



RESEARCH OVERHEADS 2020

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PURPOSE OF THIS DOCUMENT

This document seeks to explain the Research Capacity Fund (RCF) and Overhead Investment Plan (OIP) for the financial year 2019/20. It also outlines the background to the management of overheads in UCD. It is intended as an internal document to aid School and College planning.

INTRODUCTION

Research overheads are an institutional award to contribute to the indirect costs of research, i.e. overhead costs which cannot be directly attributed to a single research project. The indirect portion of a research award may also be used to build research capacity.

RESEARCH CAPACITY FUND (2005-2020)

The Research Capacity Fund (RCF) was established at the beginning of 2005 to build research capacity in UCD and create a world class research environment for our academic scholars, researchers, and graduate and undergraduate students. The fund facilitates the management, governance and audit of research overheads provided by these funders. To September 2019, €215M has been recognised as research overheads receivable in the RCF.

Excluding PRTLTI funded projects, research overheads are recognised as receivable, in full, in the RCF once a grant has been registered on the University's systems (RMS research grants database and the Efinancials financial system). The only current exception to this is Enterprise Ireland, where the overheads are recognised when the annual funding is received.

Research Overheads

Over the term of the fund, 52% (€89.2M) of all disbursements have been directly to the Schools, Colleges & Institutes hosting the research through the formulaic entitlement schemes. A further 11% has reverted to Schools, Colleges and Institutes through the competitive schemes: 'Seed funding' and 'Strategic and Major Initiatives'. Thus, at least 64% of all overhead funds disbursed have gone to the academic units through the competitive and entitlement schemes.

In 2018/19, an amount of €22.7M was transferred into the RCF from overhead sources. This is a significant increase of €5.1M over the previous year.

Within the RCF certain schemes are set up as entitlements e.g. School and College Research Supplement Schemes and therefore fully disbursed. Other schemes are competitive and only disbursed when expenses are actually incurred by an academic, or support unit, or when genuine need or merit is demonstrated.

The balance on the Research Capacity Fund as at 30th September 2019 amounted to €45.1M.

Table 6	2005-2013	2014	2015	2016	2017	2018	2019	Total
Fund Balance	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at start of year	1,564	24,895	26,360	31,229	34,170	30,191	34,775	
Add Transfers in	121,389	12,809	17,262	14,448	7,543	17,661	22,767	215,443
Less Disbursements	- 98,058	(11,344)	(12,393)	(11,507)	(11,522)	(13,077)	(12,477)	(170,378)
Current Balance	24,895	26,360	31,229	34,170	30,191	34,775	45,065	45,065

Table 8	2005-2013	2014	2015	2016	2017	2018	2019	Total
Disbursements to 30th September 2019	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
RSS - Schools / Institutes	41,544	5,942	5,482	5,411	5,635	6,709	7,276	77,999
RSS - Colleges	10,014	210	210	180	180	180	180	11,154
RSS - Professorships	2,584	74	-	-	-	-	-	2,658
Seed Funding	5,569	441	441	405	468	453	116	7,893
Strategic & Major Initiatives Scheme	5,562	902	775	804	863	1,174	1,185	11,265
Dedicated Infrastructure	7,795	775	853	861	861	824	-	11,969
V.P. Reserve	197	-	-	-	-	-	-	197
Presidents' Research Fellowships	130	-	-	-	-	-	-	130
Disbursements made to Academic Units	73,395	8,344	7,761	7,661	8,007	9,340	8,757	123,265
Release of Provision	5,000	-	1,000	-	-	-	-	6,000
Support Units Programmes & Projects	19,663	3,000	3,632	3,846	3,515	3,737	3,720	41,113
Total Disbursements	98,058	11,344	12,393	11,507	11,522	13,077	12,477	170,378

Disbursements

The RCF provides funds through the following five main Schemes and dedicated facilities:

1. Research Supplemental Scheme (Schools/Institutes) – supports verifiable research overheads by enabling Schools & Institutes to fund an element of the overhead costs associated with hosting funded research activities.
2. Research Supplemental Scheme (Colleges) – supports strategic research programmes that require infrastructural investments in Schools/Institutes and is administered via the Colleges.
3. Seed Funding Scheme – stimulates new research projects and programme ideas by supporting the early stages of idea identification and innovation, as well as supporting the collaborative preparation of submissions that span across thematic areas. The funding is allocated across various programmes through competitive peer-reviewed submissions by academic staff.
4. Strategic & Major Initiatives Scheme (Design) – encourages large scale strategic proposals, including interdisciplinary and external collaborative aspects, which would be likely to attract funding more than €5M in SET & €1M in AHSS. Several feasibility studies have been supported, through funding per initiative.
5. Strategic & Major Initiatives Scheme (Implementation) – provides specific funding to help mobilise recently awarded major grant awards (such as SFI Centres and Enterprise Ireland Technology Centres).

In addition to the above that have provided funds directly to the research community, several support programmes & projects within support units are also funded, in part, by the RCF:

- A. UCD Research - is responsible for meeting UCD's strategic objectives enhancing the university's research reputation and specifically for: governance and development of research in UCD; strategic management; research services; and specifically, to manage the activities of the Research Institutes.
- B. Additional Research Support Services – funding is provided to other central support functions in line with funding agency recognition that costs associated with hosting funded research arise in other units outside of the academic unit that hosts the research activity.

Transfers out of the RCF are made by way of journals that credit individual Cost Centres in the relevant College, School, Institute or Support Unit. In the case of the Seed Funding Scheme and Strategic and Major Initiative Schemes, all awards are now credited to specific project codes.

