



RIKSREVISIONEN

Summary:

Unused research grants at universities and university colleges

RiR 2011:3

Summary

The National Audit Office has audited the steep increase in unused research grants at universities and university colleges, focusing on the period between 2004 and 2009.

Background to the audit

In the annual reports of the higher education institutions, the balance sheet includes, under the title 'Unused Grants', a report on such grant funds for research which the higher education institution has received from external research financiers but which, at the end of the year, still have not been turned into research activities. In real terms, the volume of unused grants has risen from SEK 7.4 billion in 1998 to SEK 12.8 billion in 2009. The unused funds correspond to almost one year's consumption of external grants.

In the audit, the National Audit Office has attempted to clarify whether there are circumstances at universities and university colleges which result in external grants not being turned into research at the planned rate. The purpose is also to examine whether the higher education institutions have ensured that they have the capacity to receive research funds which have been granted from external financiers, whether they have guaranteed that such funds are used as planned, and finally to examine whether the Government has followed up and ensured that the funds allocated to external financiers for funding research at higher education institutions have been put to their intended use.

The audit concerns the Government as well as all higher education institutions that have state appropriation for research, with the exception of the University Colleges of Art and the Swedish School of Sport and Health Sciences. The basis for the audit is the statistics of the National Agency for Higher Education, which show the trends of unused grants, research financing, and number of students and workforce at the university or university college. In addition, a questionnaire survey has been carried out at 29 higher education institutions. The survey was given greater depth by interviews and document studies at three higher education institutions. Information has also been gathered from research financiers and the Ministry of Education and Research. The carrying out and preliminary results of the audit were discussed with representatives of universities and university colleges at a seminar held at the National Audit Office in the autumn of 2010.

The results of the audit

The audit carried out by the National Audit Office shows that a smaller proportion of external grants were turned into research in 2009 compared with previous years. This applies above all to grants from the research councils. In 2005, roughly 90 per cent of the grants which were paid to the higher education institutions from the Swedish Research Council had been used during the same year. By 2009, the level of use had fallen to approximately 80 per cent of the grants paid. Furthermore, the volume of unused grants has risen at the national research councils. In addition, in 2009, a greater proportion of researchers receiving grants from the Swedish Research Council applied for extended time for disposition than was the case in 2004.

Not only a consequence of greater access to research funds

The audit carried out by the National Audit Office shows that the steep increase of unused grants is not only a consequence of greater access to external funds for research. There are other circumstances at the higher education institutions and the financiers which have contributed to the increase in the volume of unused grants as well.

The forms of allocation of research grants

The review carried out by the National Audit Office shows that an increased concentration of research funds to a few researchers may have contributed to the increase in the volume of unused grants. At one of the higher education institutions studied by the National Audit Office, almost 10 per cent of the researchers accounted for almost half of the unused grants. Generally, certain researchers are more successful in attracting external research financing and it may then be difficult for them to use the grants at the rate which was planned according to the contracts with the financiers.

Since the turn of the century, there have been several announcements of external funds intended to strengthen the establishment of strong research environments, the announcements are named research environment support. Sometimes the establishment of a strong research environment entails the need to recruit senior researchers, which may take time. The study of the National Audit Office shows that grants in the form of the 2008 Linnaeus grants explains 5 per cent of the increase in the total amount of unused grants between 2008 and 2009. If other research environment supports may be assumed to operate in the same way, the research environment supports may explain between 10 and 20 per cent of the increase in unused grants.

Incentives within universities and university colleges to save

Within the audit, the National Audit Office has observed that there are incentives in universities and university colleges for both researchers and departments to attract a considerable amount of research grants, and to save funds by occasionally postponing the use of research grants obtained. One reason for this is that the employment of certain researchers is dependent upon external grants. Another is the need to handle the risks which are linked to fluctuations in the flow of external grants and in student demand in undergraduate education.

