

## Research Councils UK

### Efficiency 2011-15: Ensuring Excellence with Impact

### Changes to requests for equipment from 1<sup>st</sup> May 2011

On 1 May 2011, the following changes in how equipment is requested on Research Council grants will come into effect:

- 1. Increase in the threshold for individual items of minor research equipment from £3k to £10k (£8.33k ex VAT):** From 1 May 2011, single capital items of equipment costing less than £10,000 should be included in Other Directly Incurred costs. If VAT and/or Import Duty do not apply, a value of zero should be entered in these fields.
- 2. Further justification for all items of equipment costing between £10k (£8.33k ex VAT) and £138k (£115k ex VAT)<sup>1</sup>:** From 1 May 2011, the research organisation will need to provide extra justification for these items, providing evidence of an evaluation of the use of existing relevant capital assets. They will be expected to make a contribution towards the cost of the equipment. Given that capital provision across councils has been reduced by about 50%, contributions of this order will be expected.
- 3. Business case required for all items of equipment above £138k (£115k ex VAT):** From 1 May 2011, all requests for single capital items of equipment should be accompanied by a 2 page business case outlining the strategic need for the equipment. RCUK will decide the strategic location for these items and will potentially fund them at 100%. Each Council will have flexibility in relation to the funding of equipment to negotiate with potential grant recipients to achieve best value from the limited funds at its disposal. Individual Councils are currently working to develop the process they will use for handling such requests, and more details will follow.

Please note the following:

- These thresholds will apply to individually capitalisable assets, rather than by accumulating the value of a number of assets, except where individual assets are clearly intended to be used together as a combined asset.
- These thresholds (other than the increase in the threshold for equipment to £10k) will not apply to grants where the development of a new “instrument” is the core proposal of the grant (see below).
- These thresholds will apply during the application process as the trigger to determine which application process you need to follow. They do not impact the procurement process when organisations will need to conform to the OJEU tendering limits that apply to their organisation.
- The previous situation, where equipment valued up to £50k was funded at 80%, with any equipment balance above £50k funded at 100%, no longer applies.
- Leasing equipment may provide a cost-effective way of gaining long-term access to equipment. However, these costs would count as capital costs, and should be treated in the same way as equipment purchase costs.
- RCUK is currently working to develop options to promote and assist equipment sharing, including the issues around asset registers. Further information will follow.

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<sup>1</sup> The higher threshold was previously linked to the OJEU threshold value for Schedule 1 Services (from January 2014 net of VAT £111,676, inclusive of VAT £134,011), but this is no longer the case.

All councils will make best endeavours to meet capital requests in line with the RCUK guidance, subject to affordability within capital budgets. As demand is expected to exceed capital budgets during the CSR period, applicants are encouraged to minimise project dependency on capital funding.

All proposals to the Research Councils on or after 1 May 2011 should follow the revised guidance below. The necessary changes to the Je-S system have not yet been made, and so information is given on how to apply currently.

### **Instrument development**

Equipment over £10k to be used for the purpose of instrument development is not affected by the new rules for such equipment more generally. A proposal or group of proposals forming a single project will be classed as instrument development where it is wholly or mainly focussed on creating a novel instrument that will either enable research capability not available using any existing instrument, or will substantially improve research capability beyond what currently exists, in a way that opens up significant new scientific opportunities. Research Councils reserve the right for large programmes of work (such as Centres) to treat other equipment requested in the proposal, but not specifically related to the instrument development work strands under the new guidance.

Instrument development can occur in a variety of ways. It might involve the construction of a wholly new instrument from its basic components or it might involve the substantial modification of an existing instrument. Finally it might involve the integration of two or more existing instruments into a new combined one. In this latter case the proposed integration would need to be technically non-trivial and lead to a capability significantly beyond that of using the component instruments independently.

### **Social surveys**

This covers investigation about the characteristics of a given population by means of collecting data from a sample of that population and estimating their characteristics. These surveys contribute to the advancement of science and informing public policies. Their outputs are available for use by the research communities adhering to cross-council principles on access to research outputs.

