

Cylchlythyr | Circular

HEFCW's research funding method from AY 2022/23

Date: 21 July 2022
Reference: W22/24HE
To: Heads of higher education institutions in Wales
Response by: No response required
Contact: Name: Ben Raynor
Telephone: 029 2085 9749
Email: ben.raynor@hefcw.ac.uk

This circular details the changes made to HEFCW's research funding method from AY 2022/23. This is the method used to allocate HEFCW's quality research (QR) and postgraduate research (PGR) training funds.

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Background

1. HEFCW funds research in HEIs in Wales primarily through its QR funding stream. This is unhypothecated funding, allowing institutions to decide how to spend it to best pursue their strategic goals. In academic year 21/22 HEFCW allocated £81.7m to HEIs through its main QR funding stream in academic year 21/22 (excluding additional in-year funding). QR funding is allocated by formula.
2. HEFCW also allocates funding to contribute to the costs of training postgraduate research (PGR) students in Welsh HEIs. In 21/22 HEFCW allocated £6.2m to HEIs through this stream. PGR training funding is allocated by formula.
3. HEFCW's QR formula operates to fund sustainable research excellence, using quality, volume, and sustainability measures. The quality and volume measures are drawn from the results of UK national research assessment exercises. The most recent such exercise, REF 2021, published its results in summer 2022. HEFCW will use the results of REF 2021 to drive its QR allocation from AY 2022/23.
4. HEFCW Council decided to review its research funding arrangements prior to the publication of REF 2021 results. Full details of the background to this review, including the outcomes of a consultation on implementing a new research funding method, can be found in circular [W22/23HE](#). This circular lays out the changes made to HEFCW's research funding method as a result of this review.

Changes to the research funding method: QR

5. The HEFCW QR formula used from 2015/16 to 2021/22 used REF 2014 results to drive the QR allocation. The formula allocated funding by REF 2014 Unit of Assessment. The volume of research in each REF submission which met specified volume and quality thresholds was multiplied by the appropriate subject weightings, and then by quality weightings. The latter were applied in proportion to the quality profile for the submission. The outcomes of the formula were then scaled to the total funding available for QR. Full details of this method can be found on our [website](#). The method also included the following elements which were allocated on a different basis:
 - A ringfenced amount allocated in proportion to 4* research only
 - A ringfenced amount allocated in proportion to research income awarded to HEIs by charities through open competition
 - A ringfenced amount allocated to support scholarly publications and related activities in the fields of Welsh culture, history, and literature
6. The review of HEFCW's research funding methodology aimed to ensure that sustainable research excellence in Welsh universities continued to be supported with a simplified and more transparent formula. These goals were supported by the higher education sector in responses to HEFCW's consultation. To meet these aims, HEFCW is retaining the basic structure of the QR allocation formula. The formula will continue to allocate funding by REF 2021 Unit of Assessment by

multiplying volume of research in each qualifying REF submission by the appropriate subject weightings, and then by quality weightings. In order to better fund sustainable research excellence and simplify the allocation method, HEFCW is making the following changes to the existing method:

- **Remove the research excellence stream and raise the 4* quality rating from 3 to 4:** this will simplify and make more transparent the way in which the formula allocates a greater proportion of funding to the highest concentrations of world-leading research.
 - **Change the sustainability threshold from 6 to 5.5:** this retains the principle that Units of Assessment that have not achieved a certain level of size or quality in their research will not attract funding. The threshold chosen for the new method ensures that all Units of Assessment assessed by REF 2021 to have at least some world-leading research activity attract funding in the new formula.
 - **Remove all minor volume measures:** this simplifies and makes more transparent how the funding formula allocates based on volume, by making the REF 2021 submitted staff FTE the only volume measure in our formula. As REF 2021 required all staff with significant responsibility for research to be submitted, the volume measure now represents a much more complete picture of HEIs' long term sustainable research capacity.
 - **Set the charity income stream at 10% of QR:** setting this stream at this fixed amount and removing the charity income minor volume measure will ensure that universities continue to receive additional support for crucial charity funded research, while making simpler and more transparent the way HEFCW allocates this support.
 - **Remove and fund separately support for scholarly publications and related activities in the fields of Welsh culture, history, and literature:** this simplifies the QR formula by removing an element that operated differently. Full details of new funding arrangements, with funding sustained at the same level, can be found in HEFCW circular [W22/15HE](#).
7. By introducing these changes, and using REF 2021 results for volume and quality data, HEFCW's QR allocation will continue to reward sustainable research excellence in Welsh HEIs with a simplified allocation method, drawing on the most up-to-date robust evidence.