Consequently, no expenditure is directly posted in the RCF Cost Centre but instead is recorded in the relevant Manager's area. This ensures that the beneficiary of the funding retains responsibility for adherence to procurement procedures and retention of documentation for audit. All transfers are authorised by the VP for Research, Innovation and Impact or in accordance with specific delegation.

Overhead Investment Plan (OIP)

The University produces an overhead investment plan (OIP) in respect of the strategic investment of the research overheads within the institution. The plan is informed by consultation with the academic research community through the Research Innovation and Impact Sub Group of the UMT (RIIG), the University's Strategic Plan, the availability of other funding and the University Management Team (UMT). The plan operates a mix of direct and indirect support schemes to assist in the development of strategic initiatives, targeted provision of the support infrastructure necessary to provide a world-class environment for researchers and provides seed funding to the research community. It also returns funds directly to Schools, Colleges and Institutes to support research at unit level.

In 2019/20, 24% of research overheads will be distributed directly to local units, rising to 30% in the case of major centres (where 15% goes to Schools and 15% directly to the Centres).

MEETING THE FUNDERS REQUIREMENTS

Many Research Funders require universities to prepare a strategic Overhead Investment Plan to demonstrate the appropriate use of overheads and to show the contribution those overheads make towards building a world class research environment. A number of national funding agencies have issued policies and, in some cases, include annual certification on the use of overheads. Based on these policies, UCD issued guidelines on the appropriate use of overheads (see appendix 1).

Research Overheads

DISCRETIONARY EXPENDITURE WITHIN SCHOOLS & COLLEGES

In 2020 UMT agreed to maintain the rate of overhead return directly to schools on grants as follows:

Standard OIP % Model (as per revised 2020 Model)

2018-19	2019-20	2020-21	2021-22	2022-23
17.5%	24%	24%	24%	24%

Based on recent projections, overheads will amount to €19.8M in the financial year 2019/20. In financial year 2018/19, €2.7M was available to Schools and Colleges under OIP.

The impact of the increased funding allocation on research within UCD will be assessed on an annual basis. The expectation is that support for research activity is enhanced on the ground in each unit. If there is not clear evidence of enhancements arising from the allocation, then the basis of allocation will be reviewed.

FINANCIAL EXAMPLE 2019/20

Research Award Rxxxx							
<u>Research Grant Awarded</u>	€	Period 5 years					
Direct	3,500,000						
Indirect / Overheads @ 30%	1,050,000	Fully transferred to RCF at time of registration					
Total	4,550,000						
Example							
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Direct Budget	700,000	700,000	700,000	700,000	700,000	-	3,500,000
Direct Expenditure (Actual)	350,000	600,000	650,000	700,000	700,000	500,000	3,500,000
Overheads Earned	105,000	180,000	195,000	210,000	210,000	150,000	1,050,000
Overheads Distributed to School (24%)	25,200	43,200	46,800	50,400	50,400	36,000	252,000
Research Capacity Fund (RCF)							
	YR1	YR2	YR3	YR4	YR5	Yr6	
Opening Balance	-	945,000	765,000	570,000	360,000	150,000	
Transferred in	1,050,000	-	-	-	-	-	
Transferred out (VIA OIP)	-	105,000	180,000	195,000	210,000	150,000	
Closing Balance	945,000	765,000	570,000	360,000	150,000	-	

APPENDIX 1: APPROPRIATE USE OF RESEARCH OVERHEADS (INDIRECT COSTS OF RESEARCH)

Research Overheads are a contribution to the indirect costs associated with research activity. Indirect costs are those costs which cannot be clearly attributed to only one research project. Funding Agencies differ slightly on what are eligible direct costs of research and consequently eligible indirect costs of research. Listed below is a summary of the generally accepted use of overheads and also the expenditure which should not be covered by research overheads. In general, most funders state that overheads should not be given back to researchers to cover the direct costs of research.

Eligible indirect costs

1. Local Capacity Building within Units e.g. Research Administration & Support
2. Finance function
3. HR Function
4. IT Infrastructure support
5. Library Services
6. Building & Support Services
7. Capacity building (Research Support & TT Offices)
8. Stationery and Office Supplies
9. Equipment Maintenance
10. Conference attendance, publications etc. where it will build networks and capacity for future grant submissions.

The majority of the items listed 2-7 above were charged to the Schools and Colleges via the RAM. That is why a significant portion of overheads were previously also allocated to those Units via the RAM. The OIP will maintain the same level of general research supports, but it is now no longer reported via the RAM mechanism.

Ineligible indirect Costs

1. Direct costs of research (Pay costs, fees, consumables, equipment, including overspend on allocated budgets).
2. Entertainment and hospitality costs.
3. Interest and bad debts.

Academic Time & Teaching buy-out

No funder will fund teaching buy out. However some funders will fund the academics time as a direct cost of research. Therefore it follows that academic time is not an eligible indirect cost.

1. Irish exchequer funders in general will not fund academic time (there are exceptions where the programme is designed to build capacity e.g. SFI Stokes & Engineering professors). The rationale for this is that the state is already funding the academic through the HEA grant and to fund it again through a research award would result in double funding.
2. EU allows academic time as a direct cost of research. Academic time is charged to the research award based on timesheets and the academic's school receives a credit against their pay costs for the time. The school then has capacity within its pay budget to fund teaching buyout. There is a separate UCD policy which outlines this process in detail.
3. Industry funding is generally unencumbered in relation to rules on expenditure. Academics should be encouraged to include their own time within proposals. There is also nothing precluding the use of industry overheads for teaching buyout.