



Contingency plan to support UKRI-funded PGR students

To approve

Committee Name: ExCo August 2022

Previously discussed by: N/A

Author: [REDACTED] Investment Strategy

Cleared by: [REDACTED] Director, Talent & Skills

SRO: [REDACTED]

Circulation: Executive Committee, StratCo, PFO, Council talent leads

Summary

ExCo previously agreed advice to BEIS on the supplementary allocation of £104 million this financial year. Part of that advice included an allocation of c. £20 million to UKRI-funded PhD students, providing for a one-off payment of £660 to ensure that we continue to support the pipeline of talent during the period of rapid increases to the cost of living.

Advice on the £104 million allocation has now passed to BEIS for consideration by the Secretary of State (SoS). Though our current understanding is that the SoS is unlikely to object to the one-off payment in principle, BEIS has indicated that there is a risk he may not approve the use of the £104 million allocation to pay for it.

Given the summer holiday period, the urgent need for student support, and increasing pressure from research organisations themselves, we propose that **as a contingency** UKRI be prepared to fund the one-off payment to UKRI-funded students without the additional allocation, noting that it adds a further £17m to UKRI's overprofile position. This may be partially mitigated by an emerging £10m underspend on the Future Leaders Fellowship programme.

The Executive Committee is asked to:

- **Approve** this contingency plan in principle as described below.

We will work with CEO Office on who will make the final decision on implementation over the summer period, whether the CEO or her delegate.

1. Issue

- 1.1. UKRI sent supplementary allocations advice on £104 million to the Secretary of State (SoS) on 25 July. ExCo previously approved the proposals by correspondence. The advice includes a proposal to allocate around £20m to protect the skills pipeline through a one-off payment to UKRI supported PhD students to mitigate some of the significant cost of living pressures unique to this cohort.
- 1.2. BEIS shared the advice with the SoS 29 July. Based on previous experience with allocations advice, we anticipate we may have some questions over the next week with a final decision

being made thereafter. While BEIS' spending review team has worked with UKRI throughout the process, they have noted that there is a risk that the SoS may query or not endorse the allocation to UKRI-funded students.

1.3. We have considered three scenarios:

- i. The SoS endorses the allocations advice, in which case we will proceed as planned.
- ii. The SoS objects in principle to an additional one-off payment for UKRI-funded PGR students. This may make it difficult for UKRI to provide a one-off payment. If UKRI still had the appetite to act, it is likely we would need to return to ExCo with new proposals, for example, to amend the stipend level, in-year.
- iii. The SoS does not object to the principle of a one-off payment, but objects to funding it via the additional £104 million allocation. In this scenario, we may be able to continue as planned if we have a contingency plan for funding the one-off payment. This scenario is the subject of the rest of this paper.

1.4. Note that the funding requirement for the one-off payment has now fallen slightly, from £20m to £17m. This reflects a change in the eligibility criteria for students, which was previously any UKRI-funded student registered on Je-S between 1 July 2022 and 31 March 2023, and is now between 1 September 2022 and 31 March 2023.

2. **Timing**

2.1. We aim to email vice-chancellors or equivalent at Research Organisations (ROs) with active UKRI training grant awards no later than 9 August 2022. This is to enable them to nominate a grant holder for the additional funding so that we can make the October pay run, and make a timely announcement to students at the beginning of the academic year (late August to mid-September).

2.2. We are bringing this contingency plan to ExCo now as delaying over the summer could increase the impact of a number of material, operational and reputational risks.

3. **Recommendations**

3.1. In the event of scenario iii, that there is no objection to the principle of supporting UKRI-funded students, but that the SoS requires that this is not funded from the addition £104m allocation, we propose the following contingency plan:

- That UKRI continues to contact ROs confirming the additional allocation to students and makes a public announcement thereafter, noting previous points made by ExCo and StratCo around the care needed when communicating this.
- UKRI agrees to make this additional commitment, noting that it adds a further £17m to UKRI's overprofile position. This may be partially mitigated by an emerging £10m underspend on the Future Leaders Fellowship programme.

3.2. **ExCo is asked to endorse the above plan in principle.**

3.3. If ExCo agrees to the plan in principle, a final decision on whether to action it would be made by the CEO or, with her agreement, by her delegate.

3.4. Alternatively, UKRI could decide, in the event of either scenario ii or iii, that:

- **We will no longer seek to provide support for UKRI-funded PGR students.** Our engagement with deans, directors and pro-vice chancellors has indicated that PGR students are in genuine need and lack of action is likely to have a considerable impact on the ability of students to complete, either in a timely way, or at all. Those we spoke to strongly supported UKRI taking action, with some suggesting we go further. We would risk considerable negative response from students as well as grant holders and other senior stakeholders who are becoming increasingly vocal on the issue. UKRI would instead put an emphasis on longer-term work, considering adjustments to stipends from 2023/24. This option is not recommended.
- **We will increase the minimum stipend in-year.** In principle, there is nothing novel or contentious about UKRI updating the stipend, though normally we give ROs around nine months' notice before doing so. Increasing in-year would require additional funding for this academic year (UKRI Financial Year 2022/23, and potentially the first half of FY 2023/24), but we would have the option of managing the financial consequences in future years by significant but manageable reduction in student recruitment. This option is not recommended but may align with UKRI's longer-term stipend work.

4. **Risks**

- 4.1. If UKRI does not receive or make a timely decision, then it is likely that students would be materially affected, with some deciding to give up their studies, take out additional commercial finance or take on other activities to the detriment of their studies. A delay may cause operational issues such as requiring an additional pay run, and further limiting ROs ability to respond to any conclusions we make. There is also substantial reputational risk, both as some ROs start to act in absence of a line from UKRI, while UKRI is likely to face increased criticism from students, staff and management at ROs.
- 4.2. BEIS is currently considering whether the proposal to support students is novel, contentious or repurcussive, and hence may require approval from the Treasury. If Treasury approval is required, then it may delay UKRI's activity and the risks outlined in 4.1 may crystallise. We continue to work with BEIS on the precedents for our providing support in such circumstances.

5. **Financial Implications**

- 5.1. This decision would increase UKRI's overprofiling risk by £17m, taking our overall position in 22/23 (as of Q1) from £175m / 2.2% overprofiled vs UKRI's gross budget, to £192m / 2.4%. Given current levels of underspend risks that have been flagged, including £10m for Future Leaders Fellowship, we believe this level of overprofiling is likely to be manageable, but if other underspends do not materialise we may need to make prioritisation decisions later in the year to get to a balanced position.

6. **Other Implications**

- 6.1. Equality, diversity and inclusion. Feedback from ROs indicates that some students are already responding the rise in the cost of living in a variety of ways, including increasing the amount of paid work they take on (at the expense of time dedicated to their doctorate), through commercial loans, through support from parents, and contemplating leaving their programme. Evidence collected in responses to our Call for Input on the New Deal for PGR indicates that many students have no access to additional work, finance or parental support, examples including people with dependents or people from certain socio-economic backgrounds. These groups are more likely to be dependent on the stipend for their entire income and more adversely effected by the rise in the cost of living.

7. **Conflicts of interest**

7.1. [REDACTED] has two family members who are in receipt of a UKRI stipend.