During the period studied, the proportion of personnel engaged in teaching and research on limited duration employment has stood at about a third. The number of employees who need to apply for external grants to finance their employment has increased during the period. The category “other personnel engaged in research and tuition” which is not governed in the higher education ordinance, has risen by 37 per cent since 2004, at the same time as the number of personnel engaged in tuition and research has risen in total by 4 per cent.

It has also become more common that internal allocation of the research appropriation to the higher education institutions is affected by the amount of external grants that the different institutions have received. This creates an incentive at the departmental level to attract more grants than can be turned into research according to plan.

Heads of department and institution management have major responsibility for handling the effects of changes in income from external grants and students at undergraduate level. In addition, the responsibility of the head of department for indirect costs which must be covered by the research appropriation has become more evident with the introduction of the new accounting model. This may be a further incentive to save.

The routines of the higher education institutions for action to be taken in those cases when grant-financed projects have a markedly low utilisation of funds indicate that the management of the higher education institutions have often not given priority to attempts to counteract the increase in unused grants. In addition, the guidelines that state research funding bodies must observe concerning the follow-up of grants provided are formulated in general terms in regulations and government grant directives. Some of the national research councils, unlike other financiers, only follow up on the use of grants at the expiry of the project time.

The opinion of the National Audit Office is that a picture is emerging of a number of incentives within universities and university colleges to save up the research grants which, taken together, are considerable. In combination with inadequacies in follow-up, this has contributed to the increase in unused research grants in recent years.

The direction exercised by the Government

The National Audit Office has observed that the Government has not implemented sufficient measures to counteract the increase of unused grants during the period under examination, even though, in 2007, the National Agency for Higher Education drew awareness to the steep increase in unused grants.

The Government has not ensured that national statistics indicate, in an easily comprehensible manner, how much in external research grants is paid annually to the higher education institutions. This makes it difficult for

Parliament to assess the extent to which grants for external financing of the research carried out by the universities and university colleges are used.

Assessments of the capacity of a prioritised research area to take in research grants are seldom presented in research policy proposals to Parliament.

Recommendations

On the basis of the audit, the National Audit Office makes the following recommendations to the Government:

- The Government should ensure that research grants paid annually to the higher education institutions are accounted for in a transparent manner so that it will be possible in the future to read from national statistics how a university or university college converts research grants received into ongoing research over the years.
- The Government should commission the national research councils to develop their forms of payment of research grants so that they are better synchronised with the planning cycles of the higher education institutions. In addition, the Government should commission the research councils to improve reporting of how universities and university colleges use the external grants that have been made available.

On the basis of this study, the National Audit Office makes the following recommendations to the higher education institutions:

- The higher education institutions should use budget and planning tools that make regular and systematic follow-up of external research grants possible.
- The higher education institutions should create such forms of employment and such work planning for the personnel engaged in tuition and research that time is made available for research in keeping with the contracts signed with the financiers.

Fact file

Considerable resources are devoted in Sweden to research at universities and university colleges. According to the annual report of the National Agency for Higher Education, SEK 29.7 billion was used in 2009 for research and doctoral education. The direct appropriation for research and doctoral education above the national budget amounted that year to SEK 12.9 billion. In addition, there was research financing which was granted by external financiers, i.e. by research councils, research foundations and other organisations. The majority of such so-called external funds are obtained in

the form of grants. In 2009, the use by the universities and university colleges of research grants amounted to SEK 13.2 billion.

The research grants are earmarked funds which are intended for a specific research project and may not be used for activities other than the research project itself. The largest of the external research financiers is the Swedish Research Council.

The external funds for research which are used during any given year are apparent from the income statement of each higher education institution in the form of research grants reported as income. Those research grants which are paid to the higher education institution but which were not used during the year are not reported as income but are instead reported in the balance sheet of the higher education institution under the item entitled Unused Grants. In 2009, unused grants at universities and university colleges amounted to SEK 12.8 billion.