

# 'Millions of pounds' confirmed lost to universities over funding switch

**London.** The British government is bracing itself for the publication of an independent report that is expected to confirm that leading universities have lost many millions of pounds as a result of changes in the procedures by which they are reimbursed for some of the indirect costs of research.

The losses stem from a decision by the government to transfer responsibility for funding the overhead costs of research projects from the then Universities Funding Council to the five (now six) research councils. As a result, money for overheads previously paid as part of a block payment to universities, and then distributed to academic departments, is now linked directly to individual grants.

The purpose of the transfer has been to increase accountability for the use of such funds by ensuring that payments are linked more directly to the costs actually incurred by specific research projects. Indeed, at the time of the transfer, the government promised that the changes would be "fiscally neutral", and thus not affect either the overall funding of research or the total reimbursed to universities to cover indirect costs.

But a report being drawn up for the Office of Science and Technology (OST) by the management consultants Coopers

and Lybrand, following complaints from a number of leading universities, is expected to back their charges that the implementation of the changes has not worked out as planned.

As a result, says the report, a considerable sum — said by some to be as much as £15 million over the past few years — of the money transferred to the research councils has not made its way back to universities in the way the government had promised. Rather, the transferred money has been used to pay the direct costs of an increased number of research grants.

Although a draft of the Coopers and Lybrand report was completed several months ago, a final version has yet to be agreed with the OST. This has led to speculation that some of its conclusions may be watered down before they eventually appear in print. Nevertheless some of those who have seen the draft say the implications of the findings are embarrassing for the government.

According to Peter North, for example, vice-chancellor of the University of Oxford, the report confirms his university's view that the transfer of funds from the funding councils to the research councils has been "little short of disastrous" for all the major research universities.

"It has at last been recognized that the problem is what we have always said it was, namely that the same amount of funds is coming to universities, but in the form of a larger number of grants, each of which tends to be inadequately funded," said North in his annual address to the university senate earlier this month. "The consequence is that there is a real danger that the more grants a university gets, the less well-off it becomes. We can only hope and urge that that mistake will be corrected."

North's complaints are echoed among a small group of leading research institutions — including in particular the University of Cambridge, Imperial College London and University College London — which have already expressed their concern privately to government ministers on several occasions about the extra costs they are having to find from their own resources.

"We are as concerned as Oxford is," says Cyril Doherty, academic planning officer at Cambridge, which claims that last year it had to find an extra £3.5 million out of its own funds — compared to a total income from the research councils of £45.8 million — to cover items that would previously have been paid for out of their government block grant.

A crucial question raised by the Cooper and Lybrand report — and said to have contributed to the delay in publication — is who is responsible for the apparent inaccuracies in the government's initial estimates of the amounts of money that the universities would be awarded by the research councils after the lump-sum transfer.

Some in the universities blame the research councils for being excessively restrictive in applying the rules under which indirect costs can be claimed. "Some of the items that we thought were allowed under the new rules have been struck out, and others have been reduced," says Doherty.

But many research council officials, as well as administrators from other universities that claim not to have lost out on the transfer, argue that the shortcomings may lie with the research universities themselves for failing to give adequate attention to the detailed justifications now required for each item of indirect expenditure.

Either way, no major changes are expected as a result of the report — partly because the research councils are unlikely to be willing to see any of the transferred money returned to the four funding councils through which the government now supports universities in England, Wales, Scotland and Northern Ireland respectively.

**David Dickson**

## Parliamentary panel to survive?

**London.** The future of the House of Commons select committee on science and technology, under threat earlier this year as a result of a reorganization of government portfolios (see *Nature* **376**, 103; 1995), seems assured following a statement of support from Ian Lang, the President of the Board of Trade, and as such cabinet minister responsible for science.

The statement was made during the annual debate in the House on UK science policy, in which Lang also claimed that, despite the charges of its critics, the Conservative government is committed to maintaining a healthy science base. "There will be no lurch to short-termism," he promised.

But if the committee — whose future lies formally in the hands of Parliament

itself — does survive, it is unlikely to make life comfortable for the government, particularly over the controversial decision which led to the threat of its own demise, namely to transfer the Office of Science and Technology to the Department of Trade and Industry.

There was widespread criticism of this decision, widely seen as removing science from its previous central position in the government's concerns, from members of the opposition Labour party, as well as various Conservatives.

Those on the government benches who revealed their unease at the move included Sir Giles Shaw, the chairman of the science and technology committee, which is responsible for overseeing all areas covered by the OST.

Earlier, in his introductory speech to the debate, Lang announced that the government has agreed to provide additional resources to support projects aimed at investigating the public understanding of science and technology.

**D.D.**



Shaw: 'anxious'