

British Technology Group

# Commons committee shows no mercy

A FIERCE attack on the British Technology Group (BTG) was launched this week by the House of Commons Public Accounts Committee (PAC). The chief criticism centres on the investment by the National Enterprise Board (with the National Research Development Corporation one of the two components of BTG) in the company called NEXOS, set up in January 1979 to develop and sell an integrated office automation system. PAC complains that it is "far from satisfied" with the explanation of how the company lost £31 million before it went into receivership in October 1981, and asks that the Department of Trade and Industry should carry out an investigation which "we shall wish to examine".

PAC says it has been hampered in its investigation of the collapse of NEXOS Office Systems Ltd by the fact that the Auditor and Comptroller-General does not have access to the accounts of the National Enterprise Board (NEB). It has, however, been able to establish to its own satisfaction from evidence given by officials that NEXOS, intended to market an office automation system based on word processors, facsimile machines and voice systems, failed because of over-optimistic projections of its sales, "unsatisfactory" relations with component suppliers and "management deficiencies".

The PAC report explains that NEXOS when founded was dependent on a commercial agreement with Logica VTS to be the sole source of supply of a word processor which had not been developed when the company first began trading and which was eventually put into production after the date first promised. PAC says that NEXOS "was obliged to purchase, effectively under a cost-plus contract", a word processor over whose development and quality it had no control, and under a contract that did not specify what should happen if "something went wrong".

PAC says that the trading loss reported for the period of NEXOS's existence of £17 million seems "extraordinarily high" by the yardstick of the company's best sales of £8.9 million in 1981, the year in which it collapsed. The committee also asks "whether any consideration was sought in respect of the £5.2 million loss" quoted for research and development and asks why £0.6 million of public money was written off under the heading of "bad debts".

Apart from its particular interest in this investment, PAC emphasizes that the NEXOS collapse is another reason why BTG should be made more directly accountable to the British Parliament. The report is likely to play an important part in

the British Government's legislation for a formal merger of NEB and NRDC, which has been planned for the past two years. Evidence given to PAC confirms that the unified organization is likely to function more as a sponsor of innovation along the lines of NRDC than as a source of public money to be used as venture capital, the chief role of NEB in recent years.

PAC is also, however, critical of BTG's handling of INMOS, the company set up in 1976 to manufacture silicon chips in the United Kingdom. Acknowledging that the venture was a "high-risk" undertaking, PAC says it is disappointed that sales

forecasts have consistently been unfulfilled but seems even more dismayed that the company's plan to employ 4,000 people by the mid-1980s has not yet been achieved, and that employment at Colorado Springs in the United States is still greater than that in Britain.

The future of BTG will no doubt be clouded by these opinions. The formal merger of the two component organizations apparently waits on parliamentary time (and the government's stomach for the argument it will provoke), but by all accounts BTG has now submitted its corporate plan to the Department of Trade and Industry, on which basis it is likely that the government will outline for BTG the manner in which it will be allowed to continue. One matter still unresolved is the promise, made at the Prime Minister's seminar on technology last September, that NRDC will relinquish its first refusal of innovations arising in the public sector. □

British universities

## Tenure principle to be trimmed

THE British Government seems to have hit on the one device for the abolition of tenure in British universities that is likely to satisfy British academics. The Secretary of State for Education and Science, Sir Keith Joseph, announced last week plans to set up a "Statutory Commission" whose function will be to amend university charters to remove from academic contracts of employment explicit references to the expectation that academic appointments will normally continue until "normal retirement age".

The first reactions of university vice-chancellors to the proposal are generally speaking those of people fearful of being about to be hanged who have had their sentences commuted to life imprisonment. For the past four years, the British Government has made no secret of its distaste for the principle of tenure, and two years have passed since the Committee of Vice-Chancellors and Principals put forward proposals for amending the standard conditions of tenure. In particular, the committee suggested that probationary periods for new academics should be lengthened, and raised the possibility of periodic reviews of individuals' performance.

In a letter to the committee last week, Sir Keith Joseph complained that "with one or two limited exceptions, there has been no response" and said that the problem is probably one that the universities cannot "resolve by themselves". His letter also, however, makes plain that the government's objective is that only new contracts should provide for "reasons of redundancy or financial exigency".

The vice-chancellors, who saw the government's letter for the first time at their meeting last Friday, are relieved because the threat of blanket legislation explicitly governing the conditions of

academic employment has thus been withdrawn. Even so, the government will have to obtain an Act of Parliament delegating power to legislate to commissioners, whose task will be to rewrite university charters in line with the terms of reference eventually embodied in the act.

Meanwhile, the new development will provide academic lawyers with a rare opportunity for archival work. The proposed statutory commission will be the first since that which, in the early 1920s, arranged to bring the universities of Oxford and Cambridge within the umbrella of public support by giving the central administration of the two universities the right to receive funds from the then new University Grants Commission. Two earlier commissions (in the 1850s and 1870s) had similarly been concerned with the affairs of Oxford and Cambridge.

The enforced reduction of academic staffs in British universities in the past three years appears, so far, to have been accomplished without the principle of tenure being challenged directly. Part of the explanation appears to have been the relatively generous conditions on which it has been possible for academics over the age of 50 to retire early, but it seems clear that the academics' representative organization, the Association of University Teachers, has been anxious to avoid confrontation for fear of having to hazard the principle of tenure.

The universities seem also to have won a victory in their war of attrition with the government by securing an undertaking that a proposed investigation of the efficiency of academic administration, to be conducted at six universities not yet chosen, will not investigate the conduct of academic affairs. This inquiry is likely to be completed in two years. □