

**Studienplatzfinanzierung:
Voraussetzung einer realistischen Universitätsfinanzierung**

Workshop der Österreichischen Forschungsgemeinschaft
11. - 12. 12. 2009

**Publicly-funded Higher Education Institutions in the UK:
Funded students and quality research**

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The Starting Point - the Position of Public Funding

When the traditional ancient, civic and federal universities in the UK were founded they were funded from **private resources** usually raised locally.

However, following the formation of the University Grants Committee (UGC) in 1919 as the body responsible for advising the Secretary of State on the funding of universities there was a progressive dominance of public funding and this remained the position for **the 'old' universities until 1988**.

Initially the **polytechnics and colleges** established in the mid-1960s received public funding which was administered by Local Education Authorities in the regions in which they were located.

Background to the Current Position of Higher Education

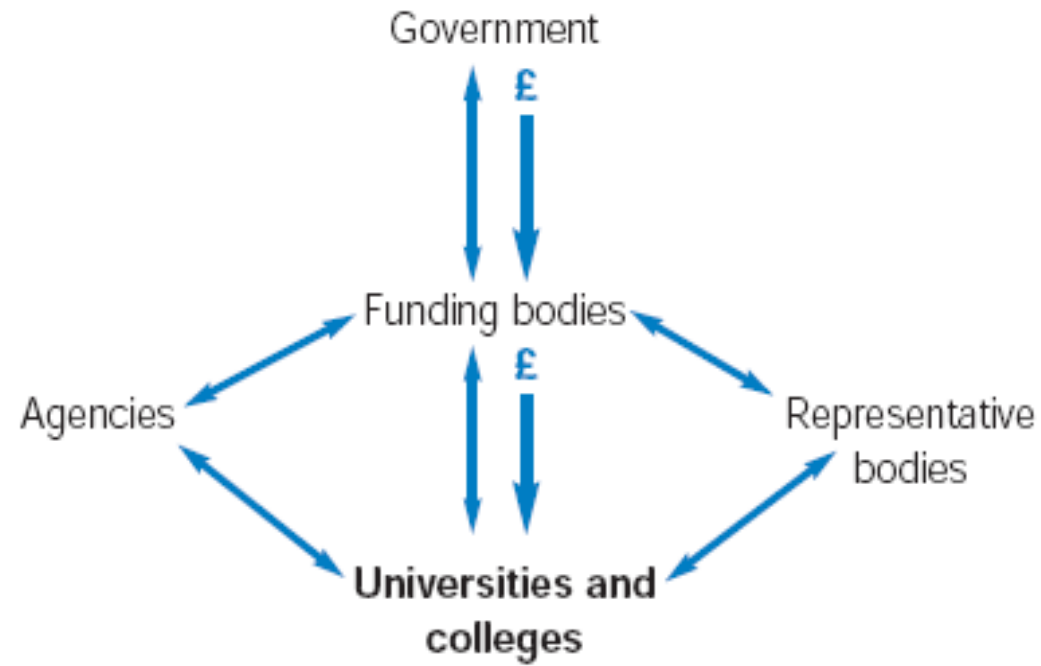
The relationships between Government and higher education changed radically in 1988 with the formation of two new 'buffer' bodies..

The Education Reform Act 1988 - this set up the Universities Funding Council as an 'arms length' buffer body outside the then Department of Education and Science but accountable to the Department. The *Act* also created the Polytechnics and Colleges Funding Council which made the polytechnics and colleges in England independent of local Authorities.

This was followed by a repositioning in 1992.

The Further and Higher Education Acts 1992 which created the new Universities and Colleges as well as the three funding councils - HEFCEngland, ScottishHEFC, HEFCWales. In Northern Ireland the Department of Education (NI) took responsibility for higher education.

The Accountability Chain



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The **Agencies** fulfil a range of roles in the sector sometimes in support of the Funding Bodies and sometimes in support of the Universities and Colleges.

Some examples

Quality Assurance Agency
Higher Education Statistics Agency
Universities and Colleges Admissions Service
The Leadership Foundation for Higher Education
Higher Education Academy

The **Representative Bodies**, such as UniversitiesUK, bring together heads of institutions from the higher education sector.

