

# Research Development

## Costing your Research Proposal

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# Research Development Office

## How can we help?

- ❖ Informing academic staff of emerging research funding opportunities
- ❖ Advice and guidance on preparation of all applications for research funding, including compliance with funder requirements
- ❖ Costing and pricing
- ❖ Grant-writing plan for duration of academic year
- ❖ Institutional approval
- ❖ Award negotiation and award acceptance





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# WORKSHOP OVERVIEW

- ❖ Full Economic Costing (fEC)
- ❖ Distinction between 'cost' and 'price'
- ❖ Different funders, different rules
- ❖ What costs should be included?
- ❖ How can these be estimated?
- ❖ Working with partners/due diligence
- ❖ Internal approvals
- ❖ Where can I get help?

# WHAT THE *fEC*?

**Full Economic Costing (fEC)** was introduced by the UK government in 2004-2005 to help universities calculate the true cost of doing research.

## ***Full Economic Cost***

*An amount which if recovered across an organisation's full programme of activity, would recover **the total cost of the work**, including an adequate investment in the organisation's infrastructure.*

# FEC PRINCIPLES

- ❖ A standardised costing methodology for research – TRAC – **TRansparent Approach to Costing**
- ❖ Used by all UK HEIs to determine the costs of 3 main activities – teaching, research and other
- ❖ Main TRAC cost driver – time spent by academics on these activities – collected through the Academic Time Survey (ATS)
- ❖ Mandatory for external research funding
- ❖ Three cost categories:
  - Directly Incurred
  - Directly Allocated
  - Indirect/Estates (overheads)

# Cost vs Price

- ❖ Distinction between the **cost** and **price** of research
- ❖ The cost is how much money it takes to pay for all the resources associated with doing the research project – infrastructure, staff, direct project costs
- ❖ The price is how much the funder or sponsor will pay for that project to be carried out
- ❖ We calculate the cost to inform the price. The price may be less than the cost, but there can be other reasons that make it worth doing





# PRE-AWARD: BUDGET

- ❖ Every research project costs money – in staff time, consumables, travel, visa costs etc.
- ❖ Costs need to be credible and realistic.
- ❖ Clearly state what you are planning to spend the funding on.
- ❖ Show how spending that money will help you to answer your research question.
- ❖ The budget is the perfect time to plan your project clearly.
- ❖ Ensure all important costs are included so you can conduct the research to the highest quality
- ❖ Demonstrates value for money
- ❖ The costs are justified by the project design and enable successful completion
- ❖ The university knows what it has to cover

# Think Post-award Pre-award!



# POST-AWARD

## **Things to think about before you submit your proposal:**

- ❖ You get funding in arrears, not in advance
- ❖ You claim for actual costs – have to return unspent funds
- ❖ Take into account staff recruitment time
- ❖ Restrictions on moving funds between categories e.g. staff and consumables
- ❖ There will probably be an audit
- ❖ Overspends and currency gains/shortfalls must be covered by the School

# TYPES OF FUNDERS

## Model 1: Percentage of fEC (e.g. 80% fEC)



- ❖ Directly Incurred costs – project-specific costs generated solely because the project is taking place e.g. postdocs, travel, consumables
- ❖ Directly allocated costs – costs that exist already (PI/Co-I time, technicians) from which an allocation is being given to the project
- ❖ Estates, Indirect Costs and Infrastructure Technicians: a contribution towards the underlying costs of university infrastructure

Some quirks: no PhD students, equipment only partly funded

# TYPES OF FUNDERS

## Model 2: Direct costs only

- ❖ Most charities, such as Wellcome Trust, Leverhulme Trust, Nuffield Foundation only pay direct costs that are paid at 100%
- ❖ May allow PhD students
- ❖ Need prior approval to move money between budgets post-award
- ❖ Charitable funding eligible for Charity support funding (QR) from Research England (~ 20%)
- ❖ PI/Co-I time ineligible costs; some pay teaching replacement (Leverhulme)

LEVERHULME  
TRUST



# TYPES OF FUNDERS

## **Model 3: Direct costs + Percentage of Overheads**

- ❖ Pays 100% of Direct costs plus a percentage of those costs as overhead. All staff, travel, consumables, equipment, facilities, research expenses
- ❖ European Union: direct costs (including PI/Co-I time) plus 25% overhead
- ❖ US government funders (e.g. Spencer Foundation): direct costs plus ~7-13% overhead

