

**INDEPENDENT RESEARCH ORGANISATION SELF-ASSESSMENT QUESTIONNAIRE FOR PROJECT FUNDING UNDER FULL ECONOMIC COSTS (FEC)**

UK Research and Innovation (UKRI) typically fund 80% of the full economic costs of research and fellowship projects. Higher Education Providers (HEPs) are required to adopt a methodology for calculating FEC called the Transparent Approach to Costing (TRAC), which has been accepted by UKRI as robust and reliable. There is detailed guidance on the calculation of FEC by HEPs, available in the TRAC guidance: <https://www.trac.ac.uk/tracguidance/> . UKRI applies the same funding arrangements to all eligible research organisations. IROs are therefore expected to calculate the FEC of each project. They are not expected to use the TRAC methodology but must either have a robust costing methodology in place or use dispensation rates. Current dispensation rates can be found at [Funding assurance programme – UKRI](https://www.ukri.org/who-we-are/policies-standards-and-data/funding-assurance-programme/).

Although IROs do not have to adhere to TRAC guidance, they do need to follow the same principles when costing their projects unless they are eligible to, and wish to use dispensation rates. The attached questionnaire has been designed:

* to provide IROs with information about the costing requirements – principles and methods - that are to be met when drawing up the FEC on proposals for UKRI funding;
* to give UKRI assurance that the­se costing requirements will be met;
* to provide guidance on the approach to be taken if the Research Councils are not given satisfactory assurance that all requirements will be met.

The questionnaire asks for information about the costing principles and methods that have been used to derive the FEC. It focuses on both cost estimation prior to application, and on the costs charged to the project records post-award. Research proposals submitted to UKRI require the FEC of a project to be submitted under certain headings - directly incurred, directly allocated, indirect costs, exceptions, etc. UKRI will typically fund 80% of the FEC, apart from costs falling under the exceptions heading.

This questionnaire needs to be completed by any IRO which wishes to submit proposals for UKRI funding. Part A of the questionnaire should be signed by a responsible officer. Please also provide the name of an individual to whom queries can be directed in the same section.

Annual re-completion and submission is required for IROs calculating and applying their own charge-out rates to inform UKRI of updated rates, the dates when they come into effect and/or changes to calculation methodologies.

UKRI reserve the right to review the methods described and require alternative methods to be followed if they do not consider that they have received satisfactory assurance on robustness.

Your questionnaire will be assessed by the UKRI Funding Assurance Team, you will receive a formal communication of the outcome for your organisation as soon as possible which will apply to all UKRI funding for research projects and fellowships. Once methods have been agreed for your organisation they should be followed. If you initiate changes to your approach, or updates to UKRI FEC terms and conditions require the methodology described in this questionnaire to be updated, you should implement the changes and notifiy us by completing a further questionnaire (contact the Je-S helpdesk).

**Questionnaires should be returned to the Grants System Support at the following e-mail address;** [GrantsSystemSupport@funding.ukri.org](mailto:GrantsSystemSupport@funding.ukri.org)

Yours sincerely,

Andrew Dicken

Deputy Head of Funding Assurance

UK Research and Innovation

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#### **Part A. Organisation details**

Name of organisation/division: ………………………….

What period will this take effect from ………………………….

Submission authorised by (responsible officer):

(name in block capitals) … ………………………..

(post title) … ………………………..

(signature) …………………………..

(date) …………………………..

Contact for correspondence about this submission:

(name in block capitals) … ……………………….

(job title) …………………………..

(contact telephone no.) …………………………..

(email address) …………………………..

**Please identify which Research Council you are applying to for funding (if this is the first time you are completing this questionnaire), and the name of the scheme/programme if you have this information:**

Research Council: …………………Programme/Scheme:………………………………………..…….…

|  |  |
| --- | --- |
| **Are you eligible for, and intending to use the** [**dispensation**](https://www.ukri.org/about-us/policies-standards-and-data/funding-assurance-programme/) **rates for estates and indirect costs ?** | **YES / NO** |
| If **YES**, please confirm your rolling five-year average of publicly funded or external research income here. You do not need to complete sections B, C or D but should monitor when eligibility to use dispensation is likely to expire. | **£ TBC** |
| If **NO**, please specify your research charge-out rates in £ per research FTE in the table below as well as the financial accounting period to which they relate and the date they are effective from. Please then also complete Parts B, C and D of the questionnaire, identifying where you determine that you are/ are not in compliance. Space has been left for you to provide explanation if appropriate. If you have methods that do not follow these principles, but are as robust, and you do not wish to use the dispensation rates, then please provide a brief description of your methods. |  |

