

IN CONFIDENCE

NATURAL ENVIRONMENT RESEARCH COUNCIL

GUIDANCE TO MODERATING PANELS ON ASSESSING RESOURCES REQUESTED FOR RESEARCH GRANTS

1. Introduction

All research council (RC) research grant applications are awarded on a full economic cost (FEC) basis. This is because the Government has reformed the Dual Support system of support to universities, in order to increase investment in research infrastructure and hence improve the sustainability of the research base in the UK.

Universities are required to calculate the FEC using the “TRAC” (Transparent Approach to Costing) methodology. Other research organisations (ROs) must use an equivalent methodology, which has been validated by the RCs.

2. What this means for moderating panels

As before, the main task remains to assess the quality of research proposals. However, you will notice changes to the resources requested and proposals will be considerably more expensive. All the costs associated with a project are now eligible, so proposals will include a wider range of requested resources, e.g. the cost of the time the investigators will spend on the project and the RO's own overhead rates (comprising estates and indirect costs).

Panels are therefore asked to assess whether the resources requested are justified and whether they are required at that level to carry out the project and achieve its objectives.

3. The fund headings

Resources are summarised under the following fund headings (see attachment for details):

- **Directly Incurred Costs** – costs that are specific to the project, will be charged as the amount actually spent and can be supported by an audit record. These include many of the familiar direct costs on pre-FEC applications, e.g. researchers, equipment, T&S.
- **Directly Allocated Costs**– costs of resources that are shared by other activities and will be charged on the basis of estimates rather than actual costs, e.g. investigator time, estates costs.
- **Indirect Costs** – a share of common resources that cannot be attributed to individual projects, e.g. libraries, finance services, personnel, redundancy and preparing proposals.
- **Exceptions** – Directly Incurred costs that NERC will fund at 100% FEC (equipment over £50k) or items outside FEC (e.g. project students). For peer review purposes, they should be treated in the same way as Directly Incurred costs.

4. Assessing requested resources

Note that for all grant schemes, NERC has allowed applicants extra pages to justify the resources requested.

Directly Incurred Costs

- Panels need to assess the justification for all the resources requested under the staff, T&S, equipment and other costs sub-headings.
- The distinction between eligible and ineligible direct costs has largely disappeared. ROs are encouraged to directly identify as many of the costs associated with the project as possible, but initially there will be variation between institutions in the extent to which they can do this rather than including resources in their indirect or estates costs.
- Guideline amounts (or “formula funding”, e.g. £2k per year T&S for research staff) should not be used to judge what is an appropriate level for resources, because this is not consistent with FEC funding.
- Requests for higher salaries for unnamed PDRAs and PGRAs may be considered if fully justified in the case for support. With the move to local pay scales, the requested spine point for unnamed researchers should be justified in the case for support according to the experience needed for the project.
- Seagoing allowances for NERC staff employed before 1 June 2001 are paid as a reserved right. For those employed since 1 June 2001, seagoing allowances are paid in accordance with the terms and conditions agreed with the trade unions, as shown on the NERC website.

Directly Allocated Costs

- **Investigator time:** Costs are calculated from a salary rate (actual or band) and the total hours to be charged to the project over its duration. For any one investigator, the maximum amount of time that RCs will fund across all projects is 1650 hours a year (37.5 hours a week, 44 weeks a year). Since many investigators will work more hours than this, it is legitimate for RCs to fund the majority of an individual’s salary, even though they spend a substantial amount of time on other activities, e.g. teaching. (Note that investigator time can be a directly incurred cost if the time spent working on the project will be charged on the basis of actual costs, e.g. if project-level time recording is used).
- Panels should assess the justification for the time (**not the cost – which should not be questioned**) estimate proposed for each investigator, considering whether it is consistent with their proposed involvement with the project and whether this involvement is necessary, sufficient and realistic to carry out the project. Investigators should include only estimates of time they will spend working directly on the project, e.g. on research, fieldwork, supervising research staff, project management, interaction with project partners and the costs of the PI’s time for writing the final report. They must not include time for supervising project students,

writing publications after the end of the project, writing grant applications or peer review.

