
Funding, completion rates and financing postgraduate study

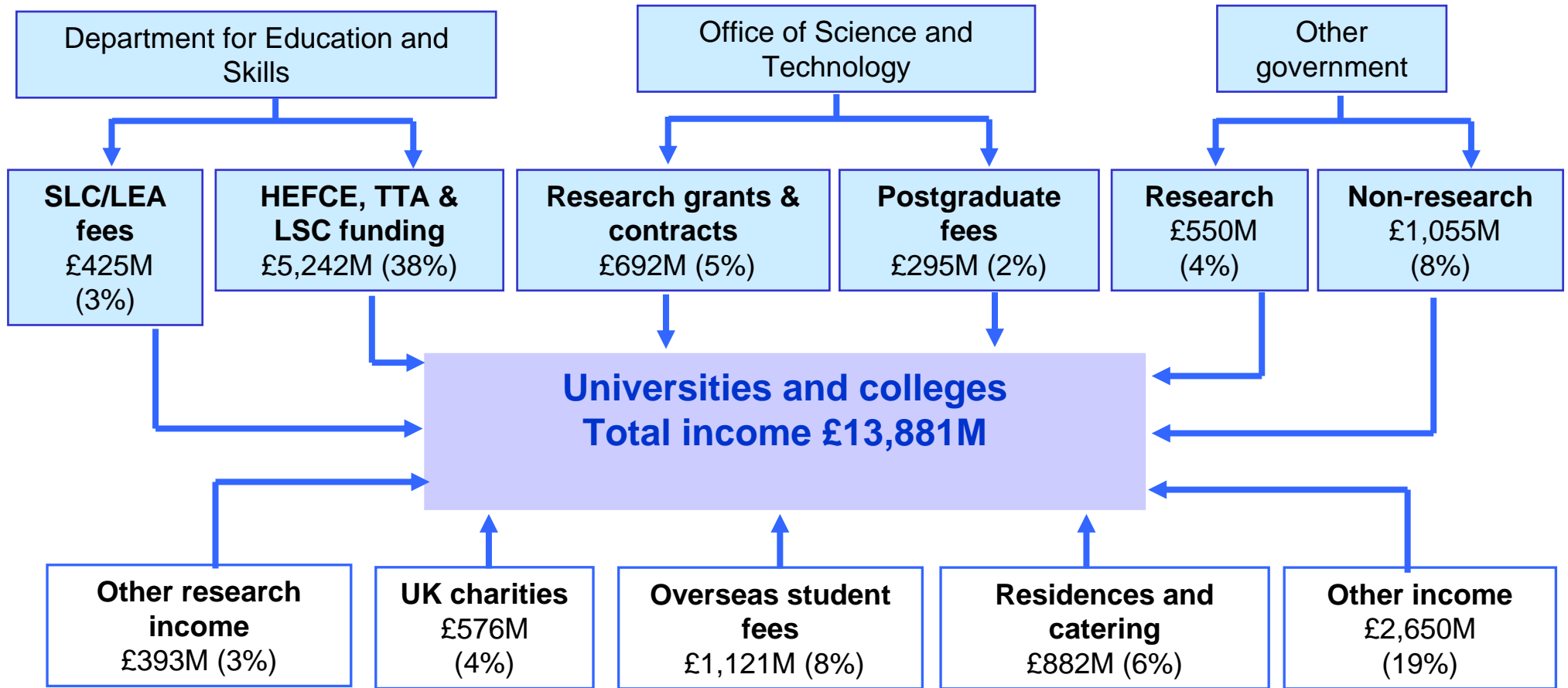
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What is HEFCE?

