

## Maximising Income in Research & Knowledge Exchange activity

### Purpose of the guide

The intention of this guide is to help shape a sustainable research environment at BU. In achieving the maximum income from a Research Knowledge Exchange (RKE) project, each undertaking can contribute to supporting a greater breadth of RKE at BU. Making the most of RKE finance, through maximising income, will lead to a stronger research. Projects that yield high levels of income, and high levels of cost recovery, contribute to a sustainable RKE environment and build future research capacity. The intended audience is Principal Investigators (PI), staff in RDS who are responsible for supporting academics to design or manage projects, and RKE leaders overseeing a portfolio of projects at BU (such as Executive Deans, heads of RKE Centres, Institutes etc.). For projects at the pre-award stage, consultation should be undertaken with a Funding Development Officer (FDO) as part of the Research Development and Support (RDS) department. Post-award undertaking will be assisted and reviewed by the Project Delivery Officers (PDO) in RDS.

Pre-award planning and post-award management takes time and care. Careful planning and reviews will help awards to make the most of resources available. The below is pragmatic advice in pre-award design, post-award management and RKE portfolio management that can serve as reminders of necessary RKE processes and good practice.

### Part 1: Pre-award design: for PIs

A well-designed project will see the maximum level of income returned to achieve project goals and BU2025 objectives. One step is ensuring that all items you are likely to need are costed onto a proposal; for this, there is a "[Costing and pricing guide](#)". Below are some points to consider in advance of a project being submitted to an external funder that will help aid the maximising of income. Many of the considerations involve how the design at pre-award stages will impact upon post-award management. Some of the potential risks and common oversights are outlined below.

#### 1.1 General considerations

##### 1.1.1 Cost vs Income

It is important to understand the difference between cost and income, which in almost all cases for research, will not be the same. Full Economic Cost (fEC) is the overall cost of a research project to the University. The income is what the funder will pay towards it. In most cases, income will not cover the fEC of a project; rather a contribution will be made towards it. The University must consider whether the financial contribution from the funder is sufficient to enable the University to absorb the remaining cost. Cost is just one of several factors the University considers when weighing up whether to support a research proposal. However, in all cases the University expects as a minimum, that the grant income must fully cover all Directly Incurred (DI) (i.e. new cash) costs.

##### 1.1.2 Costs: Maximising your budget

Applicants should request all permissible costs required for their research project, under the funder's terms and conditions. From a funder's view, it is essential that costs on applications are fully justified. Applicants should explain the requirement for each cost item, as it is important that the reviewers fully understand why they are needed. If a reviewer does not understand the requirement of a cost item, the funder might be reluctant to pay for it. For example, if a project needed travel for multiple fieldwork trips and a conference and trips had been lumped together, the funder might decide they do not want to fund the conference. If it is not clear how much of that lump sum was allocated to the conference, the entire travel budget could be rejected.

Anything that would be provided by a University (for example a standard desk/computer for a new researcher), would be expected to be paid for by University funds by most funders. You cannot request items provided as part of 'normal business' of the University. There are some exceptions to this, such as studentships. Where a funder does not cover the fees of a studentship, we would be looking to charge the cost of IT and desk requirements to the project wherever possible.

Your Funding Development Officer can provide you with a copy of our [sample cost guide](#), and signpost you to the latest guidance on [IT equipment](#), to help you with estimating prices for some of the most common cost items. Below are some key points to consider when applying for research and knowledge exchange funding.

### 1.1.3 Pre-award costs

- Funders will not compensate applicants for expenses that have been incurred prior to the acceptance of an award.
- This includes reimbursement for meetings held as part of the writing of the application.
- Some funders have separate small awards aimed at helping with initiating larger projects.

### 1.1.4 Expenditure timing

- Applicants will need to consider when during the project lifecycle expenditures will be incurred. Applicants should think about how the timing can impact the project. If there is any overspend early in the project, will this impact on the delivery at the end of the project? That is, if the cash is overspent early, there may not be funds available for more critical elements later in the project life.
- Non-staff expenditure is likely to increase over the term of a multi-year project due to inflation. Consequently, plan to make non-staff purchases at the project outset, particularly where equipment is involved, as you will only be awarded the amount of funding you have asked for in your application. This can be magnified when fluctuations in exchange rates are brought into consideration.