Governance

Higher education institutions are **legally independent**. Their governing bodies are responsible for ensuring the effective management of the institution and for planning its future development. They are **ultimately responsible** for all the affairs of the university or college.

The **head of the institution** shall be responsible for advice on strategic direction and for the management of the institution, and shall be the **designated officer** in respect of the use of Funding Council funds. The head of the institution shall be accountable to the governing body which shall make clear, and regularly review, the authority delegated to him/her as chief executive, having regard also to that conferred directly by the instruments of governance.

Autonomy and Accountability

There is increased emphasis on system accountability

- **guidance** from the Government
- the existence of **financial memoranda** between the Funding Councils and Government
- studies by the **National Audit Office**
- the ability of the **Public Accounts Committee** to call for evidence.

There is also increased emphasis on institutional accountability

- the existence of **financial memoranda** between the Funding Councils and HEIs
- **quality audit and assessment and the evaluation of research performance**, to date through the periodic Research Assessment Exercises.

The Funding Councils' Roles - Funding, Planning or Steering?

To operate in a pure funding mode - **the 'black box' principle** – was judged not to be acceptable. Transparency has distinct advantages and has contributed to strong strategic planning and improved managerial practices in HEIs. To move into **planning mode** can be a great temptation particularly when the number of institutions to be dealt with is small - (SHEFC 20, HEFCE 132, HEFCW 13, NI 4) - but this could be a serious constraint on institutional autonomy.

To date the Councils are committed to a **steering mode** recognising that there are enough levers to optimise good practice - they also have a formal locus in the value-for-money arena. Steering also favours plurality and the development of best practices which can be disseminated.

Funding Higher Education in England

The Government expects **teaching and learning** in higher education to be financed both by public sources and by those who benefit most directly from it – students themselves through the tuition fees that they pay and, increasingly, employers. Full-time undergraduate students may receive assistance with their tuition fees. Postgraduate students on taught courses pay fees to institutions mostly from their own funds. Students from outside the EU are generally expected to meet the full costs of their courses.

Public research funds are provided under a dual support system. HEFCE provides funding to support the research infrastructure. Our funds go towards the cost of the salaries of permanent academic staff, premises, libraries and central computing costs. The Research Councils provide funding for specific programmes and projects.

Resource = HEFCE grant + tuition fees
HEFCE grant = Teaching funding + Research funding + Special funding

Funding Higher Education – the ‘Block Grant’ principle

The funding bodies allocate most of their funds by **formula** for teaching and research.

The distribution of funds for teaching depends largely on the **number of students and the subjects** which an institution teaches. Nearly all funding for research is related to the **quality and volume of research**.

Funds for teaching and research are provided as a **block grant**. Institutions are free to distribute this grant internally at their discretion within broad guidelines, as long as it is used to support teaching, research and related activities.

To help maintain stability and support institutions in managing changes to grant, changes are phased in by **moderating** increases or decreases in teaching and research funding.

The Funding of Teaching - principles

Two broad principles underpin the method:

- **similar teaching activities should be funded at similar rates**, with variations from these rates based on previously determined factors
- institutions seeking to increase their student numbers should do so through allocations agreed by HEFCE of additional funded places.

The funding method is designed to have the following **five** features:

- transparency
- predictability
- fairness
- efficiency
- flexibility.

The Funding of Teaching – the model

For each institution the model calculates a level of **resource**. This is based on each institution's profile of students, and principally takes into account:

- the number of students
- subject-related factors.

The students who count in the teaching grant calculations are, broadly, those **UK and EU students** who are on higher education courses open to any suitably qualified candidate and who are not funded from other public sources.

Student numbers are counted in **Full Time Equivalent** (FTE) terms. A part-time student is measured by comparing their learning activity with that of a full-time student, so that each will count as a variable proportion of one FTE.

The Funding of Teaching – subject weightings

Different subjects require **different levels of resource**: some subjects need laboratories and workshops while others are taught wholly in lecture theatres and seminar rooms. Four broad groups of subjects (price groups) are defined for funding purposes, and have set **relative cost weights**.

