



National Institute for Health Research

Invention for Innovation (i4i) Programme

Finance Guidance

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Finance guidance

The finance section should provide a breakdown of costs associated with undertaking the research as described in the proposal.

1. General information

The information entered in this section should provide an analysis of the total funds requested to undertake the research proposed and should be based on current prices. These costs will be used to assess value for money.

It is in your best interest to undertake a thorough, realistic and accurate costing. Where an outline/stage 1 application has been produced and this is the full stage (2) application, the committee/panel will pay close attention to any material increase in costs. You must provide a clear and full justification for all costs including NHS costs. You must also ensure that you include all costs including those required to secure good research management.

- Costs must be provided at current prices. An adjustment for inflation will be made annually thereafter at rates set by the Department of Health. Whilst allowances for incremental increases should be included on the form, nationally or locally agreed pay increases should be excluded.
- Years should be calculated starting from the anticipated start date of the proposed research. For example, if your research is expected to start on 01 June 2020 then its second year starts 01 June 2021.
- Further itemisation of costs and methods of calculation may be requested to support the application at a later date.
- Payments will be made to the contracted organisation only and the contracted organisation will be responsible for passing on any money due to their partner organisation(s).
- Appropriate sub-contracts must be put in place for any element of the research which is to be paid to another organisation.
- NHS support costs are funded via Clinical Research Networks. Researchers should contact their local NHS R&D department initially and, if they are unable to help directly or if there is no local NHS R&D department, contact the Local Comprehensive Research Network (LCRN) senior manager for advice on NHS support costs. Further details about LCRN contacts are available at <https://www.nihr.ac.uk/nihr-in-your-area/local-clinical-research-networks.htm>.
- All applications are expected to have appropriate NHS, HEI, commercial and other partner organisation input into the finance section of the application form.

Please note that whilst the applicable percentages will be used to calculate the maximum grant payable, the programme reserves the right to award a grant for less than this maximum where it is considered appropriate.

2. Information on different types of organisations

2.1. Higher Education Institutions (HEIs)

Higher Education Institutions (HEIs) should determine the Full Economic Cost (FEC) of their research using the Transparent Approach to Costing (TRAC) methodology. **For HEIs, up to 80% of FEC will be paid, provided that TRAC methodology has been used.**

2.2. NHS bodies and other providers of NHS services in England

For applications where the contractor is an NHS body or provider of NHS services in England, up to 100% of direct costs will be paid.

2.3. Commercial/other partner organisations

If you are a commercial organisation/consultancy, please fill in direct costs and commercial indirect costs. Indirect costs should be charged in proportion to the amount of research staff effort requested on the funding application form. Up to 100% of costs will be paid.

If you are another partner organisation (e.g. charity or NGO), please fill in direct costs and other partner organisations indirect costs. Indirect costs should be charged in proportion to the amount of research staff effort requested on the funding application form. Up to 100% of costs will be paid.

3. Direct costs

These are costs that are specific to the research, which will be charged as the amount actually spent and can be supported by an audit record. They should comprise:

3.1. Details of posts and salaries (posts and salaries summary)

This section presents an overview of salary and associated on-costs for the applicant(s) contributing to the research, including normal salary increments broken down individually.

- Please include all members of staff working on the research by clicking 'Add Staff Details' or editing a current one.
- If there are any applicant(s) whose costs are not being claimed you should still include their details within this section, but don't include any actual costs.
- Where applicants are already in receipt of NIHR funding for any part of their salaries (e.g. NIHR Fellowships), these should not be additionally charged to the project.
- Where applicants are already receiving salaries funded by NIHR, these should be declared in the application.
- The Apprenticeship Levy can be included in the salary costs from 1 April 2017 where relevant.

3.2. Salary costs (apply to years)

This section specifies the annual costs of each applicant contributing to the research. You should now allocate the individual staff member costs to each year of the research, allowing for increments.

Use current rates of pay, and build in any known annual increments (again at current rates). You will not be able to claim for pay awards retrospectively, once your research is underway.

- Please note the 'Total' and 'Overall' column figures need to be calculated using the current annual costs, %FTE and number of months. If the research lasts for several years and an individual's involvement varies over the course, it may be necessary to explain fully in the justification of costs section the % FTE and months per year for an individual staff member.
- It is important to double check that the % FTE, total months and yearly costs information are consistent with the information presented in 'Details of Posts and Salaries' ('Details of Posts and Salaries' should show the full current staff costs independent of % FTE etc., whereas the yearly costs in 'Annual Costs of Posts' depend on % FTE etc.).
- Please ensure that you check the 'Type of Cost' box which describes the employing organisation for a member of staff as this impacts on the level of funding provided. Staff employed by a Higher Education Institution (HEI) are funded at 80% of cost and staff employed by NHS, commercial or other partner organisation at up to 100% of cost.

