

PRESENTATION TO SUBJECT ASSOCIATIONS, 1ST MAY 2008

By Philip F. Esler, Chief Executive, AHRC

OPENING

I very much welcome this opportunity to speak to so many of you today, at a time when we are getting ready for the next Spending Review and when some arts and humanities researchers are unhappy as a result of decisions we took in consequence of the CSR 2007. Today I want to explain the legislative and administrative context in which we operate, our distinctive mission, the reasons for the budgetary decisions we took following CSR 2007 and the exciting strategic decisions we must now begin to make, with your help at every step.

Before I do so, it might be useful if I remind you of the scale of our funding in 2008-09 and broadly how we intend spending it.

	£ M
The total	111.5 (of which £103.492 M is funding received from DIUS, with the remainder being funded from other sources)
Research:	60
Responsive mode	44
Strategic mode	16
% of research in responsive mode	73 %
Postgraduate	38.5
Knowledge Transfer	6

Ten years ago we did not exist. These large budgets indicate how far we have come and how we are regarded by Government as an important part of the research landscape. This year we are providing abundant opportunities for our researchers in responsive and strategic modes. It is hard for me to reconcile our intention to spend 73% of a £60 M research budget on responsive mode with complaints some researchers have made lately that the AHRC is robbing traditional disciplines to fund new-fangled strategic programmes. We are utterly committed to funding rigorous research in responsive mode across all our disciplines.

WHAT HAS THE AHRC BEEN ESTABLISHED BY PARLIAMENT TO DO?

The AHRC came into existence on 1st April 2005 pursuant to the Higher Education Act, 2004 and a subsequent Royal Charter.

Like any body established by Parliament, we must adhere to the objects for which we were founded. It would be improper for us to take public money and allocate it to purposes not in accord with the will of Parliament. Nor would we succeed in any such attempt. Let us look at those objects, as stated in our Royal Charter. Here is the first:

- (a) to promote and support by any means high-quality basic, strategic and applied research and related post-graduate training in the arts and humanities

I believe that many arts and humanities researchers imagine that we were established solely for a purpose like this. Certainly some colleagues complain if we do support anything except research and postgraduate training. Note, however, that even in this object we are charged with funding applied research.

But now consider the second object:

- (b) to advance knowledge and understanding of the arts and humanities (including promoting and supporting the exploitation of research outcomes and research relating to cultural aspects of the different parts of Our United Kingdom) and provide trained personnel who meet the needs of their users and beneficiaries, and thereby to contribute to the economic competitiveness of Our United Kingdom and effectiveness of public services and policy, and to enhance the quality of life and creative output of the nation

The second part of this object clearly moves beyond producing excellent research and postgraduate students. It relates rather to the value of arts and humanities research for the life and prosperity of the nation, an aspect referred to in Treasury guidance and across the Research Councils as 'economic impact' (even though such impact goes far beyond monetary outcomes to embrace public policy and quality of life outcomes). Colleagues who reject the impact agenda are really opposed to one of the two main objects for which the AHRC has been established.

THE CONTEXT IN WHICH WE OPERATE

Our Relationship with the Department of Innovation, Universities and Skills ('DIUS')

The Science Budget, from which all seven Research Councils draw down their funds, has since June 2007 been administered by the DIUS, in particular, by the Science and Research unit.

We have close, ongoing links with DIUS, and through them to Mr Ian Pearson, the Minister of Science, and Mr John Denham, the Secretary of State for Innovation, Universities and Skills. DIUS makes the case on behalf of the Science Budget to HMT in each Spending Review and the Research Councils work closely with them in that enterprise. If DIUS failed to make a persuasive case, less money would be forthcoming and the Research Councils, or one or more of them, would suffer in consequence.

Let us consider DIUS' first strategic objective:

Accelerate the commercial exploitation of creativity and knowledge, through innovation and research, to create wealth, grow the economy, build successful businesses and improve the quality of life.

Clearly, if the AHRC sought to ignore this objective (which is very close, in any event, to our second Royal Charter object), we could hardly be surprised if our funding were cut or terminated altogether.

It should be noted, however, that DIUS is also focused on encouraging world-class research and among other objectives has the following:

Pursue global excellence in research and knowledge, promote the benefits of science in society, and deliver science, technology, engineering and mathematics skills in line with employer demand.

In a number of speeches Mr John Denham has stressed his firm commitment to the importance of curiosity-driven, 'blue-skies' research as essential to the health of the UK research base.