# TYPES OF FUNDERS

## **Model 4: the Mongrel**

- ❖ These are funders who fund varied types of costs, including:  
British Academy, Royal Society, Royal Academy of Engineering
- ❖ Some schemes provide percentage of fEC (e.g. 80%)
- ❖ Other schemes cover direct costs only (small grants, international networking schemes)
- ❖ Some require university contribution

***MUST READ THE FUNDER GUIDANCE***

# TYPES OF FUNDERS

Sample Project costing, 3 years from 1 Jan 2020				
	FEC	BBSRC (80% FEC)	EU (£) 100%+25% oh	Leverhulme 100% DI + QR
Prof 1 Newton, 10% FTE, 3 yrs (DA)	37,601	26,393	37,601	-
PDRA 7.34, 100% FTE, 3 yrs (DI)	159,316	120,285	159,316	150,356
(teaching replacement 7.33 10%)				14,589
Travel £10k	10,000	8,000	10,000	10,379
Research expenses £10k	10,000	8,000	10,000	10,379
Equipment - 1 piece £12k	12,000	6,000	12,000	-
Estates	61,742	46,517		-
Indirects (overheads)	175,996	132,597	57,229.25	-
Infrastructure Tech	4,478	3,374	-	-
<b>Subtotal</b>	<b>471,133</b>	<b>351,166</b>	<b>286,146</b>	<b>185,703</b>
<i>Charity support funding (QR) 20%</i>				<i>37,141</i>
<b>TOTAL</b>	<b>471,133</b>	<b>351,166</b>	<b>286,146</b>	<b>222,844</b>



# FELLOWSHIPS

- ❖ Funder may pay all or part of Fellow's salary
- ❖ Research expenses, travel
- ❖ Research staff/students
- ❖ Funder may require School contribution (Leverhulme ECF) – needs pre-approval by the School

LEVERHULME  
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**Research Fellowships:** Teaching replacement and research expenses.



INDEPENDENT SOCIAL RESEARCH FOUNDATION

**Fellowships:** Teaching replacement only and match funding for research expenses.

# Does anyone pay full fEC?

Yes!



- ❖ UK government departments (e.g. DFID, DfE)
- ❖ Industry funders
- ❖ Contracted Research (mostly cover at least fEC)

# OVERHEADS, I hear you say?!

## **Indirects + Estates + Infrastructure Technicians = 'Overheads'**

- ❖ Must be included if it's an eligible cost
- ❖ Crucial to running of school/university infrastructure
- ❖ Difference between a project breaking even or making a loss
- ❖ Where you have a choice, choose the funder that pays

# Eligible/Non-eligible cost

Cost	Research Councils	Leverhulme Trust	EU	Wellcome Trust
Conference organisation	✓	✗✓	✓	✓
Conference attendance	✓	✓	✓	✓
Teaching replacement	✗	✓	✗	✗
PhD students	✗	✗✓	✓	✗
PI time	✓	✗	✓	✗
Open Access	✗	✓	✓	✗
Equipment / Laptops	✗	✓ (max)	✓	✓(max)

# WHERE TO START?

- ❖ Project detail: Make a sequential plan, think design and budget.
- ❖ Write down everything you will be doing on the project, who will be doing it, where and when. Interviews? How many? Write it down.
- ❖ Work with Research Development: Check funder-specific cost eligibility.
- ❖ Costings: Check prices online; R&E resources
- ❖ Spreadsheet
- ❖ Justification of Resources: Identify what you need, explain why you need the funds and where did your figures come from?

# What can I ask for?

Costs are usually split into two categories:

## **Direct Costs:**

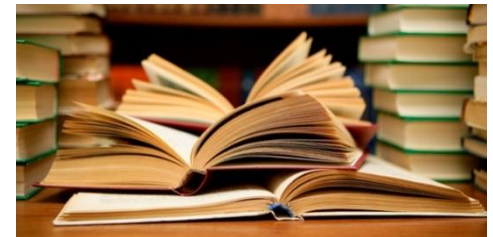
- ❖ **Staff:** Directly working on the project. Project staff (DI) and permanent staff (DA) - may be funded differently
- ❖ **Travel and subsistence:** Fieldwork, meetings, conferences, visits directly related to the project work or to disseminate the results
- ❖ **Consumables:** Materials directly used on the project
- ❖ **Other directly incurred costs:** Equipment, impact activities, data management costs, transcription/translation, insurance, audit, student fees, open access publishing
- ❖ **Overheads:** In fEC methodology, this includes 'Indirect' and 'Estates' costs – may not be reimbursed by all funders

