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Response

The Sustainability of University Research – A consultation on reforming parts of the Dual Support System

Universities UK's response to the Sustainability of University Research: A consultation on reforming parts of the Dual Support System commissioned by the Office of Science and Technology, Department of Trade and Industry. Submitted to the OST in September 2003, the response should be read in the context of Universities UK's key principles, which are available online at <http://www.universitiesuk.ac.uk/principles/> and considered in the light of other government proposals on research, including the responses to the Joint consultation on the review of research assessment: available online at <http://www.universitiesuk.ac.uk/consultations/responses/downloads/jointres.pdf> and the HEFCE Formal Consultation on improving standards in postgraduate research degree programmes; available online at <http://www.universitiesuk.ac.uk/consultations/responses/downloads/hefceres.pdf>

For further information please contact the Press Office on 020 7419 5568.

Chief Executive **Baroness Warwick**

Universities UK, Woburn House, 20 Tavistock Square, London WC1H 9HQ

Tel +44 (0)20 7419 4111 Fax +44 (0)20 7388 8649

Email info@UniversitiesUK.ac.uk Web www.UniversitiesUK.ac.uk

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The Sustainability of University Research – A consultation on reforming parts of the Dual Support System

Universities UK's response

1. This is Universities UK's response to the Sustainability of University Research: A consultation on reforming parts of the Dual Support System commissioned by the Office of Science and Technology, Department of Trade and Industry.
2. Universities UK has consulted widely with its members on the proposals contained in the consultation in preparing its response.
3. Universities UK has not found the structure of the consultation questions helpful. This consultation must be considered in the light of other government proposals on research, including the Joint consultation on the review of research assessment: Consultation by the UK funding bodies on the review by Sir Gareth Roberts. Our responses must therefore be seen in the context of our previous overarching comments.
4. Our response follows the format of the questionnaire as printed on pages 35-37 of the consultation document.

3. Responses to the questionnaire

3. 1: Are there options or alternatives that have not been set out here which would provide a better overall solution?

Universities UK accepts the principle that the full economic cost of research should be identifiable and recoverable as a 'basket of activities' which is more consistent with institutional best practice than disaggregation on a project basis. However, we have reservations regarding its proposed application. A funding gap greater than £120 million has clearly been recognised and an approach is required to implement its filling. We also note that there could be detrimental effects from any internal process of control on research bidding. We have concerns as to whether this funding will be forthcoming. Furthermore, there may be a decreased ability to cross-subsidise research from other income.

Regarding alternative approaches, we suggest that if the problem is perceived as lying with Research Council funding, this could be solved by fully funding indirect costs and transferring resources to Funding Councils. There are growing constraints on cross-subsidy; charities and non-governmental sources need to be made aware of the need to pay the full economic costs of research, The awarding of funds could be made dependent on whether an institution is being managed for long-term sustainability. An international comparison of research funding allocation would be useful, as well as some idea of where the UK wants to be in the international spectrum in different discipline areas.

The desired culture change in costing and pricing should be promoted through the JCPSPG and HEIF.

3. 2.: Is there a danger that our proposal might reward past infrastructure under-investment or current institutional inefficiencies? Does this matter and, if so, what can be done about it?

We see a danger in the OST proposal of rewarding poor approaches to research management. Regarding the likely differences of research cost at different institutions, funding decisions risk being based on cost rather than effectiveness and we recommend that non-research intensive institutions which may find it more difficult to compete, might receive compensatory funding. The proposal could lead to a low cost/high volume culture to research, thus we propose that before baselines are set, the gap between past and present funding must be defined.

3. 3: Are there general systemic problems with our proposal, e.g. the creation of perverse incentives, and if so what can be done to resolve them?

We identify systemic problems within the proposal that are of great concern. There is a serious risk that the proposal will induce capping in the volume of research in institutions that receive very low levels of research funding. This would encourage a 'brain drain' of staff. There is widespread concern

that the proposal threatens the ideal of supporting research excellence wherever it is found, and could lead to the distortion of cost – a low price/high volume culture on the one hand and over-pricing by confident high profile providers on the other hand. The costing and pricing of staff time is a highly controversial issue. We suspect that these proposals could lead to some academics buying themselves out of teaching, with detrimental consequences for undergraduate and graduate provision. We are concerned that many staff in UK higher education already work overtime to meet the demands of the job. The success of the proposal could depend on how well TRAC works.

The proposal risks ossifying the system. For example, would it be possible for an HEI to create a new department (which would have no RAE score and hence no QR funding) and in which staff seek Research Council funding? Moreover, those Units of Assessment in the last RAE with mid-ranking grades would find it very difficult to improve their position because the limited QR funding would constrain the volume of Research Council grants that could be accepted.

3. 4: Do you agree that a single percentage of FEC should be used to calculate the Research Council contribution for all research proposals? What are the possible drawbacks and how might these be overcome?

Universities UK accepts that a single percentage of FEC in calculating the Research Councils' contribution to research has the merit of simplicity but does not address the detail. This assumes there might be a number of single percentages so that differential levels of costs between research areas (for example, engineering vs information science and management) are taken into account. Some Universities UK members have suggested that instead of using a fixed percentage, Research Council funds could make up the lack of QR funds available in certain departments. However, consideration would need to be given to the ways in which the Research Councils could make such judgements. It is also assumed that capital and equipment costs are not subjected to percentage funding calculations. There are a number of practical problems including the following:

- FEC can only be estimated using historical data; actual FEC will depend on the success of funding for other projects
- The increased bureaucracy
- The likelihood of game-playing
- Questionable auditability of an approach where the use of QR-funded time will only have to be declared for externally-funded research.
- The expense arising from employing principal investigators and co-investigators will drive up the overall cost of projects, and particularly so in some subject areas such as the arts and humanities.

