Research Grants: Full Economic Costing (fEC)

WHAT IS fEC?

The UK government introduced fEC methodology to ensure that all research costs were considered.

Cost and price are not the same - the cost is how much the research project and supporting infrastructure take to run; the price is how much we charge the funder.

Universities calculate their own overhead rates annually, in line with TRAC methodology. The overhead cost is proportional to the amount of academic and researcher time spent on the project.

Funder budgets take overheads in to account where eligible. If the project is too expensive, the scale and scope may need to be adjusted.

The fEC is calculated for all research projects, regardless of whether the funder will cover it.

COST TYPES

Directly incurred (DI) costs: costs generated solely by the project (e.g. PDRAs, travel, consumables, etc.). These would be charged as the actual cash value spent and must be supported by an audit record, for example an invoice.

Directly allocated (DA) costs: these are estimated at project level and shared by other activities. These are charged to the grant as estimates and would incur regardless of the project taking place (e.g. academic time, permanent lab tech, etc.).

Estates costs: cover those costs related to buildings and premises, including capital (depreciation), maintenance, utilities costs, cleaning, security and safety.

Indirect costs: cover management and administrative services, including the personnel and finance departments, library, central computing and some departmental services; plus elements of academic research support time.

REIMBURSEMENT RATES

The amount reimbursed to College varies by funder (please see the College policy for further details, including industry-funded):

1. Percentage of fEC – e.g. UKRI fund projects at 80% fEC.
2. Directly costs only – most charities use this model, they will pay 100% of your DI costs. However the College may not receive funds towards academic time or overheads.
3. Direct costs *plus* a contribution to overheads – this model is generally used by overseas funders. For example, the EU fund 100% of the direct costs and contribute an amount towards the overheads. The overhead contribution is equal to a percentage of the direct costs.

Payment is usually in arrears, and you can only claim for actual costs.

BUDGET TIPS

Good planning at application stage will pay off when the grant is set up and running.

Contact your RSO as soon as you can, **staff-related costs are often more than expected**. Please think about the staff and time you need, your RSO will calculate the cost.

Non-staff costs – you are in the best position to know what you need (travel, subsistence, conferences, consumables, open access, etc.). There are a number of sources that can help you estimate travel costs (e.g. National Rail, Expedia, HMRC rates for international subsistence, RHUL policy for UK subsistence, etc.). Previous experience or that of colleagues can help with fieldwork or survey costs.

VAT – often suppliers will send you a quote which will not include VAT. If you are unsure, please do add it on. It can always be claimed back by the funder if not needed.

Non-academic staff (e.g. project administrators, technicians) do not attract overheads. If some of the work required by the PDRA is administrative, you could reduce the PDRA time (and therefore overheads) and cost in administrator time instead.

Make sure your project will have enough resource to complete the project. Value for money and cheapness are not the same.