Description	Cost weight
The clinical stages of medicine, dentistry and veterinary science	4
Laboratory-based subjects (science, pre-clinical stages of medicine and dentistry, engineering and technology)	1.7
Subjects with a studio, laboratory or fieldwork element	1.3
All other subjects	1

Basic T Funding Allocations

Thus, for **each subject category** in which a University is involved

$$\text{T Funding} = (\text{Number of FTEs}) \times (\text{Subject weighting}) \times (\text{Base Price})$$

The Base Price varies from year to year and includes an element for tuition. For 2008-09 the Base Price was £3,964 which included £1,250 for tuition.

The total funding allocation to an institution is then the sum of T funding over all its student categories.

Additionally, from 2006-07, institutions were able to **charge variable tuition fees** of up to £3,000, repayment of which was 'income contingent' and could be deferred until the graduate's income reached £15,000 a year.

Targeted T Allocations

In addition to the base T funding allocations there have been made available various **strategic, policy-driven allocations**. Examples of these are the Widening Participation and Accelerated and Intense Provision funding.

Widening Participation funding is made available to recognise the additional costs of improving retention, recruiting and supporting students from disadvantaged backgrounds or students with disabilities.

Accelerated and Intense Provision funding recognises that some courses are taught over longer periods than others within the year and so cost more. Students studying on courses that last for 45 weeks or more within one academic year attract a targeted allocation.

The Funding of Research

The general funds provided support **fundamental and 'blue skies' research** in institutions and contribute to the cost of training new researchers. This research is the foundation of strategic and applied work, much of which is later supported by Research Councils, charities, industry and commerce.

The intention is to promote excellent research. HEFCE research funds are distributed selectively to institutions that have demonstrated the quality of their research by reference to national and international standards. Quality is measured in periodic **Research Assessment Exercises** (RAE).

The bulk of R funding comprises

- mainstream **quality-related** research (QR) funding
- research degree programme **supervision** funding
- a **Charity** support element
- a **Business** research element.

The Research Assessment Exercise

The purpose of the Research Assessment Exercise (RAE) is to provide **ratings of the quality of research** conducted in universities and colleges. The ratings are used to determine how research funding is allocated. Institutions conducting the best research receive a larger proportion of the grant. Assessment is by panels of, mostly academic, experts covering 67 different subject areas.

RAEs were carried out in 1992, 1996, 2001 and 2008.

The 2008 RAE took a different form to previous ones, the main difference being in the way quality ratings are reported. In previous RAEs, institutions received a **single quality score** for their research in a particular subject; for 2008, they received **a profile showing the proportions of research activity in the subject that meet defined levels of quality** the new quality profiles from the 2008 RAE enabled the targeting of funding in a more fine-grained way, rewarding excellence wherever it is found.

QR Funding Allocations

The first step in distributing mainstream QR is to decide how much to **allocate to different subjects**. The total available funding is divided between the subject fields of the 15 RAE main panels in proportion to the volume of research in each field that has been assessed as meeting or exceeding a defined threshold, weighted to reflect the relative costs of research in different subjects.

The **volume measure** in the research funding method is **the number of research-active staff** employed by the institution multiplied by the proportion of research that meets a quality threshold in the RAE.

Quality rating	Funding weighting
4* (Quality that is world-leading)	7
3* (Quality that is internationally excellent)	3
2* (Quality that is recognised internationally)	1

Research Profiles and the QR Funding Formula

A typical **research profile** for a subject area in a particular university would appear as

University X - Cancer Studies

Percentage of research activity rated 4*	30%
Percentage of research activity rated 3*	45%
Percentage of research activity rated 2*	15%
Percentage of research activity rated 1*	5%
Percentage of research activity rated Unclassified	5%

Then for each subject area the allocation made to an institution was based on its '**QR share**' determined as

QR share = (No. of Research Active Staff) x (7 times %age rated 4* + 3 times %age rated 3* + 1 times %age rated 2*)

The QR Funding Allocation

The overall QR funding that an institution was allocated was the **sum of the individual allocations** for each of the different subject areas in which it was active.

For 2009-10 the Government advised the HEFCE to recognise and respond to the high cost and national importance of **STEM** subjects (Science (including medicine), Technology, Engineering and Mathematics).

Clearly significant shifts in QR funding could result – thus, as in previous years, funds were provided to **moderate significant reductions in funding**. Moderation funding is a short-term measure. It is not an entitlement or general subsidy, but is intended to support actions that will enable institutions to secure change and manage the transition to lower funding levels.