Yet there is another factor in our relationship with DIUS of fundamental importance in our continuing to secure good levels of funding. When DIUS was established in June 2007, part of it, for relevant purposes the Science Budget and hence the Research

Councils, came in from the old Department of Trade and Industry ('DTI'). But another part, funding for Higher Education in England through HEFCE, came in from another department altogether.

Think about the significance of this for Dual Support. Now, for the first time, both parts of Dual Support, money for research in HEIs from HEFCE, that is, QR (distributed formulaically in accordance with the results of the previous RAE) and money for research from the Research Councils, are now funded by the one Government Department.

Actually, since the three learned academies, including the British Academy, came into DIUS from the DTI as well, the three largest sources of arts and humanities research funding in the UK are all now funded from and report to DIUS. Whereas previously, one could imagine those responsible for the Science budget going into bat on behalf of the Research Councils vis-à-vis QR administered by HEFCE in another department, now the one Secretary of State is responsible for both. Such a situation brings home that in this new world there is a strong imperative for each funding area (HEFCE's QR, the Research Councils, the learned academies) to remain distinctive. For it would be probably not be advisable if one area were thought to be duplicating the work of another. Government Ministers and the civil servants charged with ensuring the proper use of public money might become concerned at such a situation, given other pressing national priorities.

The Need for Distinctiveness

Leaving aside the importance of the AHRC fulfilling the objects in its Royal Charter, how, and how easily, can the AHRC retain its distinctiveness in this context? What is our Unique Selling Point? The core of our 'offer'?

Again, the context in which we operate is vital. Let me start with a ratio: 81% : 19%. I will explain. In 2007-08 the total amount that the Dual Support system provided for arts and humanities research across UK HEIs was £325 million. Of this amount, £264 million was supplied by the Higher Education Funding Councils on the basis of the 2001 RAE. The AHRC provided £61 million. In other words, QR provided 81% of the Dual Support total for arts and humanities research, while the AHRC provided 19%. In the natural sciences, on the other hand the ratio is close to 50:50.

The question emerges: given that QR is four times AHRC research funding, how can we maintain distinctiveness? If we were to replicate QR in some of our programmes, what would prevent

Government just saying, why don't we give that money to HEFCE and the other Funding Councils. Or, allocate it to another Research Council that will spend it more usefully and distinctively.

Where are we most distinctive? What is our Unique Selling Point? It lies in collaborative research, mainly large-scale projects but also in smaller scale but vital networking and workshop activities, coupled with our Royal Charter object of encouraging researchers to contribute to the quality of life, public services and the prosperity of the UK. We are the only significant arts and humanities research funder in the UK active in this area and we have been so since the creation of the AHRB in 1998. This year we will spend about £55 million of our £60 million research budget on collaborative projects that will produce world-class research and high social and economic impacts. Here we are truly and powerfully distinctive.

Some of our collaborative research is interdisciplinary. We do not, however mandate interdisciplinarity (as is occasionally suggested). We recognise that interdisciplinary work requires that researchers already be well established in their own disciplines. Yet we welcome interdisciplinary applications (either between and among arts and humanities disciplines, or between them and the sciences) because many exciting intellectual challenges and many national priority issues can only be addressed in this way. Interdisciplinary research that occurs in the context of Cross-Council applications is vitally important for us. It shows that we are an essential part of an integrated research landscape. This provides a response to the suggestion of a recent Conservative Party policy group that in the event they were elected and formed a unitary Research Council, the AHRC could be sent off to join some new department of education.

On the other hand, the evidence suggests that we need to be cautious about thinking that the requisite distinctiveness will easily arise through the production of single-authored monographs (even though I, like many of you, I suspect, regard these as a vital form of research output in our disciplines, which is not to say there are not many other ways for excellent arts and humanities research to be disseminated, including via practice-led research).

During the 2001 RAE there were some 12,000 arts and humanities researchers submitted. About 7,000 of these ended up in departments ranked 5 or 5*. A wonderful result! We also know how many of their outputs were monographs/authored books: 9002, comprising 17% of all outputs. Since the AHRB only started in 1998, only a very small number of these 9000 monographs were the result of our grants. We believe no more than a few hundred. They

were the result of QR funding, in salary support or research leave, for individual scholars.

