THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Academic

Research grants policy

Summary of the policy

1. This policy sets out the purposes and rules relating to distribution of net PI income and net overhead income towards the award of Personal Financial Rewards and Research Investment Funding, in summary:

Beneficiary	Distribution of net PI income	Distribution of net overhead income	Notes
PI	75%	-	
Dept/centre RIF fund	20%	38%	Discretion in the use of 20% dept RIF fund for PFRs
School RIF fund	5%	12%	
School overheads	-	50%	

Purpose of the policy

2. This policy provides financial rewards for staff who win research funding – to enhance their salaries, to buy out their time from teaching and/or to provide unencumbered research funding – and research funding for the departments and research centres which host them.

3. The policy is intended:

   3.1. to encourage greater effort and success in securing external research funding

   3.2. to recognise the significant effort involved in running research grants and the need for departments and centres to provide appropriate support for grant-holders

   3.3. to make the School's research environment more attractive to current and prospective faculty.

3.4. to provide a more sustainable financial framework for departments and particularly for research centres

3.5. to align with the School's total reward strategy and to ensure there are no perverse incentives for staff to focus their attention on activities which do not make an optimal contribution to the School's mission and vision, and to provide fairness for those who forego other remuneration-generating activities in favour of funded research projects.

4. The policy will be subject to review by the Research Committee.

Definitions

5. The policy supports two schemes – (i) personal financial rewards (PFRs) (including teaching buy-out) for faculty and (ii) research investment funding (RIF) for departments and centres[1] and for the Research Committee.

6. These schemes apply to all external research and knowledge exchange grants applied for through LSE Research and Innovation. A small number of project grants are managed by LSE Research and Innovation but classified as service contracts; in these cases, other remuneration packages are applied. The schemes will apply to gifts and donations and funding from charitable trusts and other funding secured through LSE Philanthropy and Global Engagement (PAGE) which are used for research and managed by LSE Research and Innovation, only where authorised at the discretion of the Pro Director for Research (PDR).

7. This policy applies to all grants for which the application was submitted on or after 1 June 2020. The former Research Incentives Policy applies to earlier grants.

Personal financial rewards

8. PFRs will be calculated on the basis of a proportion of "PI income', the income recovered from funders to cover the costs of the salaries of principal investigators (PIs) and co-investigators (Co-Is) , where applicable[2]. Eligibility for PFRs is set out in Annex 1. This will be net of School contributions to the direct costs of the funded research, including estates costs[3], where the School's share of net overhead income is insufficient for this purpose. There are three principal types of funder which provide PI income: research councils fund a little under 80% of PI and Co-I salary costs; the European Commission framework programme funds all salary costs; Government Departments fund 100% of salary costs in principle, but often less in

[1] For the purposes of this policy, the rules applying to Institutes are those that apply to centres.

[2] Note that the net contribution need not require any PI income or overhead income – that is, the scheme does not demand that the project funding must provide both PI income and overhead income.

[3] In addition to the School's estates costs this may include, for example, indexation costs not born by funders and the School's specific and additional contribution to fEC-funded centres (eg ESRC centres), which are required by the funder as match funding. These 'School contributions to the direct costs' are deducted first from overhead income and then from PI income, where overhead income is exhausted.

practice. LSE Research and Innovation will provide guidance on other funding sources which recover PI salary costs, including international sources.

9. 'Exceptional PFRs' are PFRs awarded at the discretion of the PDR outside the normal guidelines of the PFR scheme.

Research investment funds

10. RIF will be calculated on the basis of a proportion of net overhead income and a proportion of net PI income. 'Net overhead income' is overhead income less the School's contribution to the unfunded direct costs of research projects, including estates costs. 'Overhead income' is that part of the award provided by the sponsor for indirect costs.

11. For the purposes of these schemes, overhead income also includes a figure for future anticipated QR charity-support income[4], where the project is deemed eligible by LSE Research and Innovation. The assumed rate of QR charity support uplift will be calculated by LSE Research and Innovation annually on the basis of the latest known QR charity-support and business-support uplift rates, as agreed with the Head of Planning.