**Research Charge-Out Rates**

|  |  |
| --- | --- |
| Name of organisation/division: |  |
| Date that the rates are effective from: |  |
| Financial year that the underlying data relates to: |  |

|  |  |
| --- | --- |
|  | **Total costs allocated to Research (£000s)** |
| Indirect Costs |  |
| Estates Costs (Laboratory) |  |
| Estates Costs (Non-Laboratory) |  |
| Research Technician Costs (Directly Incurred) |  |
| Research Technician Costs (Pool) |  |
| Research Technician Costs (Infrastructure) |  |
| Research Facility Costs |  |

|  |  |
| --- | --- |
|  | **Staff FTE** |
| 1. Staff 100% dedicated to Research |  |
| 1. Staff working less than 100% on Research |  |
| 1. **Total Research FTE (a+b)** |  |

**Indirect and Estates**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Indirect** | **Estates (Lab)** | **Estates (Non-Lab)** |
| Cost allocated to Research | *£000s* |  |  |  |
| Research staff | *FTE* |  |  |  |
| Unindexed Rate (£) | *£* |  |  |  |
| Indexation | *%* |  |  |  |
| **Current (year 1) Rate** | ***£*** |  |  |  |

**Research Technicians**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Pool** | **Infrastructure (Lab)** | **Infrastructure (Non-Lab)** |
| Cost allocated to Research | *£000s* |  |  |  |
| Research staff | *FTE* |  |  |  |
| Rate (£) | *£* |  |  |  |
| Indexation | *%* |  |  |  |
| **Current (year 1) Rate** | ***£*** |  |  |  |

**Research Facilities**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of Research Facility** | **DI/ DA/ Both** | **Rate Charged per Unit of Output (£)** | **Unit of Output** |
| *Please list each facility separately charged to UKRI projects* |  |  |  |
|  |  |  |  |
| *Please add more lines as necessary* |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**Part B1. Directly incurred costs**

These are costs of resources dedicated to the project. If the project did not take place, then the expenditure would not be incurred. Examples include: research assistants, consumables, travel and subsistence, dedicated technicians, equipment purchases.

Costs are estimated when the project application is made, based on the likely actual cost that will be incurred (NB not including inflation). Post-award, the actual costs incurred must be charged to the project. These costs must be verifiable through actual purchase invoices, salary records and project-level timesheets.

|  |  |  |
| --- | --- | --- |
| **Requirement** | **Tick if requirement is met** | **Explanation/description**  **(if appropriate)** |
| B1.1 Staff work only on the project being bid for. Actual salaries are then charged to the project. |  |  |
| B1.2 If staff work on more than one project, they complete timesheets, at least monthly, at project level, that cover all their time and activities. Their salary costs are then charged to the project based on time worked. |  |  |
| B1.3 For travel and subsistence, consumables, equipment purchases, etc, the relevant invoice is charged to the project and justification of resources charged is maintained on project files. |  |  |

#### **Part B2. Directly allocated costs**

These are costs of resources that are shared between several projects or activities, and whose use is estimated. If the project did not take place, then the expenditure would still be incurred. Examples include:

* Investigators and researchers who work on more than one project;
* Pool technicians who support several projects or who provide infrastructure services to one or more research areas;

Costs are estimated when the application is made - based on the number of units that are likely to be used (e.g. hours) multiplied by a cost per unit (e.g. cost per hour). Post-award, the costs originally estimated must be charged to the project to provide verification for funding purposes. Typically, UKRI will pay estimated costs as charged, within the total awarded. They will not accept increases.

