Research Councils UK: Research, efficiency and assurance in the new world

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Science & Technology Facilities Council

BBSRC bioscience for the future

NATURAL ENVIRONMENT RESEARCH COUNCIL

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Arts & Humanities Research Council

EPSRC Engineering and Physical Sciences Research Council

MRC Medical Research Council

E·S·R·C ECONOMIC & SOCIAL RESEARCH COUNCIL

Introduction

- Full economic cost environment now in place
  - Single costing methodology in all UK universities supported by significant additional investment
  - Universities now better placed to understand costs of research
  - 2010 Wakeham report begins to address efficiency
  - Economic agenda moves to efficiency in the light of the governments 2011-15 Spending Review

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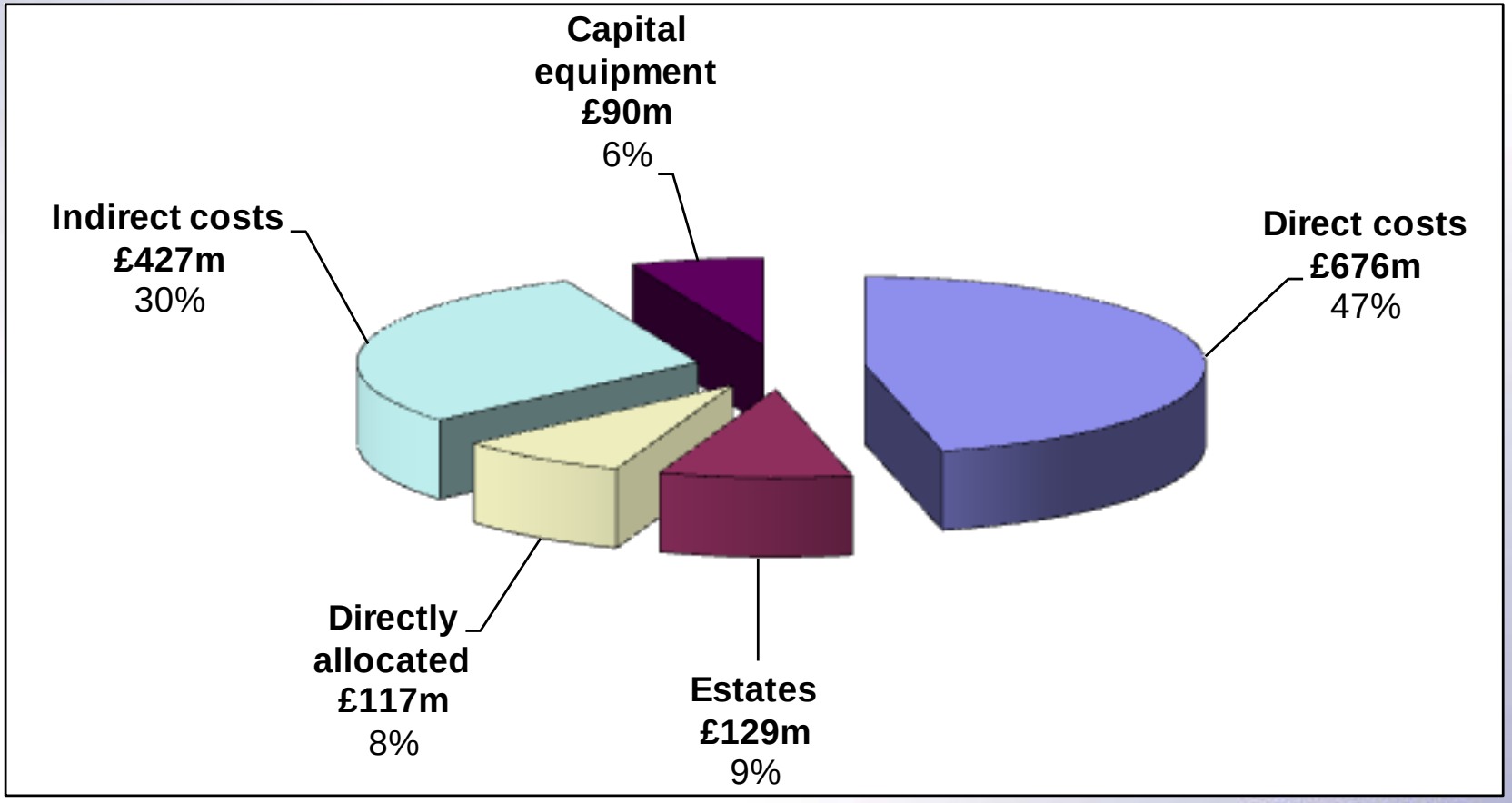
Full economic costs :- a reminder