12. Where a research grant provides funding explicitly for the costs of a replacement teacher rather than the costs of -the faculty involved in the project, this funding is considered to be a direct cost, and is not included in the calculation of net overhead income. Estates charges are treated as a direct cost for the purposes of calculating the RIF and PFR from the net contribution using the fEC estates rate.

Personal financial rewards (including buy-out)

13. The award of PFRs and the use to which they are put will be subject to approval by the PDR, who will use discretion in applying these guidelines. The PDR will be advised as appropriate:

    13.1. by the Director of Human Resources and/or the Pro Director for Faculty Development on the salary status of staff and any general considerations of comparability and equity of treatment;

    13.2. by the Director of LSE Research and Innovation on issues relating to the grant or contract and the desirability of incentivising certain types of funding over others;

    13.3. by the Head of Department on the implications of any buy-out on the management of the department's teaching programmes.

14. PIs and Co-Is will be allocated PFRs equivalent to 75% of their net PI income on each project.

15. PIs and Co-Is may take their PFR (i) as salary supplement, (ii) to buy themselves out of teaching, (iii) to fund individual research accounts, (iv) to fund PhD students or (v) a combination of these. . For tax reasons, the choice must be made at the commencement of the award PI/Co-Is will be asked to sign a waiver of the proportion of PFR not taken as salary

[4] Grants from UK and overseas charities which are of high academic value, awarded through a competitive, peer-reviewed process, for which the funders do not provide income for overhead costs, attract funding from Research England through the QR charity support mechanism, two years in arrears.

supplement. Heads of Department must approve buy-out requests in principle prior to the research grant application as part of the grant submission process. For this reason, all research grant applications which are submitted without the necessary approvals supported by LSE Research and Innovation, or which are presented to LSE Research and Innovation less than ten working days before the submission[5], will not be eligible for PFRs.

16. In accordance with the School's financial regulations, any unspent reserves in outside funds accounts at the time a member of staff retires or otherwise leaves the School will not be transferable, except where otherwise authorised for emeritus appointments, or paid as additional remuneration

17. By the nature of the scheme, PFRs are not available to staff whose salaries are charged directly to externally-funded research projects ('soft-funded' staff). In these cases, and in the cases of staff who bring in significant research funding to the School with healthy overhead income levels but who for good reason are unable to target funding carrying PI income, the PDR may approve exceptional PFRs.

18. Salary supplements will be profiled across the lifetime of the grant or contract and paid monthly in arrears. Salary supplements (whether on individual grants or aggregated across a number of grants) may not normally exceed 33.3% of full salary (base salary plus market supplement but excluding any School honoraria) across the financial year. Heads of Department will be able to advise the individual and the PDR on the basis of their all-round performance in research and teaching and other departmental duties whether they should exceptionally be allowed to continue to generate supplementary pay above the cap or that in view of their workload they must reduce their supplement-generating activities to a level within the cap. The PDR will have access to historic data and reserves the right in the exercise of their discretionary powers not to approve PFRs for those whose academic performance in core areas is deemed not to be sufficiently high. Heads of Department will draw from the Career Development Review process in advising the PDR.

19. PFRs will not be superannuable. The School's contributions to national insurance arising from the supplementary salary payment will be deducted from the PFR.

20. The price of buy-out will be based on the cost of the salary recovered for the time committed by the PI or Co-I to the project – that is, the total PFR derived from a project generating net contribution on which the PI or Co-I commits x% of their time (where x% is the figure used in the project costing) will be sufficient, where approved, for the individual to buy themselves out of x% of their teaching load. It should be noted that x% of a PI's time is greater than the time committed to x% of their teaching, where teaching does not consume all their time. For example, a PI committing 20% of their time to a project (one day a week) would be able to buy themselves out at most from 20% of their teaching load; if said PI has 50% teaching load they will buy themselves out of 20% of that commitment, or 10% of their total time (half a day a week).

21. Buy-out will be subject to funder terms and conditions and the School's buy-out policy[6] . On occasion (for example where the nature of the funded research demands the dedicated attention of the PI or Co-I, as in the case of ESRC Research Centre directors), the PDR may oblige the PI or Co-I to buy-out an appropriate proportion of teaching. Equally, in awarding buy-out the PDR will take account of Heads of Department's needs for sufficient planning

[5] Research grant applications presented to LSE Research and Innovation must have a draft of the main application text and rough budget request (including how much staff time is being requested).