- **H**igher **E**ducation **F**unding **C**ouncil for **E**ngland
- Created in 1992
- A non-departmental government body
- What we do:
 - distribute money to universities and colleges
 - monitor the financial health of universities and colleges
 - ensure the quality of teaching is assessed
 - provide guidance on good practice

Sources of income for universities and colleges, 2003-04



Source: HESA finance record 2003-04, HEFCE-funded HEIs

Other fee income £1,108M
 Income for non-research services £483M
 Endowments £197M
 Other operating income £861M

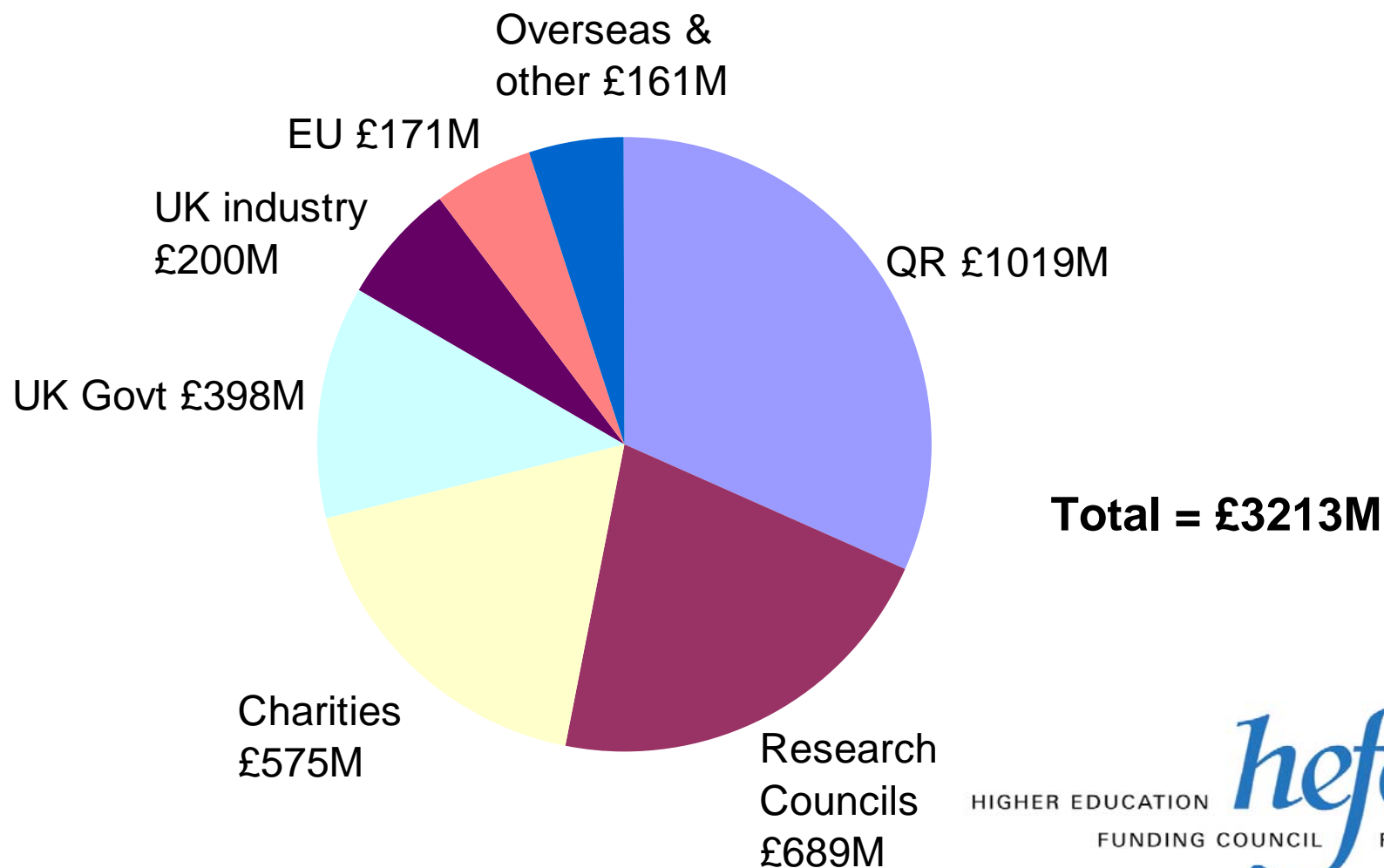
The Dual Support system



- Basic infrastructure – the “well found laboratory”
- Flexibility to react to new fields of enquiry
- Capacity to undertake “blue skies” research