RC grant fEC awards 2009/10



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Total awarded £1,439m

UK SPENDING REVIEW SETTLEMENT/ EFFICIENCY MEASURES APPLIED TO RESEARCH

- UK Government spending review covered financial years 2011/12 to 2014/15
- Science budget cut by 3% Cash (12% real terms) ; admin cut by 22% real terms; capital cut by 50%
- RCs required to make progressive efficiency savings in funding. A total of €470 million savings is expected from RCs over the 4 year period
- Savings to be achieved by pay restraint in Universities, tighter constraints over capital funding within grants; reductions of overheads in Research Organisations
- All savings to be reinvested in Science & Research
- Commitment to sustainability remains in the long term.

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EFFICIENCY SAVINGS – KEY MEASURES

- Use of single indexation factor applied to University indirect costs derived from Full economic cost costing methods
- Universities banded into efficiency groups – so higher savings targeted on more inefficient
- Annual review of indirect cost rates across sector and efficiency groupings
- Capital measures to encourage more efficient utilisation of capital assets – share university usage
- Annual indexation of grants costs to be reduced to 0% for 2 years; 0.81% thereafter
- Formal business case required for all capital over £100,000 – determined by peer review
- Annual review of savings

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Efficiency groups

- Each Research Organisation will be assigned to an efficiency group
  - Based on absolute indirect cost rates and the relative changes in the rate compared with the previous year

% increase in rate / Absolute Rate	≤ 0% increase	0-5% increase	≥ 5% increase
Top 25%	C	D	E
Middle	B	C	D
Bottom 25%	A	B	C

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Efficiency groups

– Range of savings will be:

Efficiency Group	Savings to be made %
A	0
B	1
C	2
D	3.5
E	5

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Transparent approach to costing (TRAC)

- Allocate costs from financial accounts
  - Between Teaching, Research, Other and Support
- Support costs allocated to research = indirect costs
- Indirect costs/Estates charged at project level –
  - 1st create a charge out rate £/research FTE
  - 2nd identify FTE charged to project to calculate costs

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Integrated Funding Assurance programme

- Cross Research Council programme provides assurance on €1.7billion pa research grants funding and €550m studentship funding
- RCUK Assurance specialist team (5 staff) leads conducts programme of visits to UK Research organisations on planned cycle plus HQ based Desk Based Review. Budget €450,000.
- Work conducted to meet required quality standards increasingly informed by funding risk model
- Programme of work includes integration of quality assurance work on operation of University/ RO costing systems
- These costing systems required to support Full Economic Costing (FEC) of Research projects
- Annual RCUK Report provides assurance to RC Chief Executives on regularity of grants spend

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Integrated Funding Assurance programme

- Full economic cost now embedded in UK universities
- Major assurance exercise in 2007/08 identified shortcomings in the system and compliance of the TRAC system, mainly relating to the calculation of indirect costs and estates.
- Investment programme of €2M to improve TRAC
- New full audit to take place in 2012/13 of all UK universities.

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Assurance in a fEC environment

- 20 Three day visits to research organisations
- 20 Desk based reviews

- Each visit focuses on
  - Regularity of expenditure on about 50 grants (direct costs)
  - Payment in advance of need
  - Review use and application of TRAC methodology
  - Communications
  - Control environment

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Assurance:- areas of scrutiny

- Organisation controls (structure, delegated authority, control environment)
- Procedures (how are RC guidelines, T&Cs made available to relevant staff, (PIs, dept. admin staff etc)
- Monitoring and reporting of expenditure (transaction listings, use of reports and their distribution)
- Staff appointments on grants
- Procurement involvement in the purchase of capital equipment
- Audit remit & cycle
- Risk policies
- Financial fraud/scientific misconduct
- Training
- Ethics (Ethical reviews)
- TRAC:- rates are correctly calculated and applied to grant applications

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Objectives

- Has the research organisation appropriate procedures in place to assure quality and integrity of research grant administration ? (focus on compliance with Research Councils terms and conditions).
  - Regularity of expenditure
  - Probity of activity and research integrity
  - Accountability of public funds
  - Identifying value for money
  - Sustainability of research base
  - Governance (Corporate/ Research where relevant)