[6] See https://info.lse.ac.uk/staff/services/Policies-and-procedures/Assets/Documents/buyPol.pdf

notice and constraints imposed by the need to manage the department's teaching programmes adequately.

22. Buy-out which is funded by grants which provide funding to cover the direct costs of replacement teaching are not affected by this scheme. In these cases ('replacement teaching' rather than 'buy-out'), the terms of use and amount of the buy-out funds will be that allowable under the grant or contract, as applied for and accepted.

23. Buy-out which does not fall within the definitions of this Policy, for example because it is not directly related to PI income on an externally-funded research grant, will not be subject to the pricing policy set out in this Policy, but may be priced at the full costs of the individual's salary.

24. Buy-out will be subject to formal application on the part of the academic member of staff and approval according to the Regulations for Special Leave.

25. Any research project-funded buy-out time will be excluded from the accumulation of time contributing to normal sabbatical entitlement calculations.

26. Any buy-out premium not used by the department for teaching replacement, which subsequently is used to top up its RIF funds, cannot be returned to the academic generating that funding. To do so would be to apply a discretionary buy-out pricing policy.

27. In line with the School's strategic priority of enhancing the quality of teaching and emphasising the value we place on it, the Research Grants Policy (RGP) does not imply that teaching buy-out is a desirable end in its own right but rather is only a necessity of the time required to manage funded projects. Heads of Department may operate local rules restricting buy-out beyond the rules set out in the this policy (including the price of buy-out). All local rules must be approved by the PDR and must be applied to all faculty and in all circumstances, without discretion, and recorded in annual reports. In addition, some departments may wish to decide that all funded research activity should be undertaken within the half of an academic's time that is not notionally allocated to teaching, and therefore allow teaching buy-out only when a staff member has committed more than half of their time to funded research projects.

28. Centres and Institutes have discretion to pool PFR won on their core grants (along with their RIF), to support on-going core research costs in the Centre/Institute, including promotion of NRSC staff, bridging support between grants, and other purposes of the RIF. If a Centre or Institute chooses to do this, they will need to request approval from the Pro-Director (Research). All decisions to pool PFRs must be applied equally to all PFRs and all individuals other than for the Centre Director, where PFRs may be required for buy-out.

29. Where a grant will be hosted in a Department or Centre/Institute other than that of the department to which the PI or Co-I is affiliated, where there is a difference between the discretion applied between the two units, normally the rules that are least generous to the PI will apply. This is to avoid arbitrage and the disadvantage of either of the units.

Research investment funding for department and centres

30. The application of RIF funding will be subject to approval by the PDR, who will use discretion in applying these guidelines. The PDR will be advised as appropriate:

    30.1. by the Chief Finance Officer and the Director of LSE Research and Innovation on the extent to which a department or centre has made use of previous RIF funding;

    30.2. by the Head of Department or Research Centre/Institute Director on their future investment plans.

31. Departments and centres will be allocated RIF funding amounting to 38% of net overhead income and 20% of net PI income. Payments will be made annually in arrears, following the conclusion of year-end accounting arrangements (normally in October each year). Where net overhead income is negative (for example, in the case of ESRC Research Centres where the School makes a contribution in the form of match funding), no RIF funding will be awarded.

32. In collaborative projects, funding will be distributed to departments and centres in proportion to the distribution of investigators' time on the project, profiled evenly over the lifetime of the project.

33. Departments will be expected to allocate half of the RIF generated by a Departmental Research Unit (DRU) for the exclusive use of the DRU, under the same terms and conditions set out below, unless otherwise agreed by the PDR. On the termination of the life of a DRU, any unspent RIF funding attached to the DRU will revert to the relevant department. The department will be expected to allow the head of the former DRU access to the unspent RIF funds to support the on-going commitments and the activities of the research supported through the DRU, at the discretion of the Head of Department.

