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From the Physical Secretary and Vice-President Professor JE Enderby CBE FRS
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REVIEW OF THE RESEARCH FUNDING METHOD

In his letter of 16 February, Philip Gummatt enclosed a copy of Circular W01/16HE, which set out the framework and operating principles of the research funding method the Council will introduce for 2002/03, and sought comments on two outstanding issues by 30 March.

The Royal Society believes that it is essential to nurture and develop university research within the UK to ensure that it continues to compete on the world stage. The Society's Council therefore established a working group to consider the reviews of research policy and funding being undertaken by the Funding Councils. Unfortunately the timing of this review was such that we could not respond to your consultation deadline of October 2000, and it was therefore primarily directed to the HEFCE review. It was also available for the SHEFC consultation deadline of 30 March 2001.

I enclose a copy of the response to HEFCE and you will see that the first paragraph states that most of the points are valid across the UK and just not confined to England. Indeed, the Society believes that it is important for there to be comparable arrangements across the UK, but with special features to take account of differences in Scotland, Wales and Northern Ireland.

The Society recognises that, while the smaller number of institutions in Scotland and Wales is a challenge, it considers that this should also be seen as an opportunity, as the two Councils are better able to tailor some of their schemes to a particular institution than is possible in England.

The most important general points arising from the Society's consideration are that:

- the dual support system was important and that the main criterion for Funding Council research funding should be research excellence;
- the process of selectivity of funding has probably reached the limit before it starts to reduce the dynamism of the system, as well as affecting the overall quality of the educational experience at some smaller institutions;
- the institutions need sufficient flexibility to develop their research capabilities within the context of their overall mission; and
- steps need to be taken to ensure that the UK PhD education and training experience remains at the forefront of international standards.

The Society therefore supports the Council's decision over the distribution of funding between formula and special initiatives. In particular the 9/1 weighting of formula to initiatives would appear to be an appropriate balance to maintain the Welsh institutions within the general UK research community, while providing scope for developing existing strengths and pump-priming initiatives of particular importance to the local quality of life and the Welsh economy. On the formula funding, the Society supports the continuation of funding associated with 3b and 3a departments. It believes that if the funding associated with these departments were to disappear, there would be serious damage to the dynamism of the system including the development of new research groupings.

The Society notes the overall relatively low success rate of Welsh institutions as far as Research Council grants are concerned, and supports the Funding Council's goal of selectively developing research capability through a Research Capacity Development Fund involving significant funding over a period of years. As mentioned above, the Council has the advantage of having relatively few institutions, and so it would be best to give indicative guidance rather than hard and fast rules. For example, while there could be an indicative upper and lower limit to the awards for the largest of the institutions, there might be room for a smaller scheme at others. Similarly, bearing in mind the size of most of the Welsh research departments, indicating that applications involving collaborations are likely to be considered particularly favourably is probably more satisfactory than reserving a fixed amount at the outset. In this connection, the Society believes that the funding of a Welsh institution's development costs involving collaboration with institutions elsewhere in the UK would also be in the interests of Welsh research. This may also be true of appropriate collaborations involving universities elsewhere in the EU and elsewhere.

The Society believes that there is merit in seeking to lever outside funding. However, it recognises that it is easier to secure such funding in biomedical sciences and technology than in some other areas, and hence some degree of freedom should be permitted, on the understanding that institutions would be judged on their merits, including other indications of interaction with users than just the quantity of funding brought in.

Beyond emphasising the importance of Wales continuing to provide a distinctive contribution to UK science, and increasingly on the European stage, the Society would not presume to advise on the areas of strategic importance to the economy, culture and society of Wales.

The consolidation of current funds to form a single knowledge transfer stream would appear to be appropriate, but again the Society does not believe that it is in a position to comment on the scope of the scheme, except to say that again the Council should preserve support flexibility to cover all appropriate activities. On the distribution of funding, there is clearly merit in some form of formula funding, but the Council might retain a small amount of funding to allow pump priming of new initiatives.

Finally, as with undergraduate teaching and the development of e-universities, the next ten years are likely to be crucial in the development of higher degree provision and in particular post graduate research (PGR). The Society fully supports the Higher Education Funding Councils in their initiatives, in conjunction with the Research Councils, the Arts and Humanities Research Board and others, to develop minimum requirements that departments have to satisfy in order to be eligible for Funding and Research Councils' PGR funding. The merging of the two channels of PGR has many advantages, but there would be concern if 3b departments failed to secure any funding.