Costing & Pricing

Queen Mary University of London

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Full Economic Costing (fEC) of Research Grants:
Guidance for Principal Investigators

The UK Research Councils are introducing new procedures from 1st September 2005 that represent a major change in the external funding of research. Information about the new procedures and the background is available in the following ways.

- A short printed is available from each Research Office, that lists the details a PI will need to provide
- The fEC costing form can be downloaded here
- Further information can be found by following the links below

However PIs should note that the information described in other pages should be adequate for the standard responsive mode grant application involving a single institution, more complex grants such as rolling grants and collaborative grants, which often have their own individual conditions, will require more careful attention and liaison with the relevant Research Office from the PI.

Guidance - Details to be supplied by PI to Research Offices

Guidance - Estimating Investigator Time

Guidance - Estates and Indirect Costs

Guidance - Collaborative Projects

Guidance - Project Studentships

To assist Principal Investigators who want to explore the likely costs of their application, simple spreadsheet models for different college areas can also be downloaded.

Worked Example for Classroom Disciplines [MS Excel 21K]:Humanities & Social Sciences (except Physical Geography),Mathematics (but not Astronomy)

Worked Example 1 for Laboratory Disciplines [MS Excel 22K]:Science & Engineering (except Mathematics), Physical Geography

Worked Example 2 for Laboratory Disciplines [MS Excel 23K] Medicine & Dentistry

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Details to be supplied by PI to Research Offices

(The details are given for a project that does not involve any partner institutions - see the guidance on collaborative projects for such cases)

A: Directly Incurred Costs

(Although the terminology is a little different, these items differ very little from what Research Councils (and most other sponsors) have funded up until now)

1. **Staff**
   - List all staff to be employed by Queen Mary specifically to work on the project (see note 1 below)
   - These can be named (this is required for an existing QM employee) or unnamed
   - For each person listed, specify:
     - **the total number of hours they will work on the project during each year of its lifetime**. In practice most people are likely to be employed on contracts which describe their employment as 'full time' or some fraction of 'full time'. In this case 'full time' is deemed to amount to 1650 hours in a year and fractional fte are to be converted pro rata. For anyone who is hourly paid, the corresponding number of hours, up to a maximum of 1650 per year, should be entered
     - **either the desired scale point at project start or the annual cash total pay costs if the appointment is off scale**
   - For each person listed, indicate whether or not they count as a 'researcher' or as 'other staff' (see note 2 below)
2. **Travel and Subsistence**
   - List all costs year by year over the period of the project
3. **Other Costs**
   - List all such costs (e.g. consumables) year by year over the period of the project
4. **Equipment & Facilities**
   - List the cost, item by item and year by year, of equipment to be purchased and the cost year by year of any facilities or services external to Queen Mary to be purchased (see note 3 below)

B: Directly Allocated Costs

1. Investigator Costs.
   - Give the name of the Principal Investigator and the name(s) of any Co-Investigator(s)
   - For each Investigator listed
     - specify the (estimated) total number of hours they will work on the project during each year of its lifetime. (This figure will then be converted into a fte equivalent using the same standard working year of 1650 hours as above).
     - specify the salary grade of the Investigator in terms of the table below.
       [This information will be used by the Research Office to determine the salary costs to be applied.]

2. Recharged Internal Facilities and Services.
    - Itemise, year by year, the use of any QM service or facility which operates on an internal recharging basis and whose charging regime can be audited.

Note 1. In addition to paid staff you should list under (1) any staff who will make a direct contribution to the project but who will not be paid : examples are emeritus staff, unpaid visiting staff , RC-funded research fellows whose time is nominally fully taken up by their fellowship.

Note 2. The distinction is important in determining the overall cost and, therefore, for RC and OGD projects, the funding level. (See Estates and Indirect Cost Charges.) Roughly a 'researcher' is someone who makes a significant intellectual contribution to the project whereas 'other staff' either work under close instruction or carry out routine or administrative tasks.

Note 3. When a grant proposal is translated into the exact format appropriate for an application to an RC, the equipment and external facility costs will be split into two parts if the total costs exceed £50,000. The reason for this is that the funding basis for costs up to £50,000 is different from the funding of the excess of any costs greater than £50,000.

Pay Costs Table:

Salary Grade	Basis of Pay Cost
Lecturer A	Scale point based on college wide average
Lecturer B	Scale point based on college wide average
Senior Lecturer/Reader	Scale point based on college wide average
Professor (Non-clinical)	Department/Institute average
Clinical Staff	Actual for individual (but it is mandatory to exclude all NHS-funded clinical payments such as merit awards, additional hours)
Staff not in listed grades	Actual for individual

3. Estates Charge.
    - This is classified as a Directly allocated charge but you do NOT need to supply any information since this information is available in the Research Office

C: Indirect Costs

You do NOT need to supply any information since this information is available in the Research Office.

D: Exceptional Costs

If you wish to apply for a Project Studentship (EPSRC) or to have a research student formally attached to the project for funding, then you need to inform the Research Office of this and they will process it accordingly.

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Estimating Investigator Time

The one area where academics may have to spend a bit more time in preparing an application is in estimating the time they will spend on the project. The notes below offer a few prompts to try to make the task easier.