### 1.1.5 Project dates

- Be realistic with your project dates; you may not learn the outcome of your application for many months (e.g. the research councils average six – 12 months before a decision is made), so you should factor this into your timeline.
- After notification of a successful award, contracts will be organised and reviewed by the RDS Project Delivery Team and BU's Legal Services. As there are considerations to be made regarding funding terms or formal partnership arrangements, this process can take up to three months. Please allow for this in your planning and ensure that all parties know that work cannot commence until the legal review and project set up is concluded. The PIs must not accept any award on behalf of BU without first going through the correct processes under the guidance of the RDS.
- You should choose start and end dates that will be sufficient for you to accomplish the work described in the application. Eligible costs should be incurred between these dates. Some funders do not allow project dates to be amended. Not completing the project by the end date specified in the application may mean that not all the project costs can be recovered. The funder could have rights to ask for all monies back if a project is not completed by the expected end date.

### 1.1.6 External consultant / professional services costs

Consider the expertise/knowledge you can access internally before budgeting external support. For example, you may be thinking of bringing a consultant on board to undertake a specific task, but is it necessary? If your budget is limited, a consultant may not be appropriate, as it could consume a large part of your income, meaning you will have to make cuts elsewhere. Added to this, will be the additional time and paperwork required to use external providers. It is always worth checking with colleagues or the [staff profile pages](#) to see if appropriate expertise exists at BU. If you must source external expertise (be it for financial reasons or a stipulation by the funder) ensure you obtain formal quotes<sup>1</sup> so that costs are accurate. All quotes should state clearly whether it includes VAT. BU will always include the VAT as a cost to the project (if VAT is applicable), unless the funder stipulates otherwise.

### 1.1.7 Scheme variations

All funders have different rules about what you can claim. Some funders will only cover 100% of the Directly Incurred (new cash) costs, whereas others will cover Directly Incurred costs at less than 100% but will also contribute towards the cost of Estates and Indirect elements and Directly Allocated (existing commitments) staff salaries. Estates and Indirect related income, and income for Directly Allocated salaries, should offset any shortfall (or 'net loss') in funding towards the Directly Incurred costs.

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<sup>1</sup> Please see BU's procurement manual (<https://intranetsp.bournemouth.ac.uk/policy/BU%20Procurement%20Manual.pdf>)

## 1.2 Maximising budget for European Awards

### 1.2.1 Costing permissions when not leading a collaboration

Where BU is not the project lead and you have provided the lead with the budget RDS has prepared with you, you will need to advise the lead not to change these costs without consulting and confirming with you. You must ensure that any changes are communicated to RDS so that the budget can be re-costed accordingly. For example, BU does not use a standard Person Month (PM) rate; all salary costs are specific to an individual and are based on their salary grade and spine point. It is therefore not appropriate to divide the combined total personnel (salary) cost by the total number of BU PMs to get an average PM rate.

If the lead does this and then uses that PM rate to determine, for example, a reduced number of PMs for BU, the calculation will differ (and sometimes significantly so) from the true cost. If it is lower than the true cost, BU will incur a shortfall in funding and participation in the project may no longer be financially viable. In this instance, BU might have to withdraw from the consortium, which could have major implications for the consortia in terms of their ability to achieve the project aims. In turn, this could damage the relationship you have built with your partners as well as causing reputational damage to BU. If you need to alter the personnel effort on a grant application, contact your FDO prior to internal approval being requested, so that they can re-cost the staff effort and provide you with accurate figures.

### 1.2.2 Being valued in the collaboration

If you are part of a multi-organisation consortium, consider BU's part in the overall project. Ensure that you maximise BU's effort in the project to ensure the investment is worth the resulting gain. For example, would the financial commitment to be made by BU outweigh any resulting outputs?

### 1.2.3 Exchange rates

If the grant is to be paid in Euros (or any currency other than GBP), BU sets its own exchange rate, which is reviewed monthly. The high and low from the previous month is used as a volatility factor to determine an appropriate rate for the following month. Therefore, it is unlikely the rate BU is using will mirror the true exchange rate at any one time. Please consider this when planning your budget in any currency other than GBP, so that you can account for the difference in value. If you provide the figures in GBP, your FDO will tell you what exchange rate is being used and provide you with the figures in the relevant currency as well as GBP. If you are working with a maximum budget in Euros, for example and you provide the FDO with figures in GBP, you may find that once costed at BU's rate, the total cost in Euros is higher than you anticipated. You would then need to reduce your costs accordingly. Equally, if you provide your FDO with the figures in the relevant currency, your FDO will also cost the project in GBP.

