council for England
<b>QAA</b>	Quality Assurance Agency for Higher Education
<b>QR</b>	Quality-related research
<b>RAE2008</b>	Research assessment exercise 2001
<b>RDP</b>	Research degree programme