



Fair and justifiable funding for university teaching

Response to HEFCE consultation on its teaching funding method

1. The Campaign for Science & Engineering is pleased to submit this response to HEFCE's consultation on the funding of teaching in English universities. CaSE is a voluntary organisation campaigning for the health of science and technology throughout UK society, and is supported by over 1,500 individual members, and some 70 institutional members, including universities, learned societies, venture capitalists, financiers, industrial companies and publishers.

Question 1: Do you agree that HEFCE should support and protect its strategic priorities through the funding method?

2. HEFCE is a body whose sole purpose is to distribute billions of pounds of public money for higher education. Its "strategic priorities" should be the country's "strategic priorities," insofar as they relate to universities. Universities exist to discover and disseminate knowledge, and these should be the main focus of HEFCE's work.

Question 2: Do you agree with the concept of replacing premiums with targeted allocations that are outside the tolerance band and that address strategic priorities?

3. This jargon appears to mean that, in future, institutions will be funded to a greater degree than at present for what they actually do rather than what they used to do. In principle, CaSE believes this makes sense. Given that the consultation document justifies the new approach partly on the basis that the existing method is too complex, we find Table 1 somewhat intricate. Even allowing for HEFCE's somewhat loose definition of a "core strategic aim," only four are proposed in paragraph 20 of the consultation document. The Table contains eight boxes, three "principles" and eight bullet points.

Question 3: Do you agree that we should develop a consistent national framework for the collection of cost information in accordance with TRAC principles?

4. As long ago as June 2004, HEFCE said in response to suggestions that TRAC should be used for teaching: "We accept that there would be merit in such an approach"¹. Why are we still being asked to say whether we think this would be a good idea? Of course it would it would be a good idea to know the real costs of teaching different subjects. This should have been implemented at least two years ago, and should now be done urgently.

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Question 4: Do you agree that we should not change the subject weightings in the short term but should look to make more use of costs to inform them?

5. Absolutely not. The subject weightings are wrong, unjustified and unjustifiable. The idea that the community is broadly happy with the downgrading of science and engineering is a distortion of the truth, and there can be no doubt that any credible system of setting the weightings would increase the proportion of funding that would go to these subjects.

6. Everyone knows that there is not enough money in the system overall to fund the level of teaching that is demanded of the universities. As the outgoing Chief Executive of HEFCE put it: "all the sector is losing money on its undergraduate teaching; in other words, teaching is under-funded in the university system"².

7. In a situation where there is not enough money in the system as a whole, there are two possible principles by which funding can be distributed. Either the pain can be distributed evenly, so that there is no inherent bias in favour of one discipline over another, or scarce resources can be concentrated into subjects of some strategic national importance.

8. If the latter model were adopted, science and engineering would unquestionably receive vastly greater funding (from within HEFCE's existing budget) than they currently do. The persistent assertions of the Chancellor of the Exchequer and of the Prime Minister that they want the UK to be "the best place in the world for science" and the policies set out in the *Ten Year Framework for Science and Innovation Investment* are sufficient evidence that, if funding were distributed according to what the elected Government believed would be good value for taxpayers, then science and engineering would get a much bigger slice of the cake than they do at present.

9. However, CaSE has always argued for the "level playing field" model, in which no one subject is financially favoured over another. The problem is that, with the changing of the ratio of funding between science and arts from 2:1 to 1.7:1 two years ago, HEFCE has perversely tipped the balance *against* science and engineering.

10. Even at a weighting of 2:1, science and engineering subjects would be seriously underfunded, and before HEFCE's decision to downgrade science, the scientific community had been preparing to make what we thought was an uncontested case for an increase in the ratio.

11. At a meeting in December 2005, John Rushforth, then a Director of HEFCE, characterised the position of the scientific community as being that science should be funded "in preference" to other subjects. It is clear that to some extent, HEFCE continues to see the arguments put forward by CaSE and others as special pleading. This is an inaccurate impression of our case,

which is based on the importance of science to the economy, and the fact that the current ratios are biased against the sciences and engineering.