#### Collaboration Considerations

If there were 10 partners in the consortium and BU's share of the effort was 2%; is this really a worthwhile use of your research time? Will this lead to greater collaborations and access to new stakeholders?

#### Exchange Rate Example

BU works on forecasted exchange rates for reasons of continuity. If a required piece of equipment costs £10,000 this should be indicated rather than converting the cost yourself into the currency of the application. If converted to Euros by yourself at a true exchange rate, for example, if £1:€1.12, and you advised your FDO that the equipment was €11,200 instead of £10,000, your FDO would then convert this €11,200 into GBP at BU's rate. If BU's rate was say £1:€1.14, then the piece of equipment would be costed into the project at £9,825, meaning that you might have insufficient funds for purchase.

## 1.3 Maximising Income from Industrial and Commercial Contracts

### 1.3.1 Making a profit

It can be tempting to under-price commercial work in a bid to undercut your competitors. However, for commercial work, all project costs must be covered, and profit must be built in:

- Plan your budget carefully and obtain an accurate, correctly prepared costing from your FDO before discussing price with the client.
- Don't attempt to cost staff time yourself, as it's likely to be inaccurate and often too low due to on-costs needing to be included. This can lead to reputational harm when accurate costs are subsequently provided.

- As a non-profit, charitable organisation, BU should only undertake commercial work that offers beneficial impact to society, in keeping with the main remit of the university, or the financial compensation is high enough to offer reinvestment back into the charity.
- Where commissioned research can be considered collaborative in nature, the in-kind or cash contributions to any research from industry and non-HEI stakeholders should be recorded so they can be taken into account with [HE-BBCI](#) or [KEF](#) metrics.

### 1.3.2 Price and VAT

- You should be aiming for a return of at least 110% fEC, *plus* VAT if the client is in the UK where research work can be classified as supplying services.
- Rules on claiming VAT may be different if the client is based overseas and you should ascertain whether VAT will apply before providing any client with a quote.
- Additional charges to clients will occur when corporation tax is payable for classes of work outside of the remit of the University, so it would be useful to assess the price with a return of 120% fEC.
- Who owns the [IP rights](#) will have an impact on the above. Please talk with your FDO before giving quotes or estimates of any undertaking. Do not sign a non-disclosure agreement (NDA), without first discussing with the RDS.

You should be clear with any client that discussions around price are estimates and may be subject to change until confirmed with a relevant BU Financial Approver (commensurate with the levels set in BU's [Financial Regulations](#)). Prices are not to be sent as 'quotes' but rather as estimates, to be confirmed. If work is to be undertaken under the client's terms and conditions, Legal Services will want to review these if BU is expected to commit at the pre-award stage. Legal review normally takes at least a week to complete so it is important to factor this into your timeline.

## 1.4 Understanding risks at pre-award

### 1.4.1 Understanding the reputational risks

You will need to be honest with stakeholders if there are any internal/external risks that may impinge on the delivery or submission of the proposal. Funding is extremely competitive and so please ensure that any project partners understand that research funding is not in any way guaranteed. Project partners will expect you to deliver what you have promised them during the application development.

Every external funding application goes through a rigorous review and approval process. If, after the internal review process, the University chooses not to support the project, you will not be able to submit the application. A conversation should be held with faculty/professional service Senior Management Teams early in the process, before committing to external stakeholders, in order to avoid internal rejections. Internal rejections may in turn affect other individuals and organisations involved in the project. Make sure they are aware that the submission is subject to internal approvals. The BU Funding Development Team can help partnerships find other funding sources so that you do not lose stakeholder engagement. Transparency is always the best process for long-term collaborations. Likewise, do not overpromise resources to the funders that are not within your ability to give.

