

Guidance to Applicants Full Economic Costing

The Department of Health fully supports the Government's desire to move the UK's research base to a long-term sustainable footing. Higher Education Institutions (HEIs) should determine the Full Economic Cost (fEC) of their research using the Transparent Approach to Costing (TRAC) methodology.

Section 6 – Finance

Under Full Economic Costing, there are 4 main categories of cost:

- Directly Incurred
- Directly Allocated
- Indirect
- Exceptions

These have been broadly translated into 3 sections on the Application Form as follows:

- Directly Incurred
- Directly Allocated, and
- Indirect – followed by a summary page

Directly Incurred Costs

Section A - Staff details. These are the costs which your institution would NOT incur if the piece of research did not take place. The cost details required in this section are those that relate strictly to the R&D costs you wish the fund to support. These are the costs of members of staff at the start of the project. N.B. Please note that this section is for staff whose actual salaries are to be supported by the project funding. For the Lead Research (Principal Investigator) and Co-applicants, whose costs may be based on averages, please see Directly Allocated costs below.

Section B – Annual staff costs. The % full time on project column and the years 1 -5 cost columns are independent. The % figure is not used to calculate staff costs. For the years 1-5 columns, the amount entered should be the cost of the individual to the project taking into account that the person may not be full time but may incur incremental increases during subsequent years. Please ensure that all estimated increases for 'cost of living' pay rises, annual increments and/or 'additional' or 'discretionary' incremental points are included. If the percentage of time is likely to fluctuate over the life of the project, then an average of time to be expended on the project should be entered. However, it may be easier to make a separate line entry each time it changes. Alternatively,

if an applicant is going to work full-time but only for the last 6 months, enter 100 in the '%' column and 6 in the ' months' column and enter the cost of their time in the final year.

Section C – Travel & subsistence. Travelling expenses to attend start-up meetings (if applicable) will be met for no more than 3 people and should be included in your proposal, in addition to your anticipated costs. Please include any travelling costs relating to Steering Group or Ethics' Committee meetings.

Section D – Equipment. Equipment costs should normally be entered under D1. (Please note that computer costs should normally be restricted to a maximum of £1,500 each.)

However, should the equipment costs exceed £50,000, please list equipment up to a total of £50,000 separately under D1. Equipment costs exceeding £50,000 may be considered exceptional and should be entered at D2. i.e. A total of £51,000 would be entered as £50,000 in D1 and £1,000 in D2. Costs in excess of £50,000 are likely to be funded at 100%, whilst a lower percentage may be applied on the first £50,000.

Section E – Consumables.

Section F – Other directly incurred costs. Any other directly incurred costs not covered in staff, travel and subsistence, equipment or consumables sections.

Section G – Grand total - Directly incurred costs.

Directly Allocated Costs

These are costs that would still be incurred by your institution if the proposed research did not go ahead.

Section H – Staff. Include anyone contributing to the project whose salaries were NOT itemised under Section A and B above. The Lead Researcher (Principal Investigator) and Co-applicant(s) may be included here if your institution elects to cost them on the basis of average salary levels rather than actual salaries. Please specify the percentage of time expected to be expended on the project in terms of full-time equivalent and give a single figure for the cost to the project of their involvement over its entire duration.

You should claim here for any internal consultancy costs, i.e. information scientists, where the individual works for your institution but either their contribution is too small to be apportioned or they are at an academic level which your institution chooses to cost on the basis of an average rather than actual salary.

Section I – Non-staff. This section deals with estate charges (calculated on

TRAC methodology) for higher education institutions only. For all other institutions/organisations, please enter a value of zero under I1.1.

All other directly allocated costs should be entered under I1.2. This may be the cost of using shared facilities or the use of specialist equipment that your institution owns but charges out to users.

Section L2 – Research costs. Applicants are required to bring forward L1.1 and deduct the total value entered at D2.

The proportion to be paid by the Estates & Facilities Research & Development Fund depends on whether the applicants are of higher education institutions. If the application is from a HEI, the proportion of the full economic cost to be paid is 80% (excluding D2 if entered above). This percentage is already entered for you. However, as there are no estates charges or indirect costs for non-HEI institutions, we will fund a maximum of 100% of directly incurred and directly allocated (non estates) costs. Therefore, non-HEIs should amend the given percentage to 100.

Please note that whilst these percentages are used to calculate the maximum grant payable, the Fund reserves the right to award a grant for less than this maximum, where appropriate.

Enter the total at L2.1. I.e. the value of (L1.1 x proportion to be paid %) plus the value entered at D2.

Enter the total at L3.1.

Section L4 – Total Funding Required.

Bring forward the value entered at L2.1 (and copy to the front page of the application form).