- Project costs

English HEI's research income by source, 2003-04



Allocating QR

- Stage 1: determine the amount for each subject

Volume x relative cost

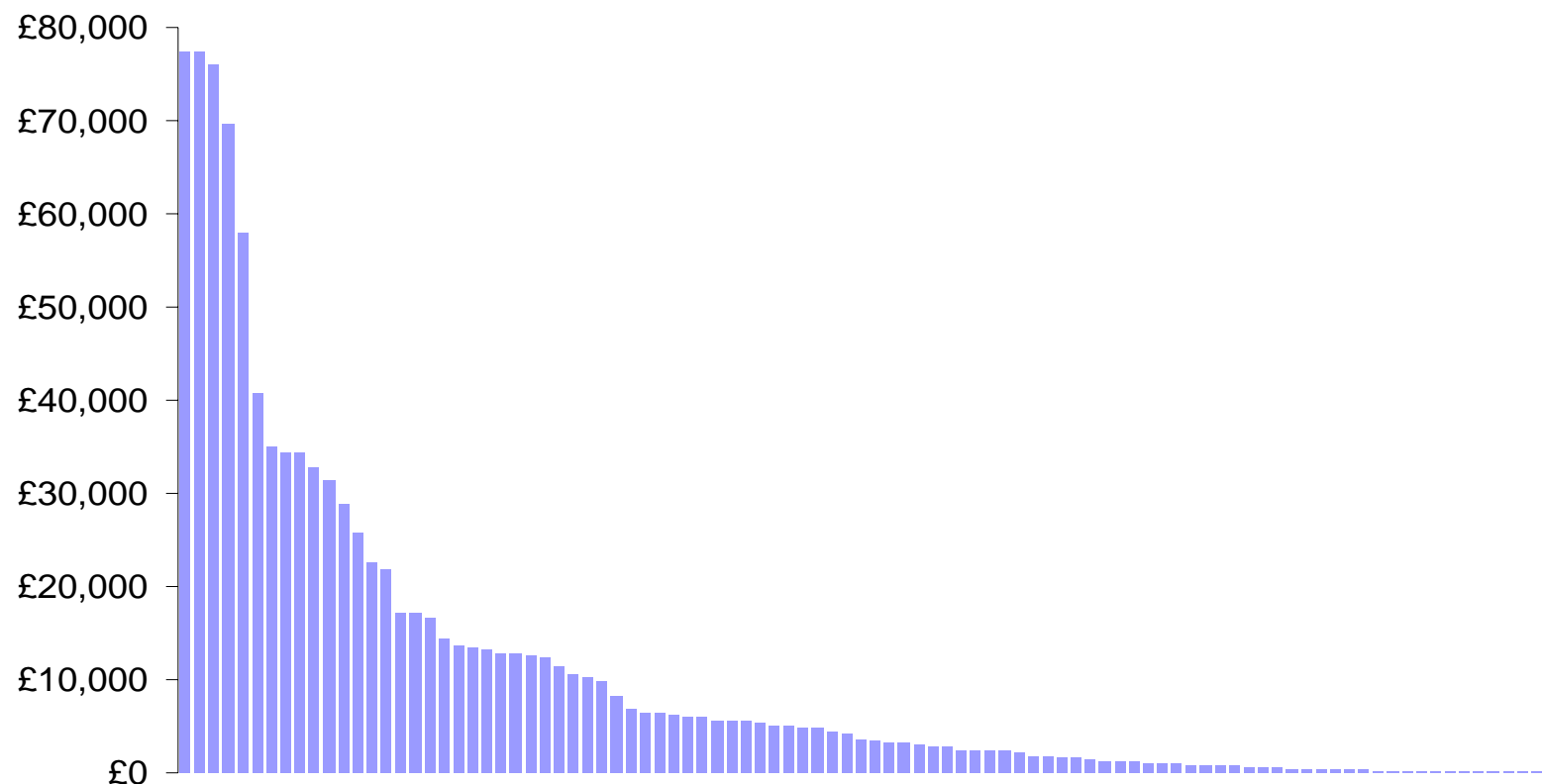
- Stage 2: distribute the subject pots between institutions

