

Pricing Policy for Research and Innovation Activities

Scope

This Policy applies to all externally funded research and innovation funding applications, including for consultancy projects and studentships, made on behalf of the University by all staff including Emeritus and Honorary contract holders, who are involved in externally funded research, consultancy, and continuing professional development (CPD) activities.

Purpose

The purpose of this Policy is to support the University's research and innovation activity, maximising cost recovery and improving financial sustainability.

The Policy makes clear the difference between cost to the University of delivering an activity and the price/amount the University requires from the funding organisation.

By providing a clear framework for the costing and pricing of research and innovation activity, this Policy will furthermore improve the University's responsiveness to external funding opportunities.

1. Pricing Policy Requirements - University as Charity

- 1.1. The University of East Anglia is an independent corporation with Charitable Status. As such, University Council is required to ensure the University conducts its activities in line with its charitable purposes as laid out in the University Charter and in compliance with charity law more generally. This includes protecting and using University assets appropriately and operating sufficient financial controls.

2. Pricing of Research and Innovation Activity

- 2.1. When dealing with an external organisation to deliver research or innovation, or carry out other such funded activities on their behalf, it is a clear principle under charity law that the University must not use its funds or resources to subsidise activity or make up a funding shortfall unless satisfied it would be within its charitable purposes and in the interests of the University and its beneficiaries to do so.
- 2.2. This requires that the University both maintains an accurate understanding of the full cost of its activities and sets prices for work appropriately. The Full Economic Costing (FEC) methodology used by all UK universities meets the first of these requirements. FEC is informed by TRAC (Transparent Approach to Costing) as

recorded by the Finance and Planning Division.

2.3. Full Economic Costing (FEC) comprises the following cost elements:

- **Directly Incurred Costs ("DI")** these are the direct and explicitly identifiable costs of the project such as staff specifically employed to undertake the project (eg research assistant), equipment, travel & subsistence, specific facility charges and consumables etc.
- **Directly Allocated Costs ("DA")** these costs cover (i) the estimated time to be allocated to the project by academic staff, (ii) estates charges covering for example maintenance, depreciation, utilities, rates, cleaning etc and (iii) access to shared institutional resources such as "core" technicians and equipment/research facilities.
- **Indirect Costs (IND)** this covers the cost of centrally provided services such as the Library, IT Services, Finance Office, HR, Research & Innovation Services etc.

2.4. The FEC of a project equals DI + DA + IND which is the true cost without any surplus. This costing informs the pricing of a project for funders, which will vary depending on the funder type.

2.5. Estates costs are currently charged at either "Lab" or "Non-Lab" rates according to TRAC. Lab/Non-Lab rates are determined by School not on a project-by-project basis.

2.6. Some funding schemes require a level of match-funding, either cash or in kind or both. Match-funding must be included in the FEC calculation. Where match-funding is a requirement the source of the match-funding must be agreed by the appropriate budget holder(s) in advance. Only in exceptional circumstances and with prior approval by the PVC RI and Director of Finance will match-funding not stipulated by the funder be allowed.

2.7. Accurate and full costing of proposed projects is essential to informing the appropriate price to set, regardless of funder type. It is important that all institutional costs are included in costings even if they are not eligible costs to be charged (eg DA staff time on some charitable funded research). Core institutional costs are listed below and detailed in the RIN Indicative Non-staff Costs Guide.

2.8. This Pricing Policy, first endorsed by the University's Executive Team (07 January 2025), sets benchmark pricing rules to inform the second requirement. The Pricing Policy allows for general exceptions (such as pricing for projects funded by UK Research and Innovation [UKRI]) where standard terms of funding clearly support the University in meeting its charitable purposes.

2.9. The University is occasionally asked to enter into funding agreements (outside of pre-approved exceptions) where the negotiated price falls below the full recovery of costs. In such cases, good governance requires that before entering such agreements there should be a senior-level evaluation of the non-financial benefits arising from the work in terms of meeting the University's charitable purposes weighed against the level of income/shortfall implied. Clear delegated responsibility

must therefore be established for undertaking such evaluation, and the individuals concerned properly and effectively briefed and trained as to the responsibility they are undertaking on behalf of the University as a charitable body.

- 2.10.** If any research or innovation application or directly negotiated contract for the same falls below the Pricing Policy (including where matched contributions are to be made by the University), then permission to proceed must be obtained from the relevant Faculty PVC at the request of the Head of School (HoS) in consultation with the Finance Business Partner prior to acceptance of any award and start of any contract.

3. Pricing Policy

- 3.1.** The expectation for all externally funded work is that 100% of Directly Incurred costs are met by the award.

- 3.2.** Some examples of pricing strategies for different funders are given in Annex 2.

