

Appendix E

The total costs of research activity for charities and Research Councils, and their funding

	1999/2000 actual: research work for research councils		1999/2000 actual: research work for charities		<i>recommended:</i> research work for charities	
		£m		£m		£m
Total costs <i>(a)</i>		824		822		822
Funding						
Direct costs funded by sponsor	RCs	485	charities	484	charities	484
Support costs funded by sponsor	RCs <i>(b)</i>	120	charities	0	charities <i>(c)</i>	50
assumed Government funding to funding councils	Government <i>(d)</i>	219	Government <i>(e)</i>	0	Government	258
funding by HEIs	HEIs	0	HEIs	338	HEIs <i>(f)</i>	30
total funding		824		822		822

a The total costs on charitable activity have been calculated assuming a deficit on income of 70% (source: informal Transparency Review data). The deficit on Research Council activity has been assumed to be the same, adjusted for the additional Support cost recovery.

b RC funding of Support costs plus direct costs equals income excluding funding council funding of £604m. Support costs of £120m broadly equals 46% of staff costs allocated to research activity for RCs (source: HESA FSR) leaving £485m as direct costs

c A 10% (net) contribution by charities to cover people and project management costs (15% total, but assuming a 5% additional spend by HEIs) would total around £50m

d This assumes that the dual support system (QR and RC contribution) should cover all Support costs on RC contracts.

e Charities are not explicitly covered under the dual support system - the funding councils receive no explicit transparent stream of funding for this activity. The HEFCE funding of Support costs based on charitable income levels has been created by top-slicing total funding for HE. This funding currently totals some £70m. SHEFC funding is on a broadly similar basis but one which also recognises RC income and other sponsors' income levels as well as charities.

f Government funding would be for approved charities only. It is assumed here that 10% of the activity will be for unapproved charities, and the Support costs on this activity would be covered by the HEIs.