- **Estates costs** provide a share of the cost of the physical infrastructure for research and are calculated by each RO using its own rates. **Panels should not scrutinise Estates costs.** However, if there are changes to the amount of staff effort awarded, ROs will be asked to recalculate them.
- **Other Directly Allocated costs** include the cost of access to research facilities/existing equipment and for research/technical/administrative/support staff whose time is shared across activities and will not be supported by an auditable record. The costs will depend on the amount of access required and the charge rate. Panels should assess the requirement for the requested amount/level of access/staff time, **but not the charge rate.** Although institutions are encouraged to separately identify these access charges where possible, some may initially include them in their estates costs. Panels should not recommend that charges be cut on the grounds that the estates or indirect costs should cover them.

Indirect costs

- Indirect costs will be calculated by each RO using its own rates. **Panels should not scrutinise these costs.** However, if there are changes to the amount of staff effort awarded, ROs will be asked to recalculate the indirect costs.

Project students

- Panels need to assess requests for Project students. A project studentship should constitute a distinct project, providing added value to the research grant. The main project should still be viable without the studentship, and should have distinct milestones and objectives that are not reliant on the studentship. The student is expected to be able to develop novel research ideas while benefiting from working in a group environment. NERC would not expect the studentship to be the only researcher on the grant (excluding investigators).

Shiptime costs

- NERC infrastructure funding provides 'free at the point of use' access (outside FEC) to NERC's research ships (RRS Discovery, RRS James Clark Ross, RRS Charles Darwin). It is NERC policy that the associated shiptime costs are not to be considered by moderating panels. Panel members should therefore concentrate on the science quality of any proposed seagoing programmes and not allow the costs to influence the grading/ ranking of proposals.

Access to NERC Services and Facilities (S&F)

- With the exception of ships, High Performance Computing and the Chilbolton Meteorological Radar Facility, most other S&F will provide collaborative support or service free at the point of delivery to NERC grant-funded projects (outside FEC). If the grant is successful, a separate application to the S&F is required, to assess the feasibility of such support and for resource allocation. If a particular project requires an abnormally large amount of capacity of one of more S/F (e.g. >10% of that

annually available), the costs of the work might need to be funded as part of the grant.

Assessing cost effectiveness

- When assessing overall cost effectiveness (value for money), panels should take into account the total cost of a grant as presented in the application form, including the estates and indirect costs.

Attachment

CLASSIFICATION OF RESEARCH COSTS WITHIN A FULL ECONOMIC COSTS METHODOLOGY

The following provides a guide to the classification of costs for applications to the RCs.

Directly Incurred

- Staff costs dedicated to project
- Travel and subsistence
- Equipment (capital costs plus maintenance and related costs that are not included as part of estates)
- Consumables specific to project
- Books specifically purchased for project
- Survey fees
- Purchase/ hire of vehicles if necessary for project
- Publication costs
- Recruitment and advertising costs for staff directly employed on project

Directly Allocated

- Investigators' costs (unless DI or non-chargeable)
- Costs of pooled staff effort
- Estates costs (building and premises costs, basic services and utilities, lease/rent/rates, insurance, cleaning/portering/security/safety, staff facilities, any clerical staff and equipment maintenance not separately included as DI or DA)
- Usage costs of major research facilities, such as animal and glass houses (may initially form part of estates but should be separately DA from 2007)
- Central and distributed computing (if not possible to identify as separate cost may form part of estates or indirect costs)
- Charge out rates for shared equipment

Indirect Costs

- General office and basic laboratory consumables
- Library services / learning resources
- Typing/Secretarial
- Finance, personnel, public relations and departmental services
- Central and distributed computing if not DA
- Cost of capital employed (includes redundancy costs)
- Proposal preparation and peer review