Changes to the research funding method: PGR

8. HEFCW allocates postgraduate research (PGR) training funding to support PGR training in HEIs. Each year, HEFCW establishes the total funding to be made available for PGR support, together with the standard unit of funding for each of three groups of related subjects. These groups are known as Academic Subject Categories, or ASCs. Each ASC has a different Unit of Funding that is used in the PGR allocation calculation, to reflect the different costs of training in different disciplines. Eligible PGR enrolments are taken from the most recently available HESA student record. Grants are calculated by applying the standard unit of funding to the eligible PGR enrolments in that ASC. Where total allocations

exceed available funding, the allocations are scaled pro rata. Full details of this method can be found on our [website](#).

9. The research funding review provided the opportunity to review the PGR allocation method, and to make the allocation method simpler and more transparent where appropriate. HEFCW is retaining the basic structure of the PGR allocation method, where allocations are determined by eligible PGR enrolments and ASCs grouped in high, medium, and low cost bands. HEFCW will also continue to decide on the level of funding available each year, in order to respond to any changes in PGR funding approaches or requirements in coming years. In order to better achieve the aims of PGR training funding, HEFCW is making the following changes to the current method:
 - **Remove time limits on eligible PGR enrolments:** in the existing method, PGR students must be on the first three years full-time or full-time equivalent of their programme of study. In an impact assessment of their core funding, Research England found that there is a risk of negative indirect impacts on groups with certain protected characteristics in imposing time limits on eligible PGR enrolments for PGR support funding. They subsequently removed time limits from their eligibility criteria. HEFCW is doing the same to avoid the same potential indirect negative impacts.
 - **Replace Units of Funding with subject cost weightings:** these are the same subject cost weightings used in the QR formula. This simplifies and makes more consistent how HEFCW recognises the differing costs of research and research training in different academic disciplines.
10. By implementing these changes, HEFCW will increase the transparency and consistency of its PGR training funding, while avoiding negative equality, diversity and inclusion impacts.
11. HEFCW is currently reviewing its teaching funding method, which includes a proposal to replace ASCs with cost groups, derived on the basis of more recent data. When the teaching funding review has concluded, if necessary we will consider the impact of this change on the PGR allocation method.

Timetable

12. The new methods for HEFCW research funding will be used from AY 2022/23.

Further information / responses to

13. For further information, contact Ben Raynor (ben.raynor@hefcw.ac.uk).

Assessing the impact of our policies

14. We have carried out an impact assessment screening to help safeguard against discrimination and promote equality. We also considered the impact of policies on

the Welsh language, and Welsh language provision within the HE sector in Wales and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives. Contact equality@hefcw.ac.uk for more information about impact assessments.