| **Requirement** | **Tick if requirement is met** | **Explanation/description**  **(if appropriate)** |
| --- | --- | --- |
| B2.1 Investigators/research staff estimate the time they spend working directly on the project. This does not include time spent on non-research activities (in universities - teaching or consultancy). It does not include time spent on administration, management or scholarship (maintaining professional skills or knowledge). |  |  |
| B2.2 Charge-out rates for academic/ research staff:   1. are based on actual salaries for those staff, or pay bandings reflecting the average pay of staff of that type. A reasonable assumption for increments and promotions can be included; 2. if hourly rates are used, the assumption of working hours in a year or week includes a fair and reasonable assessment of the hours worked on all activities (including research effort, management and administration) and on holidays, sickness etc. |  |  |
| B2.3 There is a procedure for totalling costs charged to UKRI projects for academic and research staff time, each year, and for reviewing and verifying that these are broadly equal to the costs of the time that has been spent by staff. |  |  |
| B2.4 A record of the directly allocated costs charged to the project is maintained.  NOTE - Details of individual cost items need not be maintained for Directly Allocated charges, if there is an audit trail back to the calculations supporting the original project application. |  |  |

#### **Part B3. Research facilities**

These are costs of research facilities (large items of equipment, biological facilities, etc.) that are charged directly to projects. The costs of research facilities separately costed and charged to projects are not also included within the estates or indirect costs of the organisation (i.e. no double funding occurs).

Research facilities can be charged to projects as Directly Incurred (section B1) or Directly Allocated (B2). The calculations (and utilisation records) must be auditable and retained for audit purposes.

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| **Requirement** | **Tick if requirement is met** | **Explanation/description**  **(if appropriate)** |
| B3.1 Research facilities (including biological facilities) of your organisation are charged to UKRI projects as directly allocated or directly incurred charge-out rates.  ***If not met*** *► these costs cannot be charged to projects if separate charge-out rates are not calculated. Their costs must be excluded from the estates and indirect cost pools/ charge-out rates.* |  |  |
| B3.2 The annual costs used to calculate the facility charge-out rates are excluded from the indirect cost or estates cost totals used to calculate the indirect cost or estates charge-out rates.  ***If not met*** *► the dispensation rates for both indirect costs and estates costs must be applied; and no other charge-out rates can be applied.* |  |  |
| B3.3 Charge-out rates for research facilities assume full economic costs of the facility. It is not necessary to use the original purchase price (an annual depreciation based on estimated replacement cost can be used). The FEC can include depreciation (but not for equipment purchased using UKRI funds), based on a realistic life, maintenance, operating costs including technicians and consumables, and estates.  Charge-out rates for research facilities assume reasonably efficient utilisation of the facility and do not need to include all the cost elements listed above. |  |  |

#### **Part B4. Estates**

These are the research related estates costs, charged to projects at a rate per FTE.

The costs of research facilities separately costed and charged to projects are not also included within the estates or indirect costs of the organisation (i.e. no double funding occurs).

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| **Requirement** | **Tick if requirement is met** | **Explanation/description**  **(if appropriate)** |
| B4.1 Estates charges are based on actual estates costs incurred in the last year’s audited financial statements and are updated annually.  ***If not met*** *► the dispensation estates rates must be applied. These are not penalty rates (they are averages of TRAC UK rates).* |  |  |
| B4.2 Estates charges cover the costs of research areas (and research support areas) but not the estates costs of central service departments such as central finance. A robust method is used to allocate all estates costs between:   * divisions (if required) * activities within the RO in question (research and non-research activities) * Types of space (laboratory/ non-laboratory). |  |  |
| B4.3 A robust method is used to charge the costs of research space to projects. This ensures that projects that require laboratory space are charged at a different rate to projects that only require non-laboratory space.  The rates should be based on a charge (£) per research FTE per annum. A robust method must be used to calculate FTEs.  ***If not met*** *► the dispensation estates rates (£/FTE) must be applied. They can only be applied to academic/research staff FTEs, not to support staff. (Neither can they be converted to rates expressed as a % of salaries or of costs.)* |  |  |
| B4.4 The only adjustments made to the estates costs in the audited financial statements are:   1. a fair and reasonable assessment of the additional depreciation that would be charged each year if (i) the current cost basis of accounting was used rather than historical cost (ii) the RO was charged for the assets that it used, by its parent or similar organisation providing its assets; 2. a deduction from the estates costs to reflect the additional depreciation being included in the charge-out rate for research facilities. (The charge-out is based on replacement cost whereas the financial statements might only include historic cost.)   NOTE - These are the only adjustments that can be made. |  |  |

#### **Part C. Indirect costs**

These are the research related indirect costs, charged to projects at a rate per Research FTE.