Please note that this section also includes 'Shared Staff Costs' which is located under directly allocated costs in some other funders' applications. These are costs of an institution's research resources which can be charged to the research on the basis of estimated use, rather than actual costs. These may include: IT technicians, laboratory staff, and costs of pooled staff efforts. HEI indirect costs cannot be claimed on these shared costs.

3.3. Travel, subsistence and conference dissemination costs.

This section includes journey costs, subsistence and conference fees. Where applicable, you will need to include the travel and subsistence costs of your project advisory group, steering committee and/or data monitoring & ethics committee. Travel and subsistence costs relating to dissemination should also be included here, as should costs relating to overseas travel.

3.3.1. Journey costs

Enter the total cost of transport for all journeys for destination/purpose. If travel is by car, apply your institution's mileage rates (however this should not exceed HMRC approved mileage allowance payments, which is 45p per mile for the first 10,000 miles and 25p thereafter).

Travel by the most economic means possible is encouraged. NIHR programmes do not usually fund first class travel.

3.3.2. Subsistence

Subsistence covers accommodation (if necessary) and meals associated with the travel, excluding any alcoholic beverages.

3.3.3. Conferences

Where national or international conference costs are included, a statement naming the conference or purpose of travel and the benefit to the research must also be made; failure to adequately justify your attendance at a conference will mean the programme will not fund this cost.

For research of up to five years, the programme will usually fund up to a maximum of two international conference attendances. For research beyond five years, the programme will usually fund up to a maximum of two international conference attendances per five year or part of five year research period.

3.4. Equipment

Essential items of equipment plus maintenance and related costs not included as part of estates should be input in this section. These can be lease or purchase costs.

- The purchase cost of pieces of equipment, valued up to £5,000 excluding VAT, will be considered.
- Pieces of equipment costing more than £5,000 to purchase will usually need to be leased. Where applicants are leasing equipment with a purchase price of more than £5,000, a comparison of leasing versus purchasing costs must be provided in the 'Justification of Costs' section.
- Items of equipment valued at £250 or more must be itemised separately; however grouping same type equipment is permitted.
- Costs of computers are normally restricted to a maximum of £650 each excluding VAT and a statement of justification must be included, in the relevant 'Justification of Costs' section for any purchase above this limit.
- Equipment must exclude VAT, but if your organisation is unable to reclaim/recover the VAT on a piece of equipment, you should check the box 'VAT cannot be reclaimed'.
- You will need to seek expert advice from the organisation purchasing the equipment regarding its VAT status. If you check the 'VAT cannot be reclaimed' column, VAT at 20% will automatically be calculated into the overall cost of that item.

3.5. Consumables

This section includes non-reusable items specific to the research. Please itemise and describe the requirements fully (e.g. postage, stationery, photocopying). These items should be research specific, not just general office costs which should be covered by indirect costs.

3.6. Patient and public involvement

Please itemise and describe fully the costs associated with patient and public involvement. These are likely to include out of pocket expenses, payment for time and any relevant training and support costs.

INVOLVE have produced a number of useful payment-related resources, including the 'Budgeting for Involvement' guide and the INVOLVE cost calculator, which can be found at the following link:

<http://www.invo.org.uk/resource-centre/payment-and-recognition-for-public-involvement/>

3.7. Other direct costs

These are costs, not identified elsewhere, that are specifically attributed to the research. For example, open access costs, other dissemination costs, costs associated with the use of research facilities, external consultancy costs, computer licensing, recruitment and advertising costs.

Please note that for organisations claiming indirect/overhead costs, costs such as recruitment of staff, and general training (e.g. in common IT packages) are costs that should be covered by the indirect costs element of the award being sought and should not appear in this section.

If external consultancy costs are included in this section they must be fully justified in the 'Justification of Costs' section. Please specify the hourly rate and the number of hours and note that consultants must not be people who are already employed by the applicant's institution. If they are, any costs should be entered as direct costs in the 'Details of Posts and Salaries' and 'Annual Costs of Posts' sections.

3.7.1. Open access costs

During the course of your project and throughout the review and publishing phase, you may choose to submit an article based on your research to an open access publication. Depending on the publication, you may be subject to an Article Processing Charge (APC). APC rates vary but are usually within the range of £300 and £3000. Open access publications usually list their APC rates on their websites.

Where possible, you should include an estimate for any APC in your funding application, since NIHR expects that APCs will be covered by the funding award.

http://www.nihr.ac.uk/research/Pages/Research_Open_Access_Policy_Statement.aspx

3.7.2. Other dissemination costs

Any large costs should be further detailed with a breakdown of constituent parts or a timescale profile of the costs. Meetings to share best practice, training events and events to disseminate research findings must be run at the lowest possible cost with minimal catering. 'Conferences' which are described as such are not eligible for funding.