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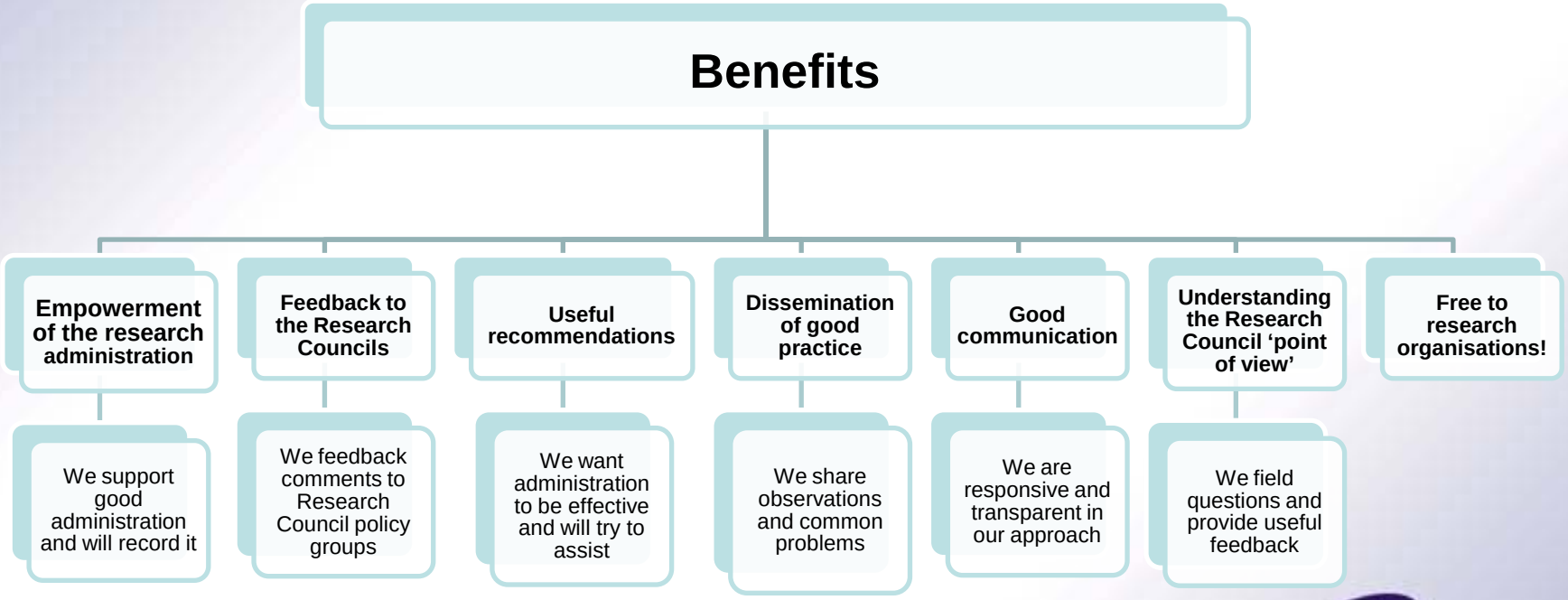
Benefits for research organisations



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The future of Assurance in the RCUK

- Do more with less ! Need to be more intelligent and focus on better risk identification and risk management

- Work with other funders to share information where sensible and practical to do so. RCUK sees this as a key component of the efficiency agenda.....some call it a “Simplification agenda”

- Assurance also embedded in understanding the business processes and contributing to their ongoing development; E.g. better understanding of academic staff time

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RESEARCH COUNCILS SHARED SERVICES DEVELOPMENT – NEW GRANTS SYSTEM

- 7 Research Councils now bringing together their systems into one Shared Services facility run by RCUK SSC Ltd; an owned company
- SSC provides common Finance, Human Resources, IT, Grants and Procurement through an ORACLE platform
- Last and final part of implementation has involved implementation of a fully integrated Grants system – which covers all end to end processes on an automated basis

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RESEARCH COUNCILS SHARED SERVICES – PURCHASING DEVELOPMENTS

- The SSC aims to achieve over £304m savings on RC purchasing spend over 10 years through efficient centralised purchasing led by professional team

- This extends to capital spend at Universities funded via RC Research grants – and the SSC purchasing team advise institutions on competitive tendering arrangements

- SSC purchasing also undertaking work to assist University purchasing consortia to obtain best Value for money on specialist areas

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