Thus we know that monographs will be produced in their thousands by our researchers whether the AHRC funds them or not. They will not deliver the distinctiveness we need. Imagine our saying to DIUS: Please give us £ millions more for individually researched monographs—sure you will get them in their thousands anyway on QR, but, heh, we will produce more of them and faster.

Please do not misunderstand me. We have a commitment in our Vision and Strategy to support individual researchers. But you can see that we must do so in ways that are consistent with our Royal Charter objects and will be distinctive in relation to other funding sources, QR above all, but also in relation to our good friends at the British Academy (which is also funded by DIUS), and other bodies like the Leverhulme Trust. Both the British Academy and the Leverhulme Trust have an array of excellent initiatives for individual researchers. However we decide to substantiate our commitment to individual research, our decisions must contribute to our Unique Selling Point.

CSR 2007

The result of the CSR 2007 and decisions we made in consequence of it have occasioned some disquiet among arts and humanities researchers in the UK. In spite of this disquiet, the overall result was actually a good one for the UK research base.

The Government maintained its commitment to increase the Science Budget by 2.5% in real terms (that is, after inflation) for the next three years. This is hugely significant. In a tight spending round, it was in fact one of the best results in Government after International Development and Health. In the last decade the Science Budget has increased nearly threefold. It is a worrying fact that criticism from UK academics levelled at the Government since CSR 2007 has begun to elicit the not unreasonable question, 'Why do we bother if this is how the research community responds to such a generous settlement?' As we begin preparing for the next Spending Review, when settlements might even be tighter, this is not the sort of attitude we would wish to see gain too strong a foothold. That does not mean we should not speak out loudly of the value of what we do for advancing knowledge and fostering civilised life.

The AHRC welcomes constructive criticism and will do whatever it can to respond to it. Nevertheless, you should be aware that public

attacks on the overall settlement or on our Delivery Plan that do not engage with what the AHRC has been established to do or the context in which it operates (which, as noted above, is now very different in the DIUS era), may not help our position with Government in the next Spending Review.

Yet within the broadly favourable framework of CSR 2007 there were, admittedly, difficult areas. Much of the 2.5% real increase went to fund the continuation of fEC for our grants.

This amount, over £300 million across all the Research Councils, goes straight to your HEIs and you will benefit from it. The Higher Education sector asked government to fund research in a sustainable manner that that is what the government is seeking to do in the fEC regime. The CSR 2007 result meant, however that what was left after the fEC amount was an essentially flat cash settlement for the remainder of the Research Council budgets (with the exception of the MRC, which secured a large increase of 30%). The government decided that in this Comprehensive Spending Review, health was an important priority.

It is not true that the AHRC fared much worse than the other Research Councils. You may have read the published allocations for the Research Councils that show larger percentage increases than for the AHRC in most cases. The allocation chart does not, however, reveal that some of the increases cover capital costs that the scientific Research Councils receive and we do not and initiatives such as Science Bridges to the USA and India, which are really for the benefit of the entire research community, even though they will be administered, respectively, by EPSRC and the ESRC. When you strip out factors like this, there is not that big a difference between all the Research Councils apart from the MRC.

I, frankly, wish that we had secured a better result, that the Government had made more allowance for our newness, but our submission was on par with that of the other Research Councils and that is an important result. When one gets to the specifics, the AHRC (just like some other Councils) had some particular issues to face.

The first was that after fEC is taken out, our settlement meant a 1% decrease on flat cash. This lost us about a £1 million in 2008-09, for example. Secondly, about £1 million of carried forward funds ('End of Year Flexibility') was absorbed into the allocation. This lost us another £1 million. Thirdly, much of our increase was kept for the third year of the settlement, 2010-11.

The combination of these factors, which could not have been predicted in advance, put some strain on our funding, especially in this current year, so that it proved necessary to reduce success rates in Research Grants and Research Leave and to abandon one of the four rounds of Research Leave planned for the next two years.

A problem also arose that we had insufficient funds for the strategic programmes we wished to support, including the Cross-Council ones that are vital to us for reasons I have already mentioned. The only source of extra resource here was our Postgraduate budget. Up to now we have been spending about 38% of our budget on postgraduate provision. This is much higher than the other Research Councils, where 30% is a more typical figure. So Council decided to reduce the 38% figure to the still healthy figure of 32% over three years.

This released some £11-12 million for strategic programmes. Because of the time lag in producing funds by cutting postgraduate provision, and to preserve as best we could money for the Block Grant Partnerships due to start in 2009-10, Council opted for a sharp cut to 1000 new awards in 2008-2009 (this was down from 1456 new awards in 2007-08). We will then raise new awards to 1325 in 2009-10 and 2010-11.

