



ARMS International Travel Award Program 2025

Project Title: *Bridging the Gap – A Study of Full Economic Costing of Research*

Deakin University Staff: Susan Rose, Associate Director, Research Finance

Lancaster University Staff: Yvonne Fox, Associate Director, Research Services

Project Goals

To undertake a discovery visit to Lancaster University in the UK, spend time in their Research and Enterprise Services Division, and work alongside the Associate Director of Research Services, to fully understand the complexities of introducing a full economic costing model for research in the higher education sector, and garner an understanding of how similar methodologies could be applied in the Australian context.

Discovery and Engagement at Lancaster University

I attended Lancaster University over a two-week period in 2025 and couldn't have been more grateful for the extensive consultation and collaboration opportunities I was afforded. My primary contact at Lancaster was the Associate Director for Research Service, Yvonne Fox. Throughout the visit, Yvonne had scheduled time for me to meet with her colleagues across the University, which afforded me the opportunity to explore the operations of the University, the complexities of their research funding arrangements, and the history behind the introduction of the full economic costing (fEC) of research in the UK.

Through a series of meetings with colleagues from various areas across Research Services, Finance, Research and Enterprise and the Pro Vice Chancellor for Research, I was able to gain an understanding of the structure of research funding in the UK and get an insight into the way it has shaped how universities conduct research. fEC was introduced in 2005 with the intention of more accurately reflecting the total cost of research, providing balance between financial contributions from both funding bodies and research institutions, however it is a complex funding system and requires significant planning and organisational support to ensure universities maximise their ability to deliver on research strategy.

It was informative to see how universities had adapted their practices to ensure they were able to take full advantage of funding from UK Research Innovation (UKRI) and the Research Excellence Framework (REF). While UKRI provides funding to institutions through seven disciplinary councils for the direct purpose of conducting research, the REF assesses the quality of that research which informs the allocation of annual block grant funding. While in Australia our main focus for block grant funding is HERDC income, there is an increasing focus on research impact in the UK, and that was evident across most parts of the research eco system at Lancaster. While not the main driver, planning for "impact worthy" research was a consideration across many business decisions, such is the nature impact has on future funding.

While there are some similarities to the Australian research funding model, locally we are a long way from full economic costing of research. It has been a long-standing issue across the sector and one that prompted a recommendation in the Universities Accord and is still under consideration, but after studying the UK model, even if introduced, there will need to be a significant shift in the way universities cost and price research and subsequently measure its impact. I believe that the current funding model in Australia has driven the industry funded research strategy we see today and we now have a ratio of Category 1 income to Category 2-4 income close to 40:60, down from almost 50:50 twenty years ago. The UK model sees a far greater ratio of government funded research and the fully costed research model supports it. By advocating for the introduction of a full economic costing model for research, I feel the Australian sector will only strengthen and build research capability and excellence in outcomes.

Conclusion

I am very grateful for the opportunity to undertake this project. I not only came away with an understanding of full economic costing of research in the UK, but with a broader understanding of the UK higher education sector and an amazing new network of like-minded colleagues, working towards the research agenda. I am confident that both my knowledge and new connections will be invaluable should Australia move to implement a similar funding model in the future. I will value this experience for a very long time and continue to build on the knowledge and friendships that the opportunity has afforded me.