### 1.4.2 Financial risks - understanding match funding

- a) Match-funding – not giving away more than necessary

Many funders will ask for 'match-funding' contributions. Some of these will be in the form of cash or a percentage of costs that will not be covered by the funder (e.g. the Leverhulme Trust will not fund elements such as apprenticeship levy fees). In many cases this commitment may be met by Directly Allocated (DA) staff costs. In some cases, this may be expected beyond the project life to show a model of sustainability.

What is important to remember is that match-funding must come from somewhere. If the applicant does not have a pledge of this funding from an outside source, this cost must be met by BU. Conversations should be held with faculty/professional service financial approvers before adding this commitment to an application. Funders will give an indication of what is expected. If not declared, the FDO should be able to provide some insight. It is important not to over-promise for what could be a small return. Some funders (e.g. regional funding schemes) will be transparent with their expectations. Others, (e.g. the EPSRC) will make available information on the amount of funding they've provided versus the leveraged (match) funding received from stakeholders.

- b) Match-funding – balancing proposals where direct costs must be met as match-funding

It is important that the benefit of applying to a funding scheme outweighs the cost that must be matched by BU. As an example, the Interreg funding scheme has several strands, all with slightly different funding rules. One of the streams will fund Directly Incurred (DI) costs and DA salaries at 60%. It will also make a contribution equal to 15% of your total salary costs (although it pays out 60% of this 15% figure) towards Estates and Indirect costs. Careful configuration of the right balance should be undertaken to ensure that all DI costs are covered by the 60% income we receive towards DA salaries and the contribution towards Estates and Indirect costs. Interreg projects tend to be multi-year and large in value and will often require at least one Post-Doctoral Research Assistant (PDRA). Applicants should consider having new administrative support budgeted into the project. Over the course of three years, for example, this would be a significant cost, of which only 60% will be covered by funding. You will of course receive income for your DA salaries, and this can be used to partially offset the 40% shortfall in DI costs. However, the combined Full Time Equivalence (FTE) of the PI and Co-Investigators (Co-Is) over the project period is likely to be much lower than the combined FTE of the PDRA and administrator. Therefore, the cost will be lower and in turn the income will be lower. The total value of the income is unlikely to completely cover the entire shortfall. Applicants should consider reducing DI costs or increasing the DA staffing as appropriate to improve financial sustainability.

### **1.4.3 Financial risks - Understanding actual expenditure and overspend**

When fEC is considered, research activity almost always makes a financial loss. Table 1, below, demonstrates the level of fEC return we typically see at BU for a three-year period from some of the funders we apply to most frequently.

Projects that do not have careful expenditure plans are more likely to have overspends. For example, when conferences are considered, money is collected from participants or sponsors prior to the running of the event. Expenditure frequently comes after the money has been collected and the event has occurred. Just like it is not possible to be reimbursed for expenses incurred prior to a research contract being in place, it is not possible to recoup expenses that have occurred after a contract has closed. Consequently, final financial reconciliations for events, such as conferences, demonstrate that overspend occurs after a point when a project will be reimbursed. It is then too late to charge any additional spend to the project. The applicant should have solid financial plans in place and expenditure phasing to only spend during the project period, when seeking permission for an activity from the faculty/professional service.

## **Part 2: Maximising income as part of post-award management: for PIs and the Professional Services**

The delivery of RKE projects undertaken contractually by BU is the responsibility of BU as an organisation. As such, the responsibility in ensuring that terms are met are the joint undertaking of the PI, Co-Is and support staff throughout BU. The relevant Project Delivery Officer (PDO) within RDS should be contacted at the first notification a project is to be awarded. The PI should not sign anything- the RDS will guide PIs through the BU processes for signing contracts<sup>2</sup>. Moreover, RDS will help guide PIs through the internal and external processes required to accept an awarded project and receive the maximum income available. Project initiation is discussed in 2.1 and pragmatic post-award advice in 2.2. The most relevant group for this advice will be indicated in each heading- the PI or RDS. Although the sections indicated as belonging to the responsibility of RDS may be perceived as containing jargon, these are presented here to help to make some of the back-office elements transparent.

### **2.1 Project initiation**

#### **2.1.1 Responsibility**

The PI has overall charge of the project and must manage any RKE project within the rules of [BU's Financial Regulations](#) and funder regulations/requirements, with the support of their nominated PDO. All parties should communicate about the expected tasks for member of the research team, along with the expectation of timelines. To ensure compliance with internal processes, the PI will be guided by the PDO in communicating with internal/external stakeholders. Incorrect or inappropriate communications can put an awarded project in jeopardy and can damage the University's reputation.