It is important to note that we have other sources of postgraduate awards, those attached to Research Grants and our Collaborative Doctoral Awards. These are additional to those just mentioned (and not funded from our postgraduate budget) and we hope to see a large number of doctoral awards attached to grants in our responsive and strategic programmes.

LOOKING FORWARD

AHRC Council members and staff are filled with enthusiasm for the exciting future that is opening up and we want to help you to build that future.

We are now at the start of a new Spending Period that is allowing us to begin planning new strategic programmes. We had an excellent and very positive Council Away Day in February to discuss this and lots of new ideas emerged. In addition, the report by the Cabinet Office Strategy Unit in February 2008 that will be formative in shaping Government thinking on national priorities in the next two years contains many opportunities for arts and humanities researchers, for example in areas like citizenship.

Here are the nine challenges:

- *Globalisation;
- *Economic prosperity;
- *Life chances, talent and social mobility;
- *The ageing and increasing diversity of the population;
- *Family life and communities;
- *Crime and public safety;
- *Public services;
- *Climate change;
- *Renewal of the constitution and our democratic institutions.

Think of how many of these themes relate directly to the interests and values of arts and humanities researchers.

Council were adamant that core to our preparing a successful bid will be careful and extensive consultation with our community. That process will start very soon. We want to generate strategic programmes in close consultation with you. To that end we are considering new ways that will make it easier for you to shape our future, for example, perhaps by introducing mini strategic programmes that have more of a focus in particular disciplines.

We have a large budget for strategic programmes in the current spending period that will allow us to fund the Cross-Council research so important to us. These include 'Digital Economy', 'The New Dynamics of Ageing' and 'Living with Environmental Change'. Cross council activities provide new opportunities for working with other disciplines (in PG and Research) and showing we are an essential part of an integrated UK research landscape. These strategic opportunities represent the upside to the cuts we have made to postgraduate provision.

We have a new Chairman, Sir Alan Wilson FBA FRS, and a Director of Research, Professor Shearer West, who have joined us brimming with new energy and new ideas. You will be hearing from Shearer after me.

There is a very strong sense in our community of the value of arts and humanities research to life in the UK. This is there for the tapping and we have already begun to do that. This work will feed into a Task Force on Impact we are undertaking this year that will help in preparing for the Spending Review. We will be seeking to explore more closely the whole range of ways in which the research we fund brings about demonstrable improvements in quality of life, public services and the economy.

Many Government Departments are keen to work with us: DCMS, the Home Office, Department of Communities and Local Government and the Ministry of Justice.

We are developing new opportunities for international collaboration (in both Research and PG) that utilise the AHRC's unique and innovative means of ensuring that research applications by British researchers with researchers from other countries are only assessed by one, already existing peer review process. Thus the first joint round of funding with the German DFG will soon be upon us and we are having talks with a view to creating a similar arrangement with the French ANR.

We are also very active in HERA ('Humanities in the European Research Area'), a collaboration of fourteen countries in Europe which I chair. HERA will fund two research themes: 'Cultural Dynamics' and 'The Humanities as a Source of Creativity and Innovation' from 2010 onwards. To ensure excellent applications (where each one must involve representatives from at least three of the participating countries) will be made next year, HERA had a hugely successful and exciting academic matchmaking event in Paris on Saturday 19th April 2008 attended by over 250 researchers from across Europe, some 40 of them from the UK.

We are opening up new Knowledge Transfer funding opportunities, with the BBC, BT and the Technology Strategy Board. At present, for example, we are funding six pilot projects with the BBC, that all involve our researchers and BBC programming and business development staff.

As a result of our new Block Grant Partnerships, Deans of Arts in the HEIs that have them will gain new strategic power and leverage potential for arts and humanities within their institutions.

Our new academic decision-making structures will engage and empower far more researchers than at present.

Our extensive internal reorganisation at the AHRC will allow better stakeholder relationships, courtesy of our highly talented, experienced and motivated staff, who are continuing without interruption with their day jobs in spite of the amount of change they are experiencing.

And most importantly, we have a UK arts and humanities research community, amply represented by you in the audience today, that we know wants to hear from us and work with us in shaping the strategy for our research area. That is why we are here today. We

want to ensure that your research interests and activities in working with partners that adds to our quality of life and prosperity are part of our strategy.