The basic requirement is the calculation of the overall number of hours that you plan to work on the project. A simple approach would be:

i. decide, for each year of the project, the total number of weeks during that year which you will work on the project. [In general it is unlikely that you would actually work on the project every week of the year.];
ii. determine for the year under consideration the average number of hours per week that you will work - see note 3;
iii. calculate the total hours worked as the product of the (i) and (ii).

In practice, determining the average number of hours per week you will work may involve splitting a year into two or more periods and then carrying out steps (i) - (iii) for the separate periods. The grand total would then be the sum of the individual sub-totals.

Notes:

1. One reason for the use of hours, especially if you use subtotals for several periods, is that this provides a clearer record for any auditing. (The official line is that auditing by RCs will be 'light touch' and timesheets are NOT required).
2. The fEC guidance suggests that you should try to avoid just thinking in terms of the percentage of the total time you work for the university. If you work more hours per year than the official standard of 1650 hours and just estimate your time on the project as a percentage, then you will be charging out your time at a discounted rate.
3. The time determined should be only that directly required by the project.

As well as the immediate intellectual or practical processes of conducting research, this includes

i. project team meetings
ii. supervision and management of research assistants (it is acceptable to assume a fixed average amount of time per assistant per week and then aggregate this over time and the number of research assistants involved)
iii. work involved in the writing up and dissemination of the results of the research
iv. work related to approval by Ethics committees

It excludes

i. all supervision of PGRs, regardless of whether they are formally attached to the project or not (you may find it helps, when estimating time on a project, to include in your calculation time spent on supervision of research students who are working on the project, although you must then exclude that time when you have finished the calculation)
ii. general research-related activity such as refereeing papers, editing journals, preparing new grant applications.

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Estates and Indirect Costs

These two items are the remaining components in the calculation of the full economic cost beyond those for which Principal Investigators are asked to provide information. They are determined by a calculation based on the college accounts carried out by the Finance Office.

What the Finance Office calculation produces is a 'unit charge per researcher' and the total cost that will form part of any particular grant application is obtained as the product of the unit charge multiplied by the fte number of researchers listed in the application. For RC applications, where the funding is 80% of the calculated full economic cost, it is therefore important to ensure that all directly incurred staff who can legitimately be regarded as researchers are so indicated. The same applies for contracts with OGDs who will pay 100% of the calculated full economic cost.

Overhead Rates for Other Funders

For funders other than RCs and OGDs, any funding that covers Estates and Indirect Costs will be based on whatever 'overhead' rate' the funder can be persuaded to pay. Charities do not normally pay an overhead; the Research Offices will advise if there is any likelihood of a funder paying an overhead charge.

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Collaborative Projects

General

The introduction of the calculation of full economic cost as part of the process of constructing applications for external funding does add to the complexity of what has to be done. The basic principle, from a QM standpoint, is that all costs that go through QM books should be part of the fEC total we calculate, even if the actual costs are incurred elsewhere (either at another university or by a commercial partner) and then reimbursed by QM.

For PIs planning a collaborative application, the key message is that, in addition to notifying their QM Research Office at an early stage, they should

- make sure that proposed Co-Investigators from partner universities understand that they also need to notify their Research Office because each partner university will have to do a full cost calculation, using its own costs basis (in particular its Estates and Indirect Costs rates), for its part of the project;
- make sure that commercial partners understand that they need to supply costing information for the preparation of the application if QM is going to reimburse them from the funding award;
- remember to alert their QM Research Office if QM is to be a partner in a collaborative application but not the 'lead' institution.

Submission of a collaborative application

There are two possible approaches, depending on what a funder allows. Each university could submit its own application, identifying it as one of a group of 'linked applications. Alternatively one university could be the 'lead' institution making a single application for the whole project.

In both cases, each university involved will have to make its own fEC calculation since it will have its own costs basis underpinning the calculation of the Estates and Indirect Costs. Where there is only a single application, the 'lead' university will have to merge the individual cost calculations into a single aggregate calculation. This will be quite complex for submissions to Research Councils (and

Government Departments) since the merging will have to include separate Estates and Indirect cost calculations for each partner university. In general all of this will be done at Research Office level but PIs at QM should be aware of these points if they are doing preliminary calculations to estimate likely costs.

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Project Studentships

Some funders will pay to have a postgraduate research student (PGR) as part of a project - or indeed more than one if academically justified. For example EPSRC will fund what they refer to as 'project studentships' and some charities will also do this. However not all research councils operate this scheme and you will need to check if your proposed research council funder does so. Of course, research councils fund research students through doctoral training accounts but this has nothing to do with submitting applications for a project grant.

Research Councils

A Research Council project studentship will usually cover the cost a studentship (i.e. funds to cover living costs), the standard home fee and a training grant to cover consumables costs. Only these elements can be requested in the project application and they are treated as exceptional costs in the sense that they are entered separately on the project application form but also in the fact that they are 100% funded (in contrast to the 80% that applies to other parts of the project).

All that you need to do is to supply your Research Office with the details of how many studentships you wish to apply for.

Other Funders

The terms upon which other funders will fund a 'project studentship' will depend on the funder in question. As with the project itself, it is desirable to obtain as much funding as possible in order to cover indirect costs. When calculating the price that the funder is being asked to pay, you should bear in mind costs such as time spent supervising the PGR student, space used by the student and general indirect costs. At present, work still needs to be done to provide quantitative estimates that will parallel the methods used to determine these costs for research projects, but this will become available in the future.

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