3.3. Table 1: Pricing Policy by Funder

Funder	Pricing Policy	Flexibility
UKRI (Research Councils) NIHR Innovate UK	80% of FEC for grants and fellowships	No See below for KTPs. Scheme rules for studentships.
Charities – open competition	100% of directly incurred costs Directly allocated and estates costs if funder rules allow	No
Charities - commissioned research/non-open competition	Minimum 100% of FEC	Yes – subject to approval
Central and Local Government	Minimum 100% of FEC	No
Innovate UK – Knowledge Transfer Partnerships (KTPs)	10% of averaged academic time, estates costs for associate in proportion to time on campus (if over 20%), 50% of indirect costs per associate	No
European Commission	Horizon Europe - 25% overheads on direct costs (including staff time) Scheme rules for other calls (eg MSCA)	No
Industry/Commercial organisations	125% of FEC as starting point for negotiation and as expected norm for contract research and consultancy Price not to fall below 100% FEC	Yes – subject to approval

	FEC to include all grant administration costs where appropriate.	
Overseas (other than EU) and Other Sources (funding organisations not included above)	Minimum 100% of FEC, with increases over and above FEC dependent upon the type of activity being undertaken.	No

- 3.4.** Should a funder issue a call to a scheme which deviates below the standard pricing policy for the funder type, School approval must be sought prior to preparation of an application.

4. Staff Time

- 4.1.** All lead applicants should estimate the time they anticipate they will spend over the life of a project in hours for the project costing (FEC) which then informs the price of the proposed work. The time estimated should be total time (eg 0.3FTE over 2 years) and need not be profiled across the life of the project (unless effort will vary a lot during different phases of the project and/or if required by the scheme).
- 4.2.** All co-applicant and/or DI staff research time such as project management time, supervision of research assistants, time spent preparing and presenting conference papers, writing project reports and papers should be included. Time spent training and supervising postgraduate research students and post-doctoral researchers funded by the project should be included in the cost to the funder if funder rules allow.
- 4.3.** Time costed should be the time of the staff carrying out the work on the project and not that for replacement teaching. If funders will only pay for replacement teaching costs in lieu of investigator time this should be shown in the price. Where replacement teaching costs are requested this should be at Associate Tutor rates and for the full duration of the buyout period. Costs associated with the AT contract should also be applied for where possible.
- 4.4.** Time spent preparing the grant application should be excluded.
- 4.5.** Minimum time (based on the standard TRAC week of 37.5 hours):
- For lead applicants and staff who are directing research and supervising staff, we would not expect to see less than 10% of time to be included in the FEC. Possible exclusions are where an individual holds a grant portfolio that involves supervision of a large number of staff and PGR students already, or where the project is part of a large consortium coordinated by another institution.
 - For co-applicants who are not supervising staff, we would not expect to see less than 5% of time to be included in the FEC.
- 4.6.** The University requires accurate estimates of staff time in project costings. It is uneconomical and unreasonable to underestimate staff time required for projects or

to use staff time as a mechanism to fit proposed budgets within externally imposed scheme limits. Retro-fitting budgets to target price is not endorsed. For example, if a call has a limit of £200,000 per application and the estimated price of proposed work is £250,000, to reduce staff time to come under the limit will result in a project out of the scope of the call and staff with insufficient time to complete the project as described.

- 4.7.** For research associate appointments, time should be included for professional development activities alongside the delivery of the project. Appropriate training fees should also be included.

5. Institutional Core Costs to be included in FEC calculations and included in price where eligible:

- 5.1.** Applicants are responsible for helping to identify all costs required to carry out the proposed project. Consider all costs including those outside the period of the grant.

- 5.2.** See also Annex 1 – costing guidance.

5.3. Table 2 – Institutional Core Costs

Pool technician time	For all laboratory projects, 5% of pool technician time must be included for the duration of the project to cover the lab and reagents preparation provided by Technical Services.
Student Stipend, Research Training Support Grant (RTSG) and other related costs	<p>UKRI sets minimum amounts for its studentship stipend and allowances (including support for tuition fees). There is nothing to restrict asking for higher rate if the sponsor is willing to fund it but note that there may be tax implications for the student if the stipend is above the current threshold.</p> <p>All sponsors should cover the cost of RTSGs, which is an allocation of funds towards conferences and training support (Research Training Support Grants). Various sponsors set a maximum/minimum rate. For equality purposes all PGR students should receive a RTSG regardless of whether it is funded externally – where not an eligible cost for pricing purposes this then becomes an actual cost to the University. If not specified by the funding scheme an appropriate rate from an equivalent funding scheme for the discipline should be selected.</p> <p>For lab-based students, appropriate bench fees should also be added to costs and price where eligible.</p>
Consumables	<p>All sponsors should cover general and lab consumables relevant to the project.</p> <p>Research councils, charities and government awards tend to set a maximum rate per annum for studentships.</p>
Equipment	Include delivery and installation, maintenance and depreciation costs as applicable. Also include the cost of

	an extended warranty that covers the duration of the project if appropriate.
Research involving animals	All costs to be calculated in collaboration with the relevant facility manager and covered in full by funder.
Other costs	All other costs as relevant to the proposed work – see the Indicative Non-Staff Costs guide as provided by RIN (appendix A).