3. 5: Should we simply allocate the £120 million among the Research Councils in proportion to their current research spend in HEIs? Or is a more sophisticated approach required in order to protect the present broad balance of funding across the disciplines? If so, what might that approach be?

Universities UK strongly believes that the sum of £120 million is not sufficient to address FEC and deliver the expected research output. Clarification is required of the research volume being targeted, and the evidence base for such a target. It may be that a factor should be introduced to protect desirable but expensive research and that the appropriateness of the simple distribution approach should be tested by doing sample project costings across the disciplines.

3. 6: Will undesirable consequences arise within HEIs from local variations in FEC (e.g. between disciplines) and, if so, what should the Government do to mitigate them?

This question needs clarification. We would want to know the level of audit that would be expected, and whether there were plans to extend the dip-stick test.

While possible problems may be resolved as they arise, and in close collaboration with institutions, the impact of the proposal could perhaps be forecast through economic modelling. Furthermore, national inequity is likely to occur from the better application prospects of Scottish and Welsh 3a and 3b-rated departments, some of whom, unlike their English counterparts, currently do receive QR funding. We wish to highlight the importance of an accurate TRAC system to resolve this challenge.

3. 7: How can excessive applications of this sort be prevented? One possibility might be for Research Councils to specify which types of proposals are not eligible for their support in order to 'define-out' this problem. Would you favour such an approach?

We believed that the proposal would have a detrimental effect on applications, both in terms of quantity and quality. It could be that the number of applications would soar, as institutions try this route to achieve sustainable funding, cover staff-time and compensate for lost funding opportunities through the EU and industry. There is also a possibility that the volume of research would be reduced, as institutions struggle to balance funding not provided by the Research Councils.

We see some ways of tackling this problem; the Office of Science and Technology might begin by modelling the implications of the proposal. The Research Councils could identify priority areas for submissions, and process applications in a two-stage process, which would allow them to "sift" bids. However, the identification of priority areas could mean that the funding of new and emerging areas of research could be stifled. The introduction of a two-stage process could, however, add further delays to the grant review process and be an additional bureaucratic burden. The blocking of some proposals may also be viewed as infringing academic freedom.

Further means include controlling applications through compulsory quality monitoring in institutions and a "defining out" approach as a natural extension of existing Research Council guidelines. We also

suggest that rather than placing all responsibility for change on the shoulders of HEIs, the Government should seek to change the behaviour of funders.

3. 8: Are there other technical issues raised by our proposal which you think we may have missed? How could they be resolved?

We have great concerns over the proposal's effect on institutions' ability to raise sufficient funds for infrastructure and core research, especially as regards post-92 universities which do not yet have sufficient QR and SRIF income to cover costs. In order to achieve sustainable funding of research, the Research Councils should meet the full economic cost of research; not 60-70% as has been proposed. This would provide a signal for other funders, such as charities.

3. 9: Are the benefits in implementing the costing methodology sufficient to persuade mid-research spectrum HEIs to invest the necessary resources to achieve this by September 2004?

We believe, on balance, that more time is needed to achieve this. We have concerns about the treatment of the less research intensive institutions, particularly regarding institutions with a mixed quality profile, in other words, should investment be made in the methodology for the sake of a few excellent departments? There are several possible solutions. One alternative would be to offer a different mechanism to these institutions. However, this would reinforce the underlying classification of universities. We would support the idea of testing the proposal through a small pilot programme including both research intensive and less research intensive universities. This would only be achievable if the start date were delayed.

3. 10: Should the implementation of these reforms be phased in some way? If so, do you support the mixed economy approach, shadow running or some other method (please specify).

We are generally opposed to the suggestion of a phased implementation, which could give rise to practical problems and a chaotic approach. The overriding concern is that a phased system would put some universities at a disadvantage, especially where Research Council grants are concerned. The problem could be addressed by introducing differential block grants, linking a realistic overhead to all research grants and adjusting existing grants.

3. 11: Do you agree that research studentships should be excluded from this reform?

Although there may be some agreement with this proposal, there seems to be little logic of excluding these studentships or even Royal Society scholarships because calculations are complex, rather than because the rules do not apply to them. In many science/engineering departments there is significant cross-subsidy for supporting postgraduates: a FEC assessment may well necessitate significantly greater financial support for postgraduate research. This also raises the question of the potential adverse effects on overseas postgraduate recruitment.

It has been suggested that full inclusion of studentships enhances recognition of the link between research and teaching. It has also been argued that the proposed exclusion should be balanced by adjusting the weighting of postgraduate researchers in the calculation of QR volume.

4. 1: Do you feel the guidance in Appendix A is sufficiently detailed to allow academics and research administrators to apply the principles in practice?

Members believe that the guidance is clear with some caveats. The guidance fails to cover the question of EU funding and does not give clear guidelines to determine whether a project sponsored by industry would be eligible for QR funding. Furthermore, we would ask that the costs for Principal Investigators and Co-Investigators be included in the FEC and in submissions to the Research Councils. This would be helpful in setting standards for other sponsors.

4. 2: Will funders and users of the research base also find the guidelines useful in understanding and negotiating the prices they are offered?

Universities UK has reservations on this. There are two major concerns - firstly, the problem of full economic cost recovery from charities, industry and EU framework programmes. The second concern is the prospect of greatly reduced research volume, quality of research and international status. The latter point would be consequential on institutions no longer being able to take advantage of the above funding opportunities (e. g. if excluded from the framework programme, UK academics would be cut off from the EU research strategy). Lastly, Government departments themselves would have to accept paying the full cost of projects they commissioned, rather than pursuing schemes that gave them perceived "value for money" at the expense of the institution.