Likewise, although the PDO will work to ensure compliance with expenditure and financial management, as outlined below, the PI of the project should have an awareness of all financial (as well as other compliance) matters related to each RKE project they are responsible for undertaking. A timeline for meetings should be established from the below information.

#### **2.1.2 Review of Start dates/End dates- PI and RDS**

The PI and PDO must be aware of the official start date of the project which is formally recorded on RED. This is usually the first date on which expenditure can be incurred, apart from in exceptional circumstances. In some cases, changes may be allowed to these dates. Before any changes occur, consultation should occur between the PDO and PI. With some funders, changes may only be made once so careful consideration should be given to the full implication of changes.

Once any changes have been made by mutual agreement, a full rephasing of the budget may need to occur.

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<sup>2</sup> Please see the BU contract Signing Policy and Procedures

<https://intranetsp.bournemouth.ac.uk/policy/Contract%20Signing%20Policy%20and%20Procedures.pdf>

### 2.1.3 Initial Budgets- PI and RDS

Before any monies are spent or committed, a review of the budget should be made. Some funders may not award the full amount of funding requested. All parties must not assume that the request, or costs at pre-award, are those that the funder has awarded. Different types of budget items should be considered separately. The PI and RDS should review whether there is any budget flexibility at the initiation of the project. It may be possible to reconfigure elements of the budget to help maximise the research value by moving funding from less critical elements to those that could help the project have the most impact.

### 2.1.4 Reporting

With the exclusion of commercial work, most funders will reimburse the university based on the actual amount of expenditure that can be linked through to the project, or its outcomes. Plans should be put in place to ensure that reporting schedules are planned and maintained. RDS will be able to help with financial reporting. PIs should make themselves familiar with the expected reporting outputs required by their funder. Some funders may expect the RDS to issue financial statements, and others may expect communications from the PI. This future communication to the funder should be discussed at the project outset. Regardless, all communications should have oversight of the academic team.

#### 2.1.4.1 Reporting: Expenditure- PI and RDS

Most RKE funders will pay in arrears. At the project outset, the claim points for reimbursement should be matched against planned expenditure so that the cashflow can be planned. That is, a schedule of when the money will come back should be estimated just as much as any planned expenditure. The advance work should allow for the evidence to be gathered so that claims can be made on time, in accordance with the contract and within funder rules.

#### 2.1.4.1 Reporting: Outcomes- PI

For some funds, such as regional growth funds, regular reporting of outcomes must coincide with financial reporting. Some contracts may have 'claw back' clauses throughout the life of a project, or the end, which can stipulate that funds cannot be paid-out or indeed, must be returned if objectives have not been met. The reporting of the project outputs should be weighed in balance with financial reporting as failure to report as contracted can lower the income on a project.

## 2.2 Managing income for maximum performance

The PI is ultimately responsible for ensuring that the income is maximised, which the Project Delivery Team will seek to enable in partnership with the PI. Even if your spending plans change (for example, you are no longer able to travel) it is important to consider how you can use the funding in a different way to progress your research. You worked extremely hard to secure your funding, now it is important to make it work for you. The below pragmatic advice has been compiled by the Project Delivery Team through experience of working with externally funded RKE projects. The below advice is based on experience that will be useful for PIs and PDOs alike.

### 2.2.1 Do not underspend against funded budget- shared PI and RDS responsibility

A timeline of early identification review points should be established with the below taken into account.