Some Special Funding Initiatives

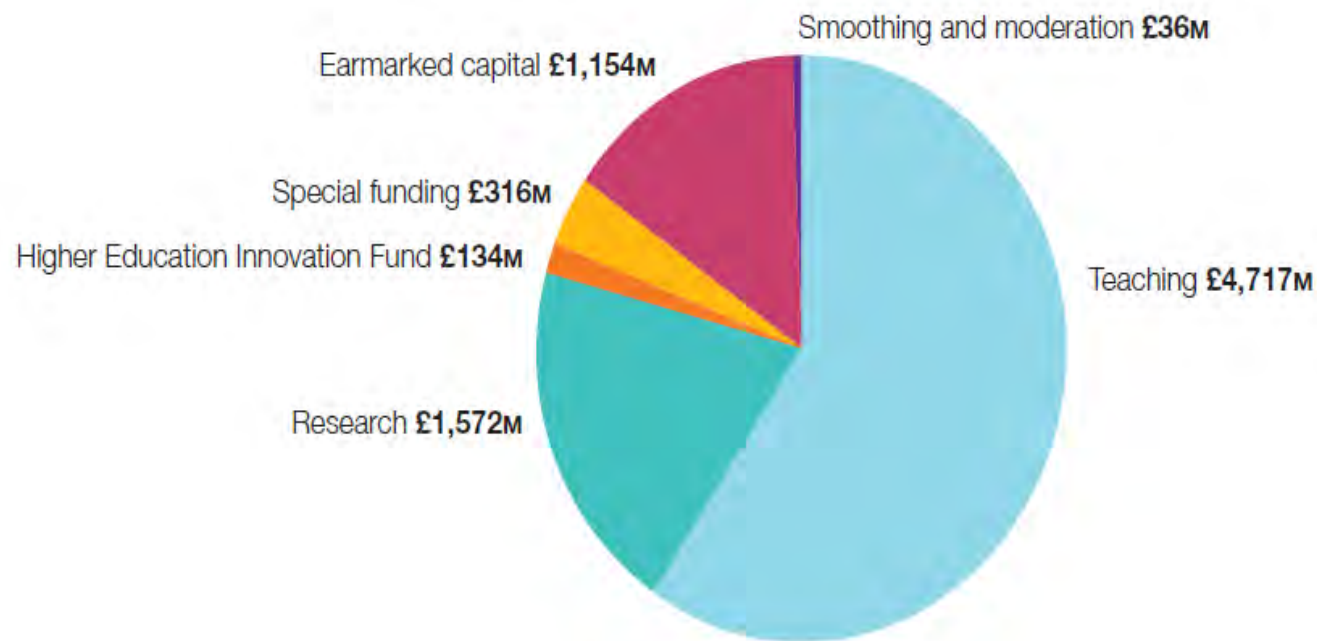
The **Higher Education Innovation Fund** (HEIF) is designed to support and develop a broad range of collaborations between higher education and businesses or public sector, charity or community groups, which result in economic and social benefit to the UK.

Earmarked capital is additional funding provided by the Government to support sustainable investment in the teaching and research infrastructure in higher education.

Additional funding is provided for very **high cost and vulnerable laboratory-based subjects** which are judged to be strategically important to the economy and society but where there is relatively low student demand.

The Overall Balance of Higher Education Funding

For 2009-10 the HEFCE allocated £7.9 billion (€ 8.73 billion) as follows



For 1.04 million FTE students (922,827 UG, 79970 PGT, 37583 PGR).

Bibliography

The important website is www.hefce.ac.uk http://www.hefce.ac.uk/pubs/hefce/2009/09_32/09_32.pdf <http://www.hefce.ac.uk/faq/mainfaq.htm>

2008/33 Funding higher education in England (September 2008)

http://www.hefce.ac.uk/pubs/hefce/2008/08_33/

(Note: The funding algorithm for QR changed in December 2008

-see 2009/08 Recurrent grants for 2009-10 (March 2009)

- http://www.hefce.ac.uk/pubs/hefce/2009/09_08/)

2009/32 A guide to UK higher education (September 2009)

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