

## Costs incurred by non-UK institutions and partners Supplementary advice for applicants

The budget limits on grant proposals refer to the total cost of the research project - this is known as the **full Economic Cost (fEC)**.

For UK institutions the fEC cost is not the actual cash contribution paid by the ESRC. The actual cash contribution, known as the 'ESRC contribution', is **80%** of the fEC. However, in recognition of the potential effect of the '80% rule' on non-UK organisations, the programme will support **in full (100%)** all the **direct costs** of the research incurred by non-UK institutions.

In addition, non-UK institutions and partners may charge **indirect costs** on staff salary and other staff-related costs (for example - statutory contributions analogous to UK National Insurance or Superannuation contributions). Indirect costs cover the following category of costs:

- Building and premises costs
- Basic services and utilities
- Any clerical staff and equipment, maintenance or operational costs not already included under other staff headings
- Costs of the research organisation's administration such as personnel, finance, library and some departmental services.

Indirect costs may **not** be charged in relation to non-staff related direct costs, such as - equipment, consultancies and conferences as well as travel and subsistence costs.

In proposals involving non-UK institutions, the following rates for indirect costs should be applied and entered under the "Other Directly Incurred Costs" section of the Je-S form:

- For institutions **from developing countries**<sup>1</sup> up to 50% of staff salary and other staff-related costs.
- For institutions from **developed countries**<sup>2</sup> up to 20% of all staff salary and staff-related costs.

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<sup>1</sup> See the OECD DAC list of ODA recipients effective from 1 January 2015: <http://www.oecd.org/dac/stats/daclist.htm>. For the purposes of this call 'developing countries' includes Least Developed Countries, Other Low Income Countries, Lower Middle Income Countries and Territories, and Upper Middle Income Countries and Territories.

<sup>2</sup> For the purposes of this call 'developed countries' refers to all countries not included within the OECD DAC list of ODA recipients effective from 1 January 2015 (see link above).

If a proposal is recommended for funding, ESRC may ask for evidence of the costing basis for all direct and indirect costs, and budgets may be reduced if costs are considered excessive.

## Completion of Je-S proposal

When completing the Je-S proposal it is essential that applicants make it clear which costs will be incurred by UK institutions and which will be incurred by non-UK institutions. This will ensure that, if your proposal is successful, the ESRC can identify any non-UK direct costs which should be funded at 100% fEC and the appropriate level of indirect costs, in line with the guidance above.

It is important to note that where non-UK costs are specified, these refer to the costs incurred by non-UK institutions, and **not** overseas travel and expenses incurred by members of UK institutions.

The following procedure has been agreed to allow applicants to identify costs relating to non-UK institutions. **All costs must be entered in pounds sterling (£).**

1. For all proposals the full economic costs of the proposed research must be entered into the budget sections of the form as instructed in the Je-S helptext. The Je-S form was originally developed for proposals from UK research organisations and hence automatically calculates the 80% ESRC contribution. **To ensure that non-UK costs that should be paid at 100% are recorded correctly, you must follow the procedures set out below.**
2. It is essential that the Je-S proposal names all institutions, known individuals and/or project roles involved in the bid, to ensure costs requested in the budget can be appropriately linked to these. The staff duties section of the Je-S form may be the most appropriate place to enter this information. Including this information only within attachments such as the Project Collaborators Template is insufficient for these purposes.<sup>3</sup>
3. All project costs relating to non-UK institutions must be prefixed as **'non-UK'** and must be entered into the budget section of the Je-S form as follows:
  - PIs must enter their time allocation under 'Directly Allocated' **but must enter the salary rate as zero**. Their salary and any other salary-related costs must then be entered under 'Other Directly Incurred Costs'
  - Non-UK Co-Investigator time allocation and salary costs should be entered under the standard Co-I section and marked as an 'Exception' using the Cost Type tick box. All other non-UK Co-I related costs, whether fieldwork, equipment or travel and subsistence, should be entered in the 'Other Directly

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<sup>3</sup> Please note this does not mean that all partner institutions will need to be registered on Je-S: this requirement only applies to the institutions of the principal investigator (PI) or co-investigators (Co-Is).

Incurred' section, marked as Exceptions (using the tick box), prefixed with 'Non UK', and marked as Co-I costs.

- All other non-UK staff salaries and related costs should be entered under 'Other Directly Incurred Costs'
- Any non-UK indirect costs should be entered under 'Other Directly Incurred Costs'
- Travel and subsistence costs directly incurred by non-UK institutions should be entered under 'Other Directly Incurred Costs'.

These costs **must be clearly identified on the form as non-UK costs in order to be funded at 100%**. In addition they **must be marked as 'Exceptions'** using the tick box: this will allow the Je-S form to correctly calculate the total cost of the project and an accurate figure will be shown.

An itemised breakdown of all resources requested to undertake the research project must be included in the 'Resources' section of the Je-S form.

4. Applicants must also state clearly in the 'Justification for resources' attachment which costs in the proposal relate to non-UK institutions and therefore attract the 100% direct cost rate. **Where sufficient justification is not provided for any item it may be cut from any successful award.** Please refer to appropriate Je-S helptext (<https://je-s.rcuk.ac.uk/Handbook/Index.htm>) for further details.

**Please note:** All cost should be at current prices, with no allowance for inflation.

## Due Diligence process

Most non-UK institutions and some UK organisations will not currently be recognised to hold UK Research Council grants. Lead institutions which are not recognised to hold UK Research Council grants will have to complete and pass the Research Council Due Diligence process before any grant can be confirmed. In order to minimise administrative burdens and costs to both applicants and ESRC staff, **formal recognition will only be pursued if the grant is successful.**

All grants will be awarded to the institution of the principal investigator, and this institution will be responsible for the proper disbursement and accountability of all monies received. In order to be eligible to hold ESRC grants, institutions must be recognised as meeting specific criteria relating to mandate, research infrastructure, governance and accountability. Most UK higher education institutions and some other independent UK research organisations are already recognised institutions, and hence are eligible to apply for, and hold, Research Council grants.

No grant can commence until full UKRI eligibility has been granted following this process.

Further details of the recognition process for research organisations are available from the secretariat, but in broad terms it covers:

- Research infrastructure, intellectual capacity and critical mass of researchers to undertake high-quality social science research
- Institutional governance and accountability structures
- Audit and accountability procedures
- Sources of core funding and other funding.

This process takes some time. When setting proposed start dates, applicants in host organisations not recognised to hold UK Research Council grants should allow a minimum of two months beyond the earliest grant start date for the Due Diligence process to be completed.

## **Contact**

If you have further questions on any of the above please email: [eddev@esrc.ac.uk](mailto:eddev@esrc.ac.uk)