5.4. 'In kind' and cash contributions must be included as part of the FEC and therefore these may cause projects to fall below the standard pricing policy.

6. International currencies

6.1. For funding applications in US\$ or EUR€ the University has standard rates which RIN can advise, these are updated quarterly. For applications in all other currencies, take the 12-month average exchange rate (using www.ofx.com), add on a 15% buffer, and use it to convert UEA's costs to the bid currency.

6.2. Use the same method when converting costs for overseas goods/services for inclusion in a funding application being made in £ Sterling.

7. Tax

7.1. VAT (at the current rate) should be always be included in the price of goods purchased for externally funded activity, even where an exception might apply. This mitigates for future changes to VAT rules.

7.2. Reverse charge VAT may be applicable to the purchase of goods sourced overseas and will be a cost to a project and must be included where applicable.

7.3. Any other local taxes which may be incurred should be included as a direct cost to the project (eg airport taxes).

7.4. For projects/activities which do not meet the definition of "research" may be subject to VAT (output VAT). For these cases the application/price quoted should make it clear that the price is exclusive of VAT which will be charged in addition and at the prevailing rate. Output VAT should not be added to the FEC of a project/activity.

DOCUMENT CONTROL

Key Information	
Title	Pricing Policy for Research & Innovation Activity
Prepared by	Julia Sheldrake, Associate Director Research Services (RIN)
Approval mechanism	Research Executive & Innovation Executive (06/12/24) Executive Team (07/01/2025)
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Contact	Queries on this policy should be addressed to: Professor Julian Bow, PVC Research & Innovation

Revision history		
Version	Date	Summary of changes
1	November 2024	First draft version of policy
1.1	January 2025	First approved version of policy for launch

Linked documentation (Documents that are linked or referenced to in the text of this document)	
Document title:	File path:
Financial Regulations and Procedures	Regulations and Procedures
Donations and Due Diligence Policy	University Policies
Procurement Policy	Procurement (uea.ac.uk)
Guidelines on Good Practice in Research	UNIVERSITY OF EAST ANGLIA (uea.ac.uk)
Consultancy and Contract Research	Consultancy and Contract Research (uea.ac.uk)
Open Access Policy	Open Access
Research Data Management Policy	Research Data Management
Staff Expenses Policy	Staff Expenses (uea.ac.uk)

Annex 1

Non-Staff Costs Guidance

Document provided separately as updated annually.

Annex 2

Example Pricing Strategies

Costs for illustrative purposes only

Project Description	Full Economic Costing	Funder Pricing				
		Price for UKRI	Price for Charity 1 (includes DA Costs)	Price for Charity 2 (DI Costs only)	Price for European Commission	Price for Commercial
Project A: PI and RA plus modest fieldwork/research expenses	DI Costs £250,000 DA Costs £125,000 IND Costs £100,000 Total FEC £475,000	£380,000 (80%) Covers all DI & DA costs £95,000 total shortfall	£375,000 (79%) Covers all DI & DA costs £100,000 total shortfall	£250,000 (53%) Covers all DI costs £225,000 total shortfall	£468,750 (99%) Covers all DI and DA costs £6250 total shortfall	£593,750 (125%) Covers all costs £118,750 surplus
Project B: PI plus research expenses	DI Costs £10,000 DA Costs £65,000 IND Costs £37,500 Total FEC £112,500	£90,000 (80%) Covers all DI & DA costs £22,500 total shortfall	£75,000 (67%) Covers all DI & DA costs £37,500 total shortfall	£10,000 (9%) Covers all DI costs £102,500 total shortfall	£93,750 (83%) Covers all DI and DA costs £18,750 total shortfall	£140,625 (125%) Covers all costs £28,125 surplus
Project C: PI plus RAs, multiple partners and expenses	DI Costs £750,000 DA Costs £65,000 IND Costs £250,000 Total FEC £1,065,000	£852,000 (80%) Covers all DI & DA costs £213,000 total shortfall	£815,000 (77%) Covers all DI & DA costs £250,000 total shortfall	£750,000 (70%) Covers all DI costs £315,000 total shortfall	£1,018,750 (96%) Covers all DI and DA costs £46,250 total shortfall	£1,331,250 (125%) Covers all costs £266,250 surplus
Project D: UEA Co-I, RA, expenses, *£45,000 cash match funding requirement from lead applicant (not funder)	DI Costs: £145,000* DA Costs: £20,000 IND Costs: £85,000 Total FEC £250,000	£164,000 (66%) Covers DI & DA costs but not cash match nor all IND £86,000 total shortfall	£120,000 (48%) Covers DI & DA costs but not cash match £130,000 total shortfall	£100,000 (40%) Covers all DI costs but not cash match £150,000 total shortfall	£150,000 (60%) Covers DI & DA costs but not cash match £100,000 total shortfall	£256,250 (103%) Covers all costs and cash match £6,250 surplus