4. Indirect costs/overheads

Indirect costs will be charged in proportion to the amount of research staff effort requested on the award.

They comprise:

- General office and basic laboratory consumables
- Premises costs
- Library services/learning resources
- Typing/secretarial
- Finance, personnel, public relations and departmental services
- Usage costs of major research facilities
- Central and distributed computing
- Charge out rates for shared equipment
- Cost of capital employed

4.1. NHS bodies or other providers of NHS services indirect costs

NHS indirect costs cannot be claimed through NIHR/DH programme funding. NHS bodies or other providers of NHS services have been allocated NIHR Research Capability Funding (RCF) to

contribute to the cost of hosting NIHR/DH-supported research. For more information please click on the link below:

<https://www.nihr.ac.uk/research-and-impact/nhs-research-performance/research-capability-funding.htm>

4.2. HEI indirect costs

Total HEI indirect costs must be fully justified. HEIs are permitted to claim estate and other indirect costs. These costs are calculated on the basis of TRAC methodology. Proposals from other types of institutions/organisations should leave this section blank.

- HEI indirect costs are based on the number of full-time equivalent research staff working on the research and the indirect/estates charges set by an institution.
- Where staff from more than one HEI are working on the research there may be different indirect/estates charges for each one. Please list each institution on a separate line.
- Please note HEI indirect costs cannot be claimed on shared staff costs.

The applicant(s) should consult their HEI finance departments for the appropriate figures to include in the estate charges and other indirect cost sections

4.3. Commercial/other partner organisation indirect costs

Commercial/other partner organisations can claim indirect costs which are the costs of resources used by the research that are shared by other activities. Please seek advice from your finance department about the appropriate cost for this section.

Total Commercial/other partner organisation indirect costs must be fully justified.

5. NHS support and treatment costs (incl. excess treatment costs/savings)

The finance section includes a section that asks researchers to provide an estimate of the patient care costs associated with the research (if applicable). An explanation of why these costs are being incurred and the basis on which the estimations have been made should be fully detailed under the relevant 'Justification of Costs' section.

The committee/panel will take NHS support and treatment costs into account when considering the value for money of the research. It is important that you consider these costs and discuss them with the NHS bodies or providers of NHS services involved in order to avoid any delay in commencing the research.

Please be aware that the research award does NOT include NHS support and/or treatment costs. NHS support costs will be funded via the Comprehensive Research Networks. NHS treatment costs, including any excess treatment costs/savings, will be met by the NHS through normal patient care commissioning arrangements.

A representative of the NHS body or provider of NHS services - incurring any NHS support and treatment costs - must sign off the application. The 'Other supporting roles – signatories (electronic)' page is intended to ensure that the aforementioned organisation is satisfied that all NHS support and treatment costs in the application are correct and is prepared to meet these costs.

5.1. NHS support costs

These are the additional patient care costs associated with the research, which would end once the R&D activity in question has stopped, even if the patient care service involved continues to be provided. These might cover items such as extra patient tests, extra in-patient days and extra nursing attention. Researchers should contact their local NHS R&D department initially and, if they are unable to help directly or if there is no local NHS R&D department, contact the Local Comprehensive Research Network (LCRN) senior manager for advice on NHS support costs. Further details about LCRN contacts are available at

<https://www.nihr.ac.uk/nihr-in-your-area/local-clinical-research-networks.htm>

5.2. NHS treatment costs

Please read the following guidance on the funding of excess treatment costs prior to completing your application <https://www.england.nhs.uk/ourwork/research/etc/>.

These are the patient care costs that would continue to be incurred if the patient care service in question continued to be provided after the R&D activity has stopped. In determining NHS treatment costs you **must** assume that the patient care service being assessed will continue even though there may be no plans for it to do so. Where patient care is being provided which differs from the normal, standard, treatment for that condition (either an experimental treatment or a service in a different location from where it would normally be given), the difference between the total treatment costs and the costs of the "usual standard care" (if any) constitutes excess treatment cost/saving, but is nonetheless part of the treatment cost, not an NHS support or research cost. These costs should be determined in conjunction with your NHS body or provider of NHS services and their commissioners.

Please note if the patient care intervention under investigation is **in addition to** usual care there is no need to complete the 'Usual Treatment Costs' section however this will need to be justified in the relevant 'Justification of Costs' section. If the patient care intervention under investigation either wholly or partially replaces usual care, the 'Usual Treatment Costs' section must be completed.

For further information, please see:

Attributing the costs of health and social care research and development (AcoRD)

<https://www.gov.uk/government/publications/guidance-on-attributing-the-costs-of-health-and-social-care-research>

HSG(97)32: Responsibilities for meeting patient care costs associated with research and development in the NHS

http://collections.europarchive.org/tna/20100509080731/http://dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4125280