Applicants requesting costs for social survey work should note the following guidelines:

- Social survey work funded on grants is subject to special funding rules where such surveys contribute to the national science base available for use by the research community.
- In such cases there is an expectation that to achieve best value for money such work will be sub contracted to external providers and that when this is done Research Organisations should be relieved from having to make a 20% contribution to FEC.
- All sub contracted social surveys are required to be subject to normal competitive purchasing principles, including where these are expected to exceed £25k (£20.83 ex VAT) full tendering procedures.
- Costings of sub contracted social surveys on applications should be based on best estimates available, or preferably on actual quotes for the work.
- Where social survey work is proposed to be done using in house resources and funded at 80%, the applicant should (a) justify the basis on which the work should not be subject to external competition, and (b) provide benchmarking or other data to support a case that best value for money is being achieved through using RO staff rather than external contractors.

### **Requests for items of equipment costing between £10k (£8.33k ex VAT) and £138k (£115k ex VAT)**

For all items of equipment costing between £10k (£8.33k ex VAT) and £138k (£115k ex VAT) but excluding that to be used for instrument development, the research organisation will need to provide evidence of an evaluation of the use of existing relevant capital assets. **The Justification of Resources, or for STFC the Case for Support** should be used to:

- confirm that the piece of equipment is not already available for use within the host institution, or at any other accessible location (for instance by making reference to any asset registers consulted)
- provide evidence that all other reasonable options have been considered
- explain, if the equipment requested will replace existing equipment, what will happen to this latter
- set out what contribution the Research Organisation is making towards the cost of the equipment

Where a Research Council determines that it is prepared to support the acquisition of an asset the Research Council will contribute a percentage of the final purchase price and will expect the research organisation to contribute the remainder from non-Research Council funding, for example the Capital Investment Fund (CIF). The final decision on the percentage contribution will be made by the Research Council on advice from the peer review panel for each grant application, and may **be up to 100%**; however, given that capital provision has been reduced by about 50%, contributions of this order will be expected. For joint proposals, Councils expect the applicants and their research organisations to agree amongst themselves the levels of contribution from the different organisations, and the ownership and hosting arrangements for the equipment.

The previous situation, where equipment valued up to £50k was funded at 80%, with any equipment balance above £50k funded at 100%, no longer applies. Applicants should indicate **the full cost** of the equipment in the Justification of Resources or Case for Support with an indication of their own contribution towards this full cost.

### **Requests for items of equipment costing more than £138k (£115k ex VAT)**

For each single capitalisable item of equipment costing more than £138k (£115k ex VAT) (excluding that to be used for instrument development) you should complete a business case in the format provided, outlining why the Research Councils should invest in this item of equipment. This business case will be subject to peer review and separate consideration for funding by the Research Councils. This business case is in addition to any case for support, but should be included at the end of the Case for Support attachment. There may well be duplication of information between the case for support and the business case. It is important that the business case is a stand-alone set of information and contains sufficient information to allow separate peer review assessment.

Individual Councils are currently working to develop the process they will use for handling such requests, and more details will follow.

Please provide information answering the questions listed. **A justification should be provided for every capital item of equipment requested over the £138k (£115k ex VAT) threshold.** Each justification should be no more than 2 sides in length.

In all cases, you should contact the lead Research Council for your application to discuss your business case well in advance of submission.

## **Quotations**

For all equipment costing more than £25k (£20.83 ex VAT), professionally qualified procurement staff at the RO must be consulted at the beginning of the procurement process and must approve the order before it is placed with the supplier. Additional documentary evidence for the estimated cost (e.g. supplier's written quote, specialist advice) should be included.

For all items of equipment requested with a value exceeding £138k (£115k ex VAT), three equipment quotations must be provided. Where you believe that there are less than three potential suppliers for an item you should explain this in the 'Justification of Resources' attachment and upload 2 blank documents as equipment quotes. For items of equipment which cost less than £138k (£115k ex VAT) but more than £25k (£20.83 ex VAT), it is optional to provide quotations and up to three can be uploaded.