- Some grants require any underspends to be returned. Use external funded budgets for all eligible costs.
  - These must be identified so RDS can report on them and manage budgets proactively. For reference for the PDOs, there is a 'tag' in RED to identify these. The 'tag' must be ticked (by RDS) where appropriate.
- Project finances must be reviewed at key stages (determined by length, complexity, etc. of the project) throughout the life of the project and costs forecasted to the end of the project. The PI should have an awareness of the available budget, RDS should support this through financial intelligence and regular reviews. Project records are maintained on RED for PIs to review at any time.
- Virement (moving budget between cost categories) - If forecasting an underspend, determine with the funder in advance of the end of the project if surplus funds can be used in different ways. Some examples are below:
  - Use surplus to enhance the research (could it supplement PI DA costs);
  - Use surplus to disseminate research (if not already planned);
  - If forecasting a travel underspend, can surplus travel budget be used to fund unplanned direct costs *e.g.* where a project is falling behind schedule for whatever reason and could use additional resource;
  - If forecasting a travel underspend but overspend on consumables, can we vire budget between budget headings?
  - No cost extension- without budget changes, it may be possible to extend the dates of expenditure.
- Unexpected underspends at end of project – PI and RDS
  - Apply early to funders to retain underspend for specific purpose *e.g.* conference attendance. Many want to see all funds used on a project they've already agreed to fund.

### 2.2.2 Invoicing- RDS responsibility

- Establish a timeline of invoicing with the PI at the project outset and ensure these are discussed at regular meetings.
- Invoicing must be processed in a timely manner in line with the contract. There is a risk of non-payment if raising invoices is late.
- Add project invoice(s) to RED to ensure that the invoice cannot be 'forgotten'.
- Identify if invoicing is to follow funder budget years. Some funders only have funds available for certain periods, e.g. NHS.
- Ensure/check with PI that milestones are met prior to invoicing.

#### **2.2.2.1 Frequency of claims - Do not miss claim windows- RDS responsibility**

- Ensure all claim dates (with internal/external due dates) are added as a project task/action in RED.
- A task report can be run to determine all claims that require completing in that month.
- Monthly internal PDT routine is to check that all claims have been processed.
- Communicate with colleagues- BU cannot miss a claim due to individual holidays or sickness.

#### **2.2.2.2 Ensure all costs are correctly coded- RDS responsibility**

- On rare occasions, costs are incurred before contracts are agreed/project activity codes are set up. This is a breach [of BU Financial Regulations](#) and should be avoided wherever possible. Where it is critical that spend must be incurred before contracts are agreed/activity codes are set up, a provisional activity code will be set-up with the explicit agreement of the Faculty Executive Dean or Director of Operations that the Faculty will underwrite this cost if, for whatever reason, it cannot be reclaimed from the funder.  
Even with a provisional activity code, the RDS will need to:
  - Ensure adherence to BU Financial Regulations.
  - Ensure the contracting process is completed in a timely manner.
  - Ensure activity codes are set up prior to commencement of projects.

#### **2.2.2.3 Review budgets for exchange rate movements- RDS responsibility**

As above in the pre-award section, the impact of exchange rates should be considered. The RDS should guide the PI on the impacts of exchange rates on planned projects before expenditure or claims are made.

- The Research and Enterprise Database (RED) has foreign currency functionality.
- Periodically review the effect of exchange fluctuations on the budget (for cost re-imburement projects)
  - For example, where the rate is reducing, the budget will need to increase if we are to maximise the grant.
  - For example, let's suppose a budget was approved at an exchange rate of €1.2/GBP, with a direct cost of GBP £33,333 and income €40,000. If the rate reduces to say €1.05/GBP, where affected by the exchange rate differences, BU will need to expend £38,095 to utilise the €40k grant. This effectively takes the award down to €35,000.

#### **2.2.3 Contracting- RDS responsibility**

- Reduce bad debts- perform due diligence.
- Only contract with customers with a credit line (Finance to carry out due diligence and apply credit limits / credit worthiness to customers).
- Contract payment terms can be amended in line with a credit line. For example, there is no problem for BU to contract with a recently formed company (with no credit line) if payment is received in advance.
- Before enacting bad debt notices, inform faculty stakeholders. Some organisations have established links and a miscommunication from a small amount of money can jeopardise a much larger teaching contract.

### **Part 3: Maximising income as part of research portfolio management: for RKE Leaders**

The information below is intended to help RKE leaders and financial signatories make decisions on which projects should be supported at developmental and financial approval stages at pre-award and post-award stages.

#### **3.1 Meeting BU RKE financial targets**

The management and oversight of RKE projects portfolios is instrumental in ensuring that BU can undertake a variety of impactful RKE work in keeping with its charitable remit. Overall, analysis shows that c. 80% of fEC costs have been recovered for the historic RKE project portfolio at BU and that over 100% of DI costs have been recovered. This is important as it ensures RKE remains a financial sustainable endeavour. Projects that are cash positive can be used to balance the overall cashflow of RKE portfolios.

