



**UKRI minimum stipend – April 2023**

To: [REDACTED] DSIT

Previously discussed by: UKRI ExCo Wednesday Morning Meeting, 19 April 2023

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**1. Issue**

- 1.1. UKRI has consulted DSIT on changes to the minimum stipend which is paid to UKRI doctoral students to cover their living costs. UKRI had previously advised that the stipend should increase in line with the National Living Wage (6.3%) from October 2023; on advice from the Chief Secretary to the Treasury (CST) the stipend will instead increase by forecast Consumer Price Index (CPI) inflation (5.4%<sup>1</sup>).
- 1.2. Following comments from the Secretary of State, DSIT has asked UKRI to consider whether the planned reduction to student starts for 2023/2024 is still required. UKRI Executive Committee discussed on 19 April and agreed that, given the cost of the increase has reduced, it can commit to avoiding changes to current legal commitments with the additional pressures this creates being dealt with as part of the wider £200m reprioritisation exercise with DSIT.
- 1.3.1 The advice from the CST included the condition that DSIT must notify HMT officials of increases in future years and that consistent with Managing Public Money, should officials view any large proposed increase as potentially repercussive, then they reserve the right to insist on CST's clearance. In view of Grant and Tickell Reviews we are keen to reduce bureaucracy wherever possible. We fully appreciate concerns about any repercussive increases but would like to return as soon as possible to business as usual, whereby working through Accounting Officer accountability UKRI would raise when needed and appropriate to do so, as part of normal business. The 22-23 and 23-24 stipend uplifts were special cases.

**2. Stipend level**

- 2.1. UKRI's stated policy is that the minimum stipend should pay for the maintenance (that is, living costs) of a doctoral student for the 3 to 4 years that they are studying for their research degree. UKRI agrees that using current projected inflation is likely to broadly maintain current living costs for UKRI students.
- 2.2. We also note that the approach presents a number of risks, which will need to be address in time. Namely:
  - There are concerns within the research community that the stipend does not meet students' living costs, resulting in full time students taking on additional work, not completing their doctorate during their funded period, mental health issues, etc.. If these concerns are well-founded then maintaining the present value will perpetuate these issues.

<sup>1</sup> The Office for Budget Responsibility (OBR) forecasts CPI will be 5.4% in the 12 months to October 2023

These concerns formed part of the basis to the government's commitment in the R&D People and Culture Strategy to consider how doctoral students are supported "both financially and practically".

- If, over time, stipends do not increase in line with other opportunities, then doctoral training will become less attractive to potential researchers, both from within the UK and for international researchers. We already believe that UKRI's minimum stipend is less than equivalents in the USA, Germany, Netherlands, and Canada. In time this may undermine the government's ambitions for example in the Science and Technology Framework to give 'the UK a competitive advantage in attracting international talent to the UK', as well as UKRI's own stated objective of making 'the UK the most attractive destination for talented people and teams from the UK and around the world'.

2.3. While UKRI felt that increasing the stipend in line with government policy on the National Living Wage was a reasonable step in mitigating these risks, a fuller analysis is needed to fully resolve these issues. If the analysis were to conclude an increase is required, this would necessitate careful consideration of the costs and benefits. UKRI is happy to work with DSIT and HMT on this analysis and other funders and university representative bodies have committed to the work on how the sector sets stipends as a whole.

2.4. On balance, UKRI is content to accept increasing stipends by 5.4% this year whilst it continues this longer-term work and as requested will work with DSIT to obtain HMT clearance on the comms products relating to the October 2023 uplift.

### 3. **Financial package**

3.1. Without any additional financial support, UKRI's legal and committed training grants would have had to reduce the number of students they recruit. A reduction in student numbers would be implemented by reducing recruitment for the 2023/24 academic year. The effect is that increases to costs for people in all years of study are paid for by having fewer first year students.

3.2. UKRI analysis previously indicated that – without financial support, and a stipend increase of 6.3% - the number of students recruited would fall by 11% in 2023/24 and by 3% overall, against legal and committed plans. UKRI felt this to be undesirable and it developed a financial package that meant the reduction in recruitment was around 5% in 2023/24 and 2% overall. Following agreement to increase the stipend by 5.4%, that package yields a reduction of around 1.5% in 2023/24 and 1.4% overall.

3.3. All UKRI funding is allocated in this Spending Review and so funding any pressure means a reduction in another programme, hence this package relies on a reduction in the number of Future Leaders Fellowships that will be awarded in rounds 7 and 8. Both rounds would have recruited 100 fellows each and will now recruit 95 fellows each. UKRI has taken this approach to ensure that further funding can be released to protect the number of doctoral students. This was a difficult choice as there is also a significant demand for fellowships and UKRI has previously had feedback from DSIT ministers to the effect that there is a "real problem" with a lack of flagship fellowships. As with most of UKRI's uncommitted spend, the benefit of reducing fellowships is not felt until late 2023/24 and beyond; hence UKRI is also supplementing this support from headroom created in 2023/24 as a result of use of the RE Lever.

3.4. Given the changes to the stipend increase, the cost of addressing the outstanding 1.5% reduction in recruitment is relatively modest – around £1m in 2023/24 and £2m ever year thereafter. DSIT has also asked UKRI to reprioritise £200m of spending in 2024/25 to

support the technology challenges. UKRI is content to commit to fully funding the stipend increase, thereby avoiding any reduction in the number of students recruited to existing programmes, by addressing the £3m pressure generated as part of the on-going £200m reprioritisation exercise.

- 3.5. HMT has previously indicated that capital budgets (and hence all of UKRI's programme budget) are to be maintained at flat-cash in the next spending review period. A flat-cash settlement will inevitably require choices about which elements of the R&D budget will need to be prioritised and the impact on future studentship and broader research and innovation commitments will need to be carefully considered.