Volume x quality

Allocating QR

| 2001 RAE rating | Funding weights in QR model |
|-----------------|-----------------------------|
| 1 | 0 |
| 2 | 0 |
| 3b | 0 |
| 3a | 0 |
| 4 | 1 |
| 5 | 3.0059 |
| 5* | 3.7552 |

QR funding by HEI (2003-04 in £0,000s)



75 per cent of QR goes to 25 HEIs
(84% of RC funding goes to 25 HEIs)

Project funders

- Eight Research Councils:
 - Economic and Social
 - Engineering and Physical Sciences
 - Biotechnology and Biological Sciences
 - Particle Physics and Astronomy
 - Medical
 - Natural Environment
 - Arts and Humanities (new in 2005)
 - Central Laboratories
- Government departments (particularly DoH/NHS)
- European Commission
- Research charities

The Research Assessment Exercise (RAE)

- A system for assessing research that:
 - informs funding
 - demonstrates the power of the national research base
- Periodic UK-wide assessment exercises covering the whole HE research base (1986, 1989, 1992, 1996, 2001, 2008)

The Research Assessment Exercise (RAE)

- Peer review – 67 subjects
- HEIs submit to units of assessment of their choosing
- Submissions in standard format – staff; publications; grants; research student data; strategy
- Peer review panel make judgements against a four point “quality profile”

The Research Assessment Exercise (RAE)

| Unit of assessment A | FTE staff submitted for assessment | Percentage of research activity in the submission judged to meet the standard for: | | | | |
|----------------------|------------------------------------|--|------------|----------|----------|--------------|
| | | four star | three star | two star | one star | unclassified |
| University X | 50 | 15 | 25 | 40 | 15 | 5 |
| University Y | 20 | 0 | 5 | 40 | 45 | 10 |

RAE impact

- Positive
 - Strategic management of research
 - Focus on quality
 - Critical mass – particularly in hard sciences
- Negative?
 - Distortion of institutional mission
 - Encouragement to increase volume
 - Games playing – behaviour on publications & staff recruitment
 - Administrative burden
 - The need to recognise all aspects of excellence
 - Identifying pockets of excellence

HEFCE research funding beyond 2008

- Government wants to shift to metrics after 2008, mainly to cut costs
- DfES currently consulting on range of available metrics
- Preferred metric is external research income
- HEFCE/AHRC working group on metrics for arts and humanities

HEFCE funding for RDPs

- ~ £190M per annum
- Allocated according to numbers of home and EC research students in units rated >3a at 2001RAE
- Cost-weighted according to broad subject area
- No further link to the RAE rating of the host department above the threshold
- Paid in years 1 – 3 for full time students, pro rate for part-timers

Allocations per student 2005-06

| Band A | Band B | Band C |
|--------|--------|--------|
| £6,842 | £5,559 | £4,276 |

Figures exclude London weighting and are exclusive of fees and other income

New quality assurance arrangements

- Funding conditional on institutional alignment with QAA code of practice on RDPs
- Special one-off review in 2005-06 to provide a baseline of information
- RDPs part of normal institutional audit from 2006-07

Monitoring qualification rates

- Qualification rate = number of qualifiers / total population
- Population = all home & EC students returning for 2nd year
- Separate rates according to mode of study and context statistics

Monitoring qualification rates

- Aim is to identify institutions where a low proportion of students qualify within seven years compared to the average in the sector, taking local circumstances into account
- No targets and no simple direct link from data to funding

Next steps

- Data verification exercise in autumn 2006
- Rates available to QAA from 2007
- Published in 2007?