Projects should meet the below RKE targets (Table 1) approved by the Research Performance and Management Committee in 2020. RKE leaders should review all projects to ensure that all potential costs have been considered. As an example, outputs promised in an application may require attendance at a conference where an assumption has been made by a PI that they will attend using BU funds.

Table 1. BU RKE target rates/conditional rules

Activity Type	Target fEC% and rules
1310 - Research Councils (inc Royal Society & British Academy)	80% Unindexed for UKRI
1320 - Charities (Open Comp + External Peer Review)	50%. must cover DI costs plus maximum overhead allowed within charity terms.
1325 - Charities (Non Comp and Internal Review)	60%. must cover DI costs plus maximum overhead allowed within charity terms
1330 - UK Government Department	80%. All DI costs covered.
1340 - UK Industry	100%. DI outlay pre-financed <sup>[1]</sup> .
1350 - EU Government Bodies	60%. All DI costs covered.
1355 (tbc) - Interreg/ERDF	50%. All DI costs covered.
1360 - EU Other Research (Excluding EC)	60%. All DI costs covered.
1370 - Other Overseas	70%. All DI costs covered. DI outlay pre-financed.
1380 - Income from other HEIs and Other Sources	80%. All DI costs covered. DI outlay pre-financed.
1230 - Short Courses (non credit bearing courses)	110%
1420 - UK Government Departments	100%. All DI costs covered. Maximum overhead rates allowed by funder to be used.
1425 - UK Industry	120% fEC. DI outlay pre-financed.
1430 - EU Government Bodies	110%. All DI costs covered.
1445 - Other Overseas	130%. DI outlay pre-financed.
1451 - Educational Conferences (X VAT)	100%. Modelled to cover DI outlay or cancelled.
1452 - Non-educational Conferences (S VAT)	110%. DI outlay pre-financed <sup>[2]</sup> .
1455 - UK Other	120%. DI outlay pre-financed
1335 - UK Government KTP	80% fEC. All DI costs to be covered.
British Academy	40%. All DI Costs covered.
Leverhulme Trust	40%. All DI Costs allowed covered. Source of money to cover DI shortfall identified.
Royal Society	30%. All DI Costs covered.
Wellcome Trust	50%. All DI Costs allowed covered.

<sup>[1]</sup> Pre-financed refers to item's payment will either be in advance or agreed to be covered directly by the client (e.g. sub-contractors).

<sup>[2]</sup> In the case of some conferences, this commitment may have to come from Faculty funds so these costs should be transparent to the APF approver.

### 3.2 Strategic projects below the fEC targets

If a project is below the fEC target then attempts need to be made to minimise the gap wherever possible. If it remains notably below the target for the activity type then the PI should make a strategic case for how the planned work will be integral to developing, and contribute to, the wider RKE or Fusion portfolio. The financial approver should review this case as part of any financial approval to proceed, as part of the Activity Proposal Form (APF) process on RED. Projects that do not meet these targets should meet strategic need and, where possible, be balanced by funds identified from elsewhere.

Where the targets in Table 1 have not been met, the financial approver(s)/RKE leaders are asked to consider the following:

- 1) Discuss with the PI whether the balance of Directly Allocated (DA) and Directly Incurred (DI) costs can be adjusted;
- 2) Where work is commercial in nature (Activity Type 14\*\*), request an upward adjustment in price to the client;
- 3) See if the proposed work identified matches work that would have been paid by other means from internal funding, and therefore can be supported with these funds (e.g. work a faculty has already committed to undertake elsewhere);
- 4) In writing a support statement, will all DI costs be covered, will cash-flows be well-timed, will the work truly be important for further RKE work or meeting charitable remit? If so, can a case be made that an individual project will provide a significant contribution to achieving BU2025 aspirations? Are the minimum income thresholds for G9+ staff met?<sup>3</sup> With the above met, a case should be stated on RED as part of the financial approval process. This should only be done in balance against other project achieving above target rates.

For any queries, please contact a member of the [Faculty Facing staff in the RDS](#).

<sup>3</sup> BU expects senior academic staff to submit bids with an income to BU of ≥£20k for G9s; and ≥£40k for G10+.