Annex A: QR funding methodology from AY 2022/23

1. HEFCW allocates QR funding selectively to reward sustainable research excellence. The data used to calculate QR funding from AY 2022/23 are taken from the REF 2021 results.
2. Research was submitted to REF 2021 in 34 subject-based Units of Assessment (UoAs). The assessment outcomes were expressed in the form of quality profiles which showed the proportion of research activity in each submission assessed at each of the following levels:
 - 4*, world-leading
 - 3*, internationally excellent
 - 2*, internationally recognised
 - 1*, nationally recognised
 - Unclassified (u/c), below the standard of nationally recognised
3. QR funding rewards sustainable research excellence. Therefore:
 - We do not include unclassified, 1*, or 2* research activity in the QR allocation formula.
 - We have applied a sustainability threshold (combined quality and volume threshold). This is calculated by multiplying the volume of staff FTE at 3* and 4* in each REF submission by the quality weightings (1 for 3* and 4 for 4*), summing the outcomes to produce a single score for each submission, and then applying a cut-off point for funding. From 2022/23, this cut-off point has been set at a score of 5.5.
 - We also apply a volume threshold, such that UoAs with fewer than 3 submitted staff FTE of classified work (1* and above) do not attract QR funding.
4. The QR formula itself consists of three elements: **quality**, **volume**, and **subject weightings**. Weightings are applied within each of these elements as follows:
5. **Quality**: the levels of the REF 2021 quality profile are weighted as follows:
 - u/c - 0
 - 1* - 0
 - 2* - 0
 - 3* - 1
 - 4* - 4
6. **Volume**: this consists of one major volume measure – the Full-Time Equivalent (FTE) number of staff with significant responsibility for research returned to REF 2021 in each UoA.
7. **Subject weightings**: subjects (defined by REF 2021 UoAs) are divided into three bands to reflect their relative costs. The bands and their weights are:
 - Clinical medicine and laboratory based subjects 1.6
 - Subjects with a technical/experimental premium 1.3
 - Other subjects 1.0

8. Allocations are built up by UoA using the REF 2021 submissions data. Any submissions which do not meet the thresholds described above are excluded from the calculation. For all other submissions, the volume measure is multiplied by the relevant subject cost weighting. This is then multiplied by the quality weightings, applied in proportion to the quality profile for the submission.
9. The overall outcomes of the formula calculation are scaled to the total amount of funding available for QR in each year.
10. One element of the total QR budget is allocated on a different basis:
 - 10% of available QR funding is allocated in proportion to research income awarded by charities through open competition in units which meet the QR volume and sustainability thresholds. This is provided to help institutions meet the Full Economic Cost (FEC) of research funded by charities.

Annex B: PGR training funding methodology from AY 2022/23

1. HEFCW allocates funding to support PGR training in HEIs. Only HEIs who participate in the REF are eligible for this funding. Data used in the calculation of PGR training funding are taken from the most recently available HESA student record at the time of calculating the allocation.
2. Each year, HEFCW establishes the total funding to be made available for PGR support. PGR funding allocations are based on submissions to REF 2021 Units of Assessment (UoAs). To reflect the different costs of PGR training in different academic disciplines, REF 2021 UoAs are grouped into three Academic Subject Categories (ASCs) with subject weightings. ASCs are groups of related subjects which are given different subject weightings in the PGR allocation calculation.
3. REF 2021 UoAs are mapped onto ASCs as follows (NB missing UoAs had no submissions from Wales in REF 2021):

Subject group	ASCs	REF 2021 UoAs
1	1b, 1d	1, 2, 3 (split), 4 (split)
2	1a, 1c, 3, 4	3 (split), 4 (split), 5 to 12, 14 (split), 15 (split), 24 (split)
3	All other ASCs	3 (split), 13, 14 (split), 15 (split), 17 to 21, 23, 24 (split), 26 to 28, 31 to 34

4. The PGR subject weightings for the different ASCs are as follows:

Academic Subject Category Grouping		Subject weighting
1b, 1d	Clinical Medicine and Dentistry	1.6
1a, 1c, 3, 4	Science; Engineering and Technology; Mathematical Sciences, IT and Computing	1.3
Other	Other	1.0

5. To determine grants for individual HEIs, the first step is to apply the relevant subject weighting to the FTE of qualifying enrolments for each ASC. To be classified as a qualifying enrolment, a student must be:
 - Home fundable
 - Studying for PGR qualifications
 - In a UoA which attracts QR funding in HEFCW's QR formula
 - Not incoming exchange
 - Active within the reporting period
6. The total funding is then allocated pro-rata to the subject weighted FTE. PGR training funding is provided to institutions in the form of a block grant.