**DETAILS REQUIRED FOR ITEMS OF CAPITAL EXCEEDING THE £138K (£115K EX vat) THRESHOLD**

<b>Item:</b> Please state the name as well as model of the item of equipment
<b>Vendor:</b> Please state the name of the equipment vendor (if known)
<b>Description:</b> Please describe briefly the item of equipment and its primary functions as well as any particularities
<b>Cost:</b> Please state the cost of the item of equipment in £ sterling (inclusive of VAT)
<b>Usage:</b> Please describe how the item of equipment will be used to meet the objectives of the proposed research. Please also describe how you envisage the item of equipment will be utilised for research not supported by this grant proposal and the proportion of equipment time that will be available for such work. Indicate here the numbers of researchers that will use the item of equipment, in which research areas they will be working, and where they will be based, particularly if the equipment will be available for use by researchers from outside your institution.
<b>Support:</b> Please indicate how the item of equipment will be supported and maintained for the duration of the proposed grant and beyond.
<b>Strategic Case:</b> Please indicate how the requested item of equipment fits to the strategy of your department and institution. Please also indicate how the purchase of this item of equipment will compliment or enhance regional and/or national research capability.
<b>Ensuring Maximum Value:</b> Please describe what approach you will take to make best use of your capital assets. (This would be used to assess the value for money via the usual peer review process.)
<b>Contribution from Other Sources:</b> Please describe here what contributions to the cost, running or maintenance of the item of equipment will be found from other sources, external to those sought from this grant.
<b>Alternatives:</b> Please describe how, in the event that capital funds are not allocated to cover this item of equipment, you would proceed in meeting the objectives of the proposed project.

## Je-S - HOW TO APPLY

### 1. Instrument development

Until changes to the proposal form are implemented, applicants:

- Should indicate in **Justification of Resources , or for STFC in the Case for Support** which items of equipment are to be used for instrument development
- Should put `Instrument development` in brackets after each relevant item in the Description field of the Equipment section of the JeS form.

### 2. Social surveys

Social survey costs which are sub contracted should be included under Exception Equipment

Where social survey work is proposed to be done using in house resources these costs should be included under Directly Incurred Equipment.

### 3. Requests for individual items of minor research equipment

Single capital items of equipment costing less than £10k should be included under Other Directly Incurred costs.

### 4. Requests for items of equipment costing between £10k (£8.33K EX vat) and £138K (£115K ex VAT)

For all items of equipment costing between £10k (£8,33K ex VAT) and £138k (£115k ex VAT but excluding that to be used for instrument development, the **Justification of Resources, or, for STFC, the Case for Support** should :

- confirm that the piece of equipment is not already available for use within the host institution, or at any other accessible location (for instance by making reference to any asset registers consulted)
- provide evidence that at all other reasonable options have been considered
- explain, if the equipment requested will replace existing equipment, what will happen to this latter
- set out what contribution the Research Organisation is making towards the cost of the equipment

Applicants should indicate **the full cost** of the equipment in the Justification of Resources or Case for Support with an indication of their own contribution towards this full cost.

**Resources: Equipment** should be used to request the full cost **less** any contribution i.e. **the actual level of funding sought**.

Capital costs plus any maintenance and other related costs that are not included in the Research Organisation's estates costs should be included. All fields must be completed for each entry. All costings should be at current prices with no allowance for inflation. The description should contain a brief summary

of the item or group of items so that they may easily be cross-referenced with the Justification of Resources/Case for Support. If VAT and/or Import Duty do not apply, a value of zero should be entered in these fields - the host organisation should clarify the position on tax and duty with the relevant authority before submitting the proposal.

Please note until changes to the proposal form are implemented the previous situation, where equipment valued up to £50k was funded at 80%, with any equipment balance above £50k funded at 100%, will appear to be to apply at time of application. If funded adjustments will be made at time of offer.

## **5. Requests for items of equipment costing exceeding the £138k (£115k ex VAT) threshold value**

For each single capitalisable item of equipment costing more than the £138k (£115k ex VAT) (excluding that to be used for instrument development) you should complete a business case in the format provided. This business case is in addition to any case for support, but should be included at the end of the Case for Support attachment.

Please provide information answering all the questions listed. **A justification should be provided for every capital item of equipment requested exceeding £138k (£115k ex VAT).** Each justification should be no more than 2 sides in length.

## **6. Quotations**

For all equipment costing more than £25k (£20.83 ex VAT), professionally qualified procurement staff at the RO must be consulted at the beginning of the procurement process and must approve the order before it is placed with the supplier. Additional documentary evidence for the estimated cost (e.g. supplier's written quote, specialist advice) should be included in the 'Equipment' section as attachment type 'Equipment Quotation'. Equipment quotations are added within the equipment item screen, not within the attachments section. Having added the details for your item press "Save" which will then provide a link to add the attachments.

For all items of equipment requested with a value exceeding £138k (£115k ex VAT), three equipment quotations must be provided. Where you believe that there are less than three potential suppliers for an item you should explain this in the 'Justification of Resources' attachment and upload 2 blank documents as equipment quotes. For items of equipment which cost less than £138k (£115k ex VAT) but more than £25k (£20.83 ex VAT), it is optional to provide quotations and up to three can be uploaded.