



Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0870 0012345 dfes.ministers@dfes.gsi.gov.uk
Rt Hon Alan Johnson MP
Minister of State for Lifelong Learning, Further and Higher Education

**A joint letter to all Heads of HE Institutions in England,
from the Rt Hon Alan Johnson MP and Lord Sainsbury of Turville**

Dear Colleague

24 November 2003

HIGHER EDUCATION RESEARCH

Recent consultations by the higher education funding bodies and the Office of Science and Technology (OST) have prompted debate about how several aspects of the arrangements for public funding of research in universities might develop over the next few years. We welcome this, and we would like to do what we can to ensure that the debate reaches constructive conclusions that will provide a sound basis for strengthening our funding for research. This letter seeks to inform debate by re-stating the key policies underlying the government's approach and how we plan to carry these through into action.

Earlier this year the OST launched a consultation exercise on the sustainability of university research. At the same time the four UK higher education funding bodies consulted on a review of research assessment. The closing date for responses for both these consultation exercises was 30 September. Additionally the Higher Education Funding Council for England (HEFCE) has separately consulted on the implementation of some funding changes announced in the White Paper "The Future of Higher Education" and on proposals for changes to their method of allocating their core funding for research that would take place over the next few years.

All of these proposals are designed to implement established government policy for public funding for research and address problems widely recognised by the sector. Our policies have been set out in a number of recent documents – notably the joint DTI/DfES/HMT strategy document "Investing in Innovation" published in July 2002 and the HE White paper published by DfES in January 2003.

There are three key elements to the policy. **First, we are committed to maintaining a dynamic, world class research sector that contributes to national competitiveness and social cohesion.** The HE White Paper sets out a programme for building on existing strengths within the sector, investing in our very best research institutions so that they can retain their leading edge position against international competition. At the same time the White Paper recognises the wide spread of departments in individual institutions undertaking high quality research - this year at

least 43 institutions will receive QR (quality related research) funding of £5 million or more and there is at least one such institution in each region – and the importance of ensuring that such research continues to be adequately funded. The White Paper also underlines the importance of encouraging greater collaboration between institutions and across disciplines as a means of further improving research excellence. The arrangements for research assessment considered by the recent review are integral to this policy.

Second we are committed to the dual support system as a mechanism for funding and supporting research in HE. The dual support system has served the nation well. The two funding streams, designed to support research in different ways, complement and enhance each other. The system has delivered research programmes and projects commissioned by the research councils, the NHS, charities and government departments while also enabling universities to maintain a strong continuing research base and to undertake “blues skies” research following their own priorities and opening up new areas and avenues for enquiry. We continue to believe that this is the most effective way to fund university research. The Government has announced major increases in public investment in research through dual support, but has also accompanied this with reforms to improve the current system and address areas of concern. For example, the recent OST consultation paper makes proposals for strengthening the system to ensure that it continues to meet national needs.

Third, we are committed to ensuring that the UK public research base remains financially sound and sustainable. “Investing in Innovation” launched a programme to ensure that the higher education sector moves within a reasonable period to a position where each HE institution brings its income stream and the cost of all its activities properly into balance, taking one year with another and making due allowance for the need to invest in maintaining and updating the infrastructure. The Transparency Review and other evidence have shown that institutions have not been recovering the full economic costs of research. The OST consultation on reforming dual support makes important proposals for putting this into effect. We recognise that this poses a considerable practical challenge to the sector, and in response to concerns raised during the consultation have decided to allow further time to implement the costing methodology and new research council processes. This means that these new procedures will now come into effect from September 2005, a year later than envisaged in the consultation document. We remain convinced that our aim for building a stronger and fully sustainable research sector must hold its place at the core of our policy.

The way forward

Against this background, we plan to work together, supported by our departments and in close collaboration with the HE funding bodies, research councils, universities and other key stakeholders, to put these policies into effect. The process of analysis and reflection on the responses to the consultations mentioned above is already underway. Our objective is that announcements on the detail of the way forward should be made in the New Year both in the interests of maintaining momentum and maximising clarity.

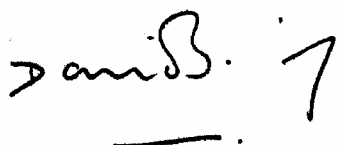
Separately we will set up a Research Forum to enable the dialogue with the sector to continue. Sir Graeme Davies has accepted the invitation to lead this group, which will act as a sounding board for the Ministerial Group implementing “Investing in Innovation”, feeding in technical advice on the practical application of the proposals.

Beyond that the Forum will focus on two issues. The first concerns the relationship between teaching and research. A major issue for all those involved is how to distribute inevitably limited research funds in such a way as adequately to fund the sharply increased volume of research in departments rated 5 and 5*, to maintain research excellence and allow the best research to compete globally in the long term. At the same time we need to ensure that we continue to maintain a high level of teaching quality.

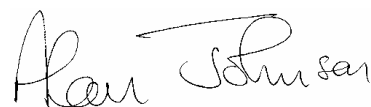
The second issue concerns the objective of encouraging greater collaboration between researchers across institutional boundaries, and in particular the incentives which need to be built into our systems to achieve an increase in the number of collaborations to the wider benefit of research.

The Forum will include representatives of key stakeholders and will be encouraged to invite comments and ideas from a wide range of interested parties. It will provide advice to us jointly and its conclusions and recommendations will inform the government's research policy overall. The Forum will start work later this year in the expectation that it will conclude in the early summer of 2004.

Our overriding objective in all this is to put in place a system in which world-class research can flourish. In order to achieve this we are committed to ensuring that the different strands of the Government's work in this area are closely co-ordinated and joined up. We look forward to your continued support and engagement as we move ahead with this challenging agenda.

Handwritten signature of Lord Sainsbury of Turville, consisting of the name 'Sainsbury' in a cursive script followed by a large number '7' and a horizontal line.

LORD SAINSBURY OF TURVILLE
Minister for Science
and Innovation

Handwritten signature of Alan Johnson in a cursive script.

ALAN JOHNSON
Minister of State for
Lifelong Learning,
Further and Higher
Education