# Staff Costs

- ❖ **Think staff costs first:** This will tell you how much funding you have available for other costs. Things to think about include time on the grant (dates), what FTE (% time), do you have to recruit?
- ❖ **Don't underestimate the time** you (the applicant) need on the project
- ❖ **Research assistance:** Check funder rules. Grade depends on skills required; higher grade appointments must be justified
- ❖ **Technicians:** Grade depends on skills required; are there pool technicians available? Check with your Technical Services Manager
- ❖ **Admin/project manager support:** Important for complex collaborative projects

**WE ARE RECRUITING!**

# IMPACT



# Staff Costs (cont'd)

- ❖ Staff costs include on costs: Pension, employer's NI, increments, pay awards. Not as simply as only calculating your salary
- ❖ Check what the funder allows regarding costing inflation, pay increments
- ❖ Casual staff: May be employed for maximum of 12 continuous weeks (otherwise recruit). Hourly rates for casual staff must include on costs and holiday pay – ask ResDev for the correct rates
- ❖ PhD studentships: Fees and stipend based on UKRI rates. Fees not always eligible



# Non-staff Costs

- ❖ **UK subsistence:** Use University's expenses rates as a guide
- ❖ **International subsistence:** HMRC rates
- ❖ **Travel:** Generally public transport (second class). Don't forget airport travel, and need to travel at peak times.
- ❖ **Visa costs**
- ❖ **Steering Group costs:** Travel, venue, meeting costs
- ❖ **Workshops/events:** Venue, catering, speakers
- ❖ **Participant costs:** Interviewing, transcription, translation
- ❖ **Conferences:** Fees, travel, subsistence
- ❖ **Impact costs:** These can include stakeholder engagement events, policy briefings - up to 10% of RC budgets

# The funder wants a 'contribution'

- ❖ Match funding increasingly requested by funders – shows institutional commitment to project
- ❖ School must pay for any contribution – no central pot
- ❖ Can you leverage any existing funds? (Start-up, donations)



# What the fEC?

Time to Practise



# Don't forget VAT and Exchange rates

- ❖ Payable at 20% (UK)
- ❖ Subcontracts, equipment, consumables
- ❖ If in doubt, include it – it will be charged to your grant!
- ❖ Reverse-charge VAT (e.g. overseas subcontractors)
- ❖ Research [is VAT-able](#), but it is not chargeable between partners (e.g. collaborative projects)
- ❖ [Exchange rates](#): Costing tool adds ~ 10% contingency to cover exchange rate fluctuations.
- ❖ [Exchange rates](#): Overseas partners must provide costs in the currency of the grant (so they build in contingency).

# Working with Partners

- ❖ Please get in touch early: We can help you liaise with partners about their budgets
- ❖ Funder eligibility: Will they pay for partner costs? Different rules for industry, third sector, international
- ❖ We can't cost their budgets for them
- ❖ Due diligence may be needed: Pre- and post-questionnaire - need to check who we are working with
- ❖ Partners have their own approvals processes: Leave plenty of time

# Justifying your budget

- ❖ Make it easy for reviewers – write the Justification of Resources in the order the budget appears in the application form
- ❖ Don't need to show 'workings' – just why you need that item (or person) for your research
- ❖ Try and use 'average' costs so justification is clearer – e.g. £60 return rail ticket Brighton/London
- ❖ Engage with Research Development early to check this

# Internal approvals

## **The budget is finalised, and my draft is nearly ready – what next?**

- ❖ Head of School, School Finance Manager, Technical Services Manager and R&E must approve the bid and budget
- ❖ Need earlier approval from School for any contribution (speak to HoS)
- ❖ Circulate at least 5 days before deadline.

# Where can I get help?


- ❖ Research Development Officer (ESW): Sarah Frisby-Osman
- ❖ [Sarah.Frisby@sussex.ac.uk](mailto:Sarah.Frisby@sussex.ac.uk)
- ❖ Research Finance (if you are a grant holder) [Research-Finance@sussex.ac.uk](mailto:Research-Finance@sussex.ac.uk)
- ❖ Procurement (if you are buying large pieces of equipment, or commissioning subcontracts) [vfm@sussex.ac.uk](mailto:vfm@sussex.ac.uk) (Martin Hylands)
- ❖ Impact activities/costs – Christina Miariti [C.Miariti@sussex.ac.uk](mailto:C.Miariti@sussex.ac.uk)
- ❖ Online resources: Research Development webpages
- ❖ Standardised Costs booklet
- ❖ Costing spreadsheets (in development)
- ❖ Successful bid library





# Mental Math

## Tricks To Become A Human Calculator



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