

Guidance on virement for ODA award holders

Summary

UKRI recognises the pressures placed on grant holders both as a direct result of the challenges posed by Covid-19, and those associated with the significant reduction in ODA allocations for the 21/22 financial year. In order to support our research community as best we can all virement restrictions for grants funded through the Global Challenges Research Fund and Newton Fund are lifted. The intention is that this will allow grants the additional flexibility needed to, as far as possible, effectively engage their partners and deliver meaningful and valuable outcomes. In all cases all affected partners, including in country partners, should be consulted before virements are made.

Please note this guidance refers to virements at the grant level and that the greater flexibility only applies to:

- grants administered by AHRC, BBSRC, EPSRC, ESRC, NERC, MRC, STFC which are awarded under the Standard FEC Grants Terms and Conditions¹
- grants which are part of the reduce and reprofile or terminate template-based exercise

Please note that this does not represent a change in our Terms and Conditions and that non-standard virements on any other grants other than those listed above will not be permitted.

Further details on the approach and reporting requirements for standard and non-standard virements are outlined below.

Standard Virements (in line with current Terms and Conditions)

In line with the current UKRI Standard FEC Grant Terms and conditions grant holders are permitted to vire funds between the following headings:

- Directly Incurred Staff (awarded at 80% FEC)
- Other Directly Incurred (awarded at 80% FEC)
- Directly Incurred – Travel and Subsistence (awarded at 80% FEC)
- Exceptions – Staff (awarded at 100% FEC)
- Exceptions – Other Costs (awarded at 100% FEC)
- Exceptions – Travel and Subsistence (awarded at 100% FEC)

Unless there is a programme specific requirement, this can be done without prior approval from UKRI. The lead Research Organisation should keep an auditable internal record of these virements and the justification. These records will need to be made available to UKRI should they be requested for audit purposes.

When completing official financial reporting for UKRI for example an Interim Expenditure Statement (IES) or Final Expenditure Statement (FES) you must report expenditure against the heading representing where these funds were **spent**.

¹ <https://www.ukri.org/wp-content/uploads/2021/03/UKRI-150321-FullEconomicCostingGrantTermsConditions-Mar2021.pdf>

Movement of funds from an 'Exceptions' to a 'non-Exceptions' heading

When carrying out virements between headings supported at different rates it is important to ensure that the correct values are recorded against each heading. A worked example is provided below to illustrate this. Please note the increased flexibility to maintain the total RC contribution by retaining the 'difference' under the Exceptions heading.

A grant has £10,000 (100% FEC) under the Exceptions – Travel and Subsistence heading. They wish to redirect these funds to cover £10,000 (100% FEC) of Directly Incurred Staff costs, of which the UKRI contribution would be £8,000.

- Maintain an internal record which includes details of the original heading, 'new' heading and justification
- When completing an IES or FES include £10,000 (100% FEC) of expenditure under the Directly Incurred Staff heading.
- You may still charge the 'outstanding' £2,000 (difference between 80% and 100% FEC) to the grant under the Exceptions – Travel and Subsistence heading, providing this is appropriate and well justified.

Movement of funds from a 'non-Exceptions' to an 'Exceptions' heading

When carrying out virements between headings supported at different rates it is important to ensure that the correct values are recorded against each heading. A worked example is provided below to illustrate this. Please note that when moving funds into an Exceptions category, only the 80% value (UKRI contribution) can be charged.

A grant has £10,000 (100% FEC) under the Directly Incurred – Travel and Subsistence heading, of which the UKRI contribution would be £8,000. They wish to redirect these funds to cover Exceptions – Staff costs.

- Maintain an internal record which includes details of the original heading, 'new' heading and justification
- When completing an IES or FES include £8,000, representing the UKRI contribution for this expenditure at time of award (80% FEC), under the Exceptions – Staff heading as the 100% FEC value.

In both cases the overall FEC of the grant will change, however the UKRI contribution remains the same. You must make sure that the UKRI contribution does not exceed the original UKRI contribution at the point of award (or specified value for terminating grants), also known as the grant cash limit. If the total UKRI contribution value is exceeded in the FES, the balance will be reclaimed by UKRI at the reconciliation stage to reduce back to the agreed fund limit.

Non-standard Virements (outside current Terms and Conditions)

Non-standard virement applies to the movement of funds into and out of the following headings, including to and from the headings listed in the section above.

- Directly Allocated Staff (awarded at 80% FEC)
- Other Directly Allocated (awarded at 80% FEC)
- Estates (awarded at 80% FEC)

- Indirects (awarded at 80% FEC)
- Animal costs (awarded at 80% FEC)
- Equipment above £10k (awarded at 80% FEC)

Unless there is a programme specific requirement, non-standard virements can be carried out without prior approval. For all non-standard virements we expect the following principles to be applied:

- There must be a genuine need linked to maintaining key partnerships and/or maximising delivery of the original aims and objectives of the work or supporting and significant increase in the scale or breadth of outcomes and impacts that can be delivered.
- If moving funding from Exceptions headings to budgets for UK organisations, the principles around equitable partnerships should be observed and all affected partners should be fully engaged in the decision-making process.
- Where staff time charged to the grant is reduced, as a minimum the Estates and Indirects costs must be reduced in line with this. You may reduce Estates and Indirects below the standard rates charged where appropriate.
- For animal experiments which have already been initiated, the costs for these must be maintained.

The lead Research Organisation should keep an auditable internal record of these virements and the justification. These records will need to be made available to UKRI should they be requested for audit purposes.

When completing official financial reporting for UKRI for example an Interim Expenditure Statement (IES) or Final Expenditure Statement (FES) you must report expenditure against the heading representing where these funds were **awarded**.

In addition, a supplementary template must be submitted alongside the completed FES, providing details of all non-standard virements. This will require you to provide the following information for each non-Standard virement (i.e. for each budget line submitted as part of the application which has been affected):

- The value of funds being transferred
- The original fund heading
- A brief summary of the original purpose of these funds (max 50 words)
- The revised fund heading
- A brief summary of the revised purpose of these funds (max 50 words)
- A brief summary of the rationale/justification for this virement (max 150 words)

Further guidance is provided within the Guidance tab of the template.

If you have any queries, please submit these to ODAenquiries@ukri.org