12. HEFCE continues to attempt (unsuccessfully) to justify the downgraded ratio for science on the basis that it was accurately calculated from data provided by the universities. The data on which these calculations were based simply do not form a valid basis for the task (which is why HEFCE now proposes to use a different method). The calculations were based on what was available to universities to spend in 2002, not on any sensible assessment of the true costs involved in delivering world-class higher education.

13. Appearing before the House of Commons in February 2005, Sir Howard Newby, then Chief Executive of HEFCE, gave three reasons why the weightings had been reduced, none of which is valid.

14. First, he said that the bulk of teaching costs in all subjects is made up of staff costs. This assertion may well be true, but the whole point of the weightings is that the degree to which it is true varies among disciplines. In the sciences, with the relatively high costs of laboratories, it is less true than it is for library-based disciplines. Moreover, even if one accepts that for all subjects, more than half of costs will be staff salaries, it would still not be a valid argument for the downgrading of science. It has *always* been true that salaries are the largest element of costs, and the fact could not legitimately be used as a justification for change of any kind.

15. Sir Howard's second argument was that information technology has risen in importance in library-based subjects, closing the gap on the sciences. As John Rushforth expressed it at the meeting in December, history departments are now "stuffed full of computers". It is ludicrous to suppose that the computing power needed by a history student is anything like that needed by a student of electronic engineering. And while the computing needs of history students may have grown in the last few years, so have those of engineering students.

16. The third reason put forward by Howard Newby for the recent changes was that science courses have become less experimental, with more work being done theoretically and through computer modelling (one reason why computing needs have grown in science departments as well as in arts departments). He utterly failed to acknowledge that a major reason for this is that the unit of resource has *already fallen* by 40%. It is inevitable that when squeezed as tightly as they have been, science departments have dropped some experiments. To use this as a justification for reducing even further the share of overall funding that is allocated to science is wholly unacceptable.

17. Indeed, Sir Howard's three-point apologia was insulting to the science and engineering community, and demonstrates clearly that the reduction in weighting for laboratory-based subjects is not only unjustified, it is unjustifiable.

18. In England, some 21 departments offer English degrees on the basis of their teaching funding alone and some 49 departments of Business Studies do the same. Only five physics departments and seven chemistry departments can do so³. In other words, in science subjects, it is almost impossible to sustain a department on the basis of HEFCE's teaching funding model, without additional funding from the Research Assessment Exercise or other sources. In subjects that do not require laboratories, it is clearly not difficult at all. This evidence makes at least as strong a *prima facie* case that the current funding weightings are unbalanced as HEFCE's original evidence did that the weightings were right.

Question 5: Do you agree that we should continue to make an assumption about the income from fees in calculating grants for teaching?

19. HEFCE should reflect the real world. Fees are part of the real world, so HEFCE must take them into account in its calculations.

Question 6: Do you agree that we should make a fee assumption for full-time undergraduates, in real terms, of £1,750 in 2007-08 and £2,000 in 2008-09?

20. CaSE believes that HEFCE should make an assumption that reflects the truth. It is not clear why, if £2,000 is the right estimate, HEFCE should assume that the figure is £1,750 in 2007-08.

Question 9: Do you agree that we should move over time towards funding solely on the basis of HESA and ILR data collected at the end of the year, and cease to use HESSES and HEIFES data for funding purposes?

21. HEFCE should use good quality data that are most appropriate to answering the most relevant questions. We do not profess any expertise as to which of the alphabet soup of possibilities outlined in paragraphs 102 to 107 would best serve the taxpayer whose money is being distributed.

Question 11: Do you agree that we should investigate the possibility of recognizing the additional costs incurred by institutions that have a significantly greater proportion that others of students from under-represented groups?

22. CaSE believes that if a system like TRAC were used to calculate costs properly, as it should have been for at least two years, any genuine additional costs would be transparent, and could be met appropriately, without the need to fudge the funding formula.

January, 2006

Notes and References

¹ *Review of the Funding Method for Teaching from 2004-2005: Outcomes of the Consultation*, HEFCE (2004) [HEFCE 2004/24]

² Minutes of Evidence before the House of Commons Science & Technology Committee, 2 February 2005.

³ Data from *The Times Good University Guide* at <http://www.timesonline.co.uk/section/0,,8403,00.html>