



## VC-NET

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### **Two views on funding research**

Britain's Chancellor of the Exchequer does not usually announce changes in research funding methods, but then Gordon Brown has shown an unusual interest in higher education of late. Tucked away in the recesses of his Budget statement in March was the announcement that the present fifth cycle of the Research Assessment Exercise (RAE) ending in 2008 would be the last.

The reasons given for the change are that the Government recognises the heavy burden that the RAE puts on institutions (an estimated GBP 45 million) and wishes to move to a simpler process based on metrics of some kind. It also believes that the peer review process is "silo-driven" and "has failed to capture fully the value of interdisciplinary research"; there are also suspicions that it may not have rewarded curiosity-driven research in the way the government would wish.

The alternatives proposed are to use much simpler metrics as the basis for allocating funds, such as research income, citations, publications or research student numbers. There is a very high correlation between the RAE funding and other income that universities have received from Research Councils and the government concludes that this means that the two separate peer review processes are delivering the same outcomes. There is also a high correlation between RAE funds and all other sources of research income – from charities, industry and the EU. All these arguments are relevant to science, engineering and medicine but are not so applicable in the humanities where some alternative metric would have to be found.

Two months earlier in Australia Professor Gareth Roberts of the UK delivered his Final Advice to the Minister of Education on the preferred Research Quality Framework (RQF), which has devised a new way of funding research. "Fundamental to the Review", he said "is the importance of review by peers... the only system which will enjoy the confidence and consent of the research community is one based on expert review". His report lambasted the present system "based on inadequate proxy measures of quality; eg numbers of publications, external research income and student completions". Instead, he has recommended an assessment of the quality and impact of research outputs by expert reviewers. As mentioned in VC Net 60, this will require Research Groupings in each university to submit Evidence Portfolios containing their best research outputs and claims as to the impact they believe their research has had. Both these will be assessed by panels of peers and the resulting rankings used as the basis for funding allocations for a period of six years. The reason this all sounds familiar is that, with the exception of the impact assessment, the process is almost exactly the same as the RAE which the UK proposes to discard. The cost is also almost as high, since the Australian Vice Chancellors Committee, while welcoming the RQF, estimates that it will have an implementation cost of Aus\$ 40 million.

Sources: HM Treasury: "Science and innovation investment framework 2004-2014: Next steps" available at [www.hm-treasury.gov.uk/media/1E1/5E/bud06\\_science\\_332.pdf](http://www.hm-treasury.gov.uk/media/1E1/5E/bud06_science_332.pdf) Also see The Guardian "Research exercise to be scrapped", 22 March 2006. The Australian study "Final Advice on the Preferred RQF Model", December 2005 found at [www.dest.gov.au/resqual/default.html](http://www.dest.gov.au/resqual/default.html)

## **Matched donations - one success and one no-show**

The Government of Hong Kong wished to encourage philanthropic gifts to its universities and in 2003 launched a Matching Grant Scheme under which it would grant a total of HK\$1 billion on a dollar for dollar basis to all those universities that secured donations. The scheme was a great success and the eight universities obtained donations of more than HK\$1.3 billion, to which the government added its \$1 billion.

Encouraged by this, the government launched a second scheme in 2005 with another HK\$1 billion allocated, but with slightly less generous gearing with a ratio of one dollar for every two. In only seven months the government had to call a halt as their money had run out and universities had brought in HK 1.9 billion from other sources.

The government believes that its initiative has kick-started a philanthropic culture in the community. In the UK, a White Paper in 2003 made a similar promise - that it would seek to set up a "time-limited matched endowment fund" but this failed to materialise. Instead all the sector got was the Thomas Report which showed how bad the British were at asking for money. This focussed on suggesting how universities might improve their fund raising activities rather than holding the government to its promise.

Sources: Hong Kong UGC Press Release, March 11 2006 "Results of the second Matching Grant Scheme announced". [www.ugc.edu.hk](http://www.ugc.edu.hk) "Increasing voluntary giving to higher education". Task Force Report to Government. DfES. May 2004.

## **Three Nations of the UK diverge on funding for 2006-07**

Recent funding announcements in the UK have clearly illustrated the way different policy priorities are emerging in England, Scotland and Wales. Neither Scotland nor Wales are introducing variable tuition fees in the same way as England and yet they are treating institutions very differently. In Wales the Funding Council is giving an increase of 2.8 per cent on the previous year, barely more than inflation and probably not enough to meet salary expectations and the cost of a new pay structure. Since the Welsh Assembly is promoting a policy of institutional mergers and collaborations with special funding set aside to pay for them, this has depleted the funds available for teaching

England has done better with an overall increase in funding of 4.1 percent, after allowing for an increase in funded student numbers. In addition, institutions will be able to retain all the variable fees received from full time undergraduates joining in 2006-07, less of course whatever they have decided to plough back in institutional contributions to bursary and scholarship schemes. As each cohort of variable fee paying students registers in coming years, the institutional rewards will grow. The English Funding Council always sets aside a sizeable share of its funding for special policy related programmes and this year is no exception with about half a billion GBP for capital funding and just over another half billion GBP for various special funds and agencies.

The Scottish Funding Council is the most generous of the three funding bodies giving its institutions an average increase of 7.2 percent. It is also making research activity a key priority and research funding for leading research institutions has increased quite dramatically. Edinburgh University gained 9 per cent more research funding while Dundee gained 27 percent, making it the third highest recipient of research money from the Council after Edinburgh and Glasgow. Pan-Scottish Research Groupings are being encouraged as a way of building up the country's strategic research capacity and funding for Strategic Research Development Grants (for which institutions bid) has more than doubled. Tuition fee levels in Scotland will be much less than in England although the Scottish Parliament is expected to raise fees to GBP 1,700 for new undergraduate students joining in 2006 with GBP 1,200 for the others.

In time the cumulative effect of these policy and funding changes in the three nations will amount to very different profiles and expenditure patterns. Another form of diversity is emerging.

Sources: For England – HEFCE “Recurrent grants for 2006-07”, publication 2006/08 available at [www.hefce.ac.uk/pubs](http://www.hefce.ac.uk/pubs) For Scotland – Scottish Funding Council, Circular SFC/22/06 “Main grants in support of teaching and research..” available at [www.sfc.ac.uk/library/sfc/circular/2006](http://www.sfc.ac.uk/library/sfc/circular/2006) For Wales – Higher Education Funding Council for Wales, Circular March 2006 “Recurrent grant 2006-07”. At [www.hefcw.ac.uk/publications/circulars.htm](http://www.hefcw.ac.uk/publications/circulars.htm)

The editor, Svava Bjarnason, and author, John Fielden, are always pleased to receive comments on the usefulness and content of this briefing service. News from other Commonwealth countries, which might be of wider interest, is also most welcome. They can be contacted by e-mail on [vcnet@acu.ac.uk](mailto:vcnet@acu.ac.uk) or by fax on +44 (0)20 7387 2655.

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