

## Approach to the Distribution of Income from Research and Knowledge Exchange Activities and the Allocation of Research Support Funds

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### A. Introduction

1. The distribution of surplus income from research and knowledge exchange activities is an important element of the incentivisation and reward mechanisms of the University, as well as its economic sustainability. Transparency in approach is also important. There are two aspects involved: the use of surpluses and uncommitted income; and the provision of research support funds.

### B. Surpluses and Uncommitted Income

2. Surpluses and uncommitted income arise when the income from an activity is greater than the cost of that activity, and hence there can be some discretion as to the use of that income.
3. Surplus and uncommitted income will be divided between the investigators, their School(s), and the University.
4. In doing so, the following prerequisites should be noted:
  - i) A surplus can only be recognised and shared if the activity is run through a unique account and all relevant direct and indirect costs at the appropriate FEC or University RAM rates are charged to that account, and the income received is greater than these costs.
  - ii) A surplus can only be recognised (and hence distributed) once all outstanding costs have been booked against an activity's account and the income has been received.

Activity	Income For	Split
Research	100% of FEC	100% to School(s)
	Surplus	40% to investigators (in proportion to ownership) into a research support account <sup>1</sup> , of which up to 10% of the agreed contract price can be taken as a personal fee (inclusive of employer's costs) 40% to School(s) 20% to University Research Development Fund
Services (other than Consultancy)	100% of FEC	100% to School(s)
	Surplus	40% to investigators (in proportion to ownership) into a research support account, of which up to 10% of the agreed contract price can be taken as a personal fee (inclusive of employers' costs) 40% to School(s) 20% to University Research Development Fund

<sup>1</sup> See below for the provisions for individual research support accounts.

Activity	Income For	Split
Consultancy <sup>2</sup>	Institutional costs <sup>3</sup>	100% to School(s) / facility owner(s)
	Fees	85% to member(s) of staff (inclusive of employer's NI costs) 10% to School(s) 5% to University General Funds
IP Income (royalties, milestone payments, etc.) <sup>4</sup>	Patent costs, etc.	100% to R&E
	Surplus (up to £50k)	80% to inventor(s) 10% to School(s) 10% to University Research Development Fund
	Surplus (£50k-£500k)	40% to inventor(s) 40% to School(s) 20% to University Research Development Fund
	Surplus (£500k-£5M)	35% to inventor(s) 25% to School(s) 15% to University Research Development Fund 25% to Strategic Development Fund
	Surplus (Over £5M)	20% to inventor(s) 0% to School(s) 5% to University Research Development Fund 75% to Strategic Development Fund
IP Benefit (shares)	Patent costs, etc.	100% to R&E
	Equity benefits	Dividends or realisation of equity after costs: 67% to Schools 33% to University Research Development Fund
Enterprise Unit	Year End Surplus <sup>5</sup>	40% to inventor(s) 40% to School(s) 20% to University Research Development Fund

5. Where a service is provided to a company in which a member of staff (or related party including all family members) has a substantial interest, they are not normally be able to receive personal benefit through the University from that service provision. (They should also not take part in any procurement, contracting, or pricing of such activity.) Any surplus would therefore be shared between the School and the University.

6. Under the agreement between the University and the Sussex Innovation Centre (SInC) in relation to the services it provides, there will be a payment to SInC of 1.5% of the net surplus from any activities supported by SInC. This would be taken from the University's share in the above tables. This applies to those services, IP exploitation, and Enterprise Units that were supported by SInC through the Enterprise Panel.

<sup>2</sup> Full details of the approach to consultancy activity are contained in the Policy on External Professional Activities.

<sup>3</sup> In this context, institutional costs are for the use of facilities or the time of support staff. They do not include the consultant's time, which is incorporated in the fee.

<sup>4</sup> Full details of the approach to intellectual property are contained in the Policy on Exploitation and Commercialisation of Intellectual Property.

<sup>5</sup> The Unit's Management Committee will first determine how much of the surplus should be retained by the Unit for future reinvestment, and then this split will be applied.

7. Continuing Professional Development (CPD) and similar short training course provision are not included under this policy.

### **C. Allocation of Research Support Funds**

8. Schools may choose to allocate funds from their core budgets to individuals, groups, or topics as a means of supporting research development activities.
9. Research support funds should be used only for appropriate purposes, which include: short-term bridging of research staff, research conference and visit travel, support of visiting researchers, PGR support and enhancements, pump-priming of projects, small items of equipment. Research support funds should not be used for on-going funding of staff, whether for research or teaching purposes. The use of funds should be in compliance with any relevant codes of practice, for example staff in clinical positions must comply with Department of Health guidelines on research governance.
10. The size and allocation of the funds could be driven by income, contribution, or a combination. A combination tends to be better (e.g. 25% based on total income, 75% based on contribution income), so that some research support funds are provided to those who, necessarily, tend to generate their funding from non-contributory sources, but there is an incentive to increase contribution. Each school should determine what size of budget it wishes to allocate, based on its priorities and its financial position, but all schools should operate the mechanism on the basis set out in this policy. Heads of School may wish to retain a portion of the budget, to support those without funds, e.g. new or early career staff, or to support school-wide initiatives.
11. It should be noted that such allocations, whilst they might be formulaically based, are allocations from a school's core budget, and are not a "share" of the overheads from projects. Income in respect of overhead costs is required to cover such costs, which are charged to the schools. Overhead income is therefore not "free" cash to disburse.
12. Allocations for research support should be made into the appropriate Research Support Accounts.

### **D. Research Support Accounts**

13. Research Support Accounts are individually-controlled accounts, managed by the School. They can be credited with an individual's share of surpluses and with allocations made from School funds, as described above. Expenditure on the account should be against a plan (which may be over multiple years) agreed by the individual with the Head of School, for the purposes of supporting research activity. The accounts will be controlled such that expenditure can only be committed up to the current balance of the account.

This policy was approved by Strategy and Resources Committee on 10 June 2010, with amendments in August 2015 to reflect changes to the Policy on Exploitation and Commercialisation of Intellectual Property.