| **Requirement** | **Tick if requirement is met** | **Explanation/description**  **(if appropriate)** |
| --- | --- | --- |
| C.1 Indirect costs are charged to projects through an indirect cost charge-out rate for research.  This can cover:   * central service departments and their estates costs; * the costs of the time spent on management, administration and scholarship by researchers whose time is not being wholly charged to research – i.e. staff who are directly allocated, not directly incurred (as only time on research can be directly allocated to a project, their management time is recovered through the indirect cost rate in proportion to their balance of work activities); * secretarial and administrative staff, and non-staff costs in academic/research departments, that are not a directly incurred cost on a research project; * a surplus or cost of capital employed (COCE)   For all four elements, only the proportion attributable to research is included in the indirect cost rate. |  |  |
| C.2 No cost element that is charged to projects as an indirect cost is also charged to projects as a directly incurred cost or a directly allocated cost. |  |  |
| C.3 The indirect cost rates can include interest and a surplus. However, these two elements must not in total exceed 5% of all other research costs.  ***If not met ►*** *a lower COCE rate must be included, or the dispensation indirect cost rate must be applied.* |  |  |
| C.4 The indirect costs have been allocated between research, teaching, and other activities using fair and reasonable cost drivers. |  |  |
| C.5 Indirect cost rates are based on actual indirect costs incurred in the last year’s audited financial statements. |  |  |
| C.6 The indirect cost rate for research is applied to research projects on a fixed rate per FTE. |  |  |

#### **Part D. Other requirements**

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| --- | --- | --- |
| **Requirement** | **Tick if requirement is met** | **Explanation/description**  **(if appropriate)** |
| D.1 Applications are costed at year 1 prices, according to current prices with no inflation.  Indexation from current (year 1) prices will be applied by UKRI. |  |  |
| D.2 Charge-out rates are calculated each year, and revised rates are applied to all new applications on the same date each year. |  |  |
| D.3 The costing methodology used is applied consistently over years, and between projects |  |  |

**Comparison to TRAC principles.**

Comparison to TRAC guidance is provided below.

|  |  |
| --- | --- |
| Ref. |  |
| B 2.2 b) | 1650 hours a year is considered fair and reasonable in TRAC. |
| B 4.2 | For the TRAC methodology, a robust method involves identifying the cost of research space by:   1. identifying what each room or group of rooms is proportionally rather than predominantly used for (i.e. teaching, research, other income-generating activities, or central services); 2. classifying every room or group of rooms as high or low-cost space (using four types of space); 3. calculating the total estates cost of teaching, research, other income-generating activities, and central services - using (a) and (b) above - confirming they total to the costs in the financial statements |
| B 4.3 | In TRAC a robust method involves two charge-out rates based on a cost per FTE (full-time equivalent):   1. the total estates costs of research divided by the directly allocated and directly incurred time researchers spent working on research; 2. for each of laboratory and non-laboratory departments;   where:   1. the (FTE) number of academic and research staff working on research (i.e. the time they spent on research in the year which the financial statements cover) is calculated; 2. the FTE count excludes management and administrative time (i.e. it is the same time that could be included as a directly incurred or directly allocated cost on a research project application); 3. both the FTEs and the estates costs are allocated to either laboratory or non-laboratory departments.   NOTE - In TRAC, FTE staff numbers for Research are made up of 100% of the time of researchers who are dedicated to projects and the time that academics spend on direct Research activities. The academic time is obtained through a survey either using statistical sampling, full population coverage or using workload planning models. This survey identifies the time spent on direct Research work, Teaching, Other activities (i.e. consultancy), and Support (management, administration and scholarship). Research work is analysed by research sponsor type – Research Councils are a research sponsor type. |
| C 1 | In TRAC, the time academics spent on management, administration and scholarship (Support) is obtained through the academic time survey referred to under (vii) above. This is allocated to Teaching, Research and Other. The Research allocation is included in the Research indirect cost total. |
| C 6 | In TRAC a single indirect cost rate for Research is applied:   * total indirect costs for Research, divided by   FTEs of academic/research staff working on research.  The FTEs are those described in the calculation given at B 4.3 above.  Alternative methods include calculating rates for different locations, or different departments. |
| D 1 | Indirect costs and estates costs based on the previous year’s accounts are indexed for two years’ inflation before they are used to calculate the indirect and estates costs at current (year 1) prices. |
| D 2 | 1 February is used by TRAC, as the Higher Education sector financial year runs until 31 July and annual TRAC returns are due to be submitted no later than six months afterwards. |