34. Where a PI or Co-I has an affiliation to more than one Department or Centre/Institute or wishes to host a grant in different Department or Centre/Institute than their employing unit, and where there is disagreement between the parties, the PDR will determine the appropriate host of the grant or contract having taken advice from the relevant heads of department and Research Centre Director/s and the Director of LSE Research and Innovation. In the absence of good reason to the contrary (where good reason relates to the nature of the research rather than the administrative support the project requires), it will normally be assumed by the PDR that a department rather than a Research Centre will host a research project where it is able to.

35. With the funding they are given, departments (and DRUs) and centres will be responsible for (i) supporting the indirect costs of research associated with the administration of grants (including the employment of support staff where appropriate) and (ii) to develop new research projects and proposals (a seed fund). (iii) Research Centres will be expected to support their infrastructure costs and in the absence of specific investment by the School or host department/s to be financially sustainable. Under (ii), departments and centres are encouraged to consider how they might recognise the needs of staff requiring concentrated time to commit to large and complex (often collaborative) research grant applications. They should also consider means to support the promotion of soft-funded staff otherwise

disallowed by the School's remuneration and to underwrite the costs of extending the contracts of soft-funded staff otherwise at the end of their contracts ('bridging funds').

The School RIF fund

36. 12% of net overhead income will be allocated to the School RIF fund along with a standard 5% share of net PI income and any PFRs or departmental/centre RIF funding held back by the PDR. The School RIF fund will be available at the discretion of the PDR to award exceptional PFRs (see above).

The rules governing RIF funds

37. The purposes and terms and conditions of the RIF fund are set out in a separate paper (http://www2.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/resInfAndInvFun.pdf).

38. Departments have discretion to use the RIF income on a grant to support researchers who won that grant, e.g. by supplementing individual research accounts or by allowing a higher PFR than proposed in this policy, supplementing individual PFRs by a proportion of the net PI income they receive on the applicable grant. Thus, a department or centre may increase the PIs share of net PI income from 75% up to but no more than 95%. The prevailing rules for each PI will be determined by the department to which they are affiliated, and not by the Department or Centre/Institute hosting the grant. All Departments, Centres and Institutes must treat everyone eligible under the above rules equally if they allow a higher PFR. If a Department, Centre or Institute chooses to use part or all of their RIF to supplement PFR, they must submit their proposals for approval by the Pro-Director (Research) and must apply their approved rules universally (i.e. to all staff without discretion).

Further information

39. The interpretation of this policy is at the discretion of the Pro Director for Research. LSE Research and Innovation maintains a procedure note ensuring consistency in the application of the rules, and will be able to advise on matters of interpretation.

40. LSE Research and Innovation will provide a tool to enable grant applicants to model the potential effects of this policy on individual grants, and will provide definitive information on PFRs and RIF funds on awards, but are not able themselves to model the application of the options offered by this Policy.

41. Individual queries on the implementation of this policy should be directed to the Director of LSE Research and Innovation, in the first instance.

Review schedule

Review interval	Next review due by	Next review start
3 years	July 2024	July 2023

Version history

Version	Date	Approved by	Notes
1	23 February 2016	Research and Innovation	Original Research Incentives Policy
2	9 June 2021	Academic Board	New Research Grants Policy
3	02 September 2021	Director of R&I	Revised to clarify administrative processes. No changes to substantive terms.

Contacts

Position	Name	Email	Notes
Director of Research and Innovation	David Coombe	d.coombe@lse.ac.uk	

Communications and Training

Will this document be publicised through Internal Communications?	**No**
Will training needs arise from this policy	**No**
If Yes, please give details	

Annex 1 – Eligibility for research grant funding[7] and PFRs[8]

The following staff categories are eligible for research grant funding and PFRs as approved by the Pro Directors for Research and for Faculty Development in accordance with the applicable role profiles and contracts of employment, as set out here:

NAC and Non-NAC faculty

NAC and non-NAC faculty are encouraged to apply to for fund commensurate with their experience level and in line with relevant research grants, buy-out and sabbatical policy at the School. They shall receive PFR as per the grants policy, and dependent on the recovery available for the funding model of any awarded application.

NRSC and Non-NRSC Research and Policy Track Staff

Researchers and policy track staff shall apply for grants as per faculty; however, their salaries are directly incurred to the