

# Research Councils UK

## Efficiency 2011-15: Ensuring Excellence with Impact

### Guidance for Existing Grants - Top Slice Calculation

The changes set out in the Research Councils UK report *Efficiency 2011-15: Ensuring Excellence with Impact* relating to indirect costs and indexation apply to all existing grants that Research Organisations (ROs) have with Research Councils. Rather than applying reductions to each individual awarded grant, a “Top Slice” will be applied by Research Councils to Research Organisation’s funding portfolio from 1 July 2011.

The top slice will cover both the efficiency factor applied to Indirect Costs and the removal of indexation on existing grants.

The general assumptions for the top slice are:

- It is applicable to all existing grants with payments due after 1<sup>st</sup> July 2011
- It is applicable to Research Grants and Research Fellowships only
- It is applicable to the whole portfolio excluding intra mural (from a research council to one of its own institutes), however, it will include grants made by one Research Council to another Research Council’s institutes
- The top slice will be invoiced annually, with subsequent year’s costs indicated in the first invoice
- The efficiency factor part of the top slice will be applicable to FEC grants only
- The indexation part of the top slice will be applicable to all Research Grants and Research Fellowships.

It is likely that the Research Councils will need to perform a “sweep up” exercise at the end of 2011 to capture any grants that could have potentially been excluded from the above exercise. It is anticipated that the initial exercise will capture 90%+ of the relevant grants.

### Data Capture

The Research Councils have all recently moved onto a new Grants system and as such the same data will be extracted for all Councils to ensure a consistent approach. It is aimed that the data will be ready for data validation at the end of May. It is expected that data validation will take two weeks.

Once data has been reviewed by all councils decisions will be made on issues such as de minimus amounts to invoice and exclusion of grants with only a final payment due.

### Calculation

**Efficiency factor:** Depending on the data captured, it is planned that this will be a standard calculation (performed centrally) where the efficiency factor is applied to the indirect costs. This will then be sent to the individual Research Councils for verification.

**Indexation:** It is recognised that Research Councils have recorded indexation differently in their legacy grant systems. The Research Councils are likely to fall into two groups:

- Where indexation *has* been recorded separately
- Where indexation *has not* been recorded separately

Where indexation has been recorded separately and the data has been validated by the Research Council, the amounts to be invoiced will be taken directly from the data extract.

Where the data isn't transparent, the affected councils will work together to devise a clear methodology in calculating the indexation top slice.

Due to the volume of data involved it is not possible for the Research Councils to commit to a definite date that the amounts will be available to Research Organisations. The current timeline that is being worked to is:

End of May – Data received & circulated to Research Councils for validation.

End of June – Data Analysed & Validated.

Mid August – Top Slice completed for Indexation & Indirect Costs.

Mid September – Amounts Approved.

October – 2011/12 amounts invoiced.

December – 2011/12 monies received to ensure recycled in current year.

## **Invoicing**

The top slice will be invoiced by each individual Research Council to each Research Organisation. The invoice will detail the amounts for Indexation and Indirect Costs. At present it is not possible to confirm that the full details will be broken down by individual grant. The aim is to provide all Research Organisations with grant by grant information, however it will be dependent on the data available.

Although individual grants remain authorised to spend up to the original award limit to achieve the stated research outcomes, it is up to the individual Research Organisation's discretion how these savings will be achieved. The top slice will be subject to annual invoice and will not affect final expenditure reconciliations.

The top slice will be invoiced on an annual basis. Future year amounts will be included on the invoices for information purposes but they will be subject to change as a result of the sweep up exercise.

*Collaborative Grants (where there are researchers on the grant from more than one institution):* The Research Councils will invoice the lead institution and not look to advise the ROs on how to allocate the savings.

*Joint Grants (where funding comes from more than one funder):* It is not expected that these changes will increase the liability for co-funders but will drive efficiency within the HEI sector. Therefore, where the top-slice is applied to a joint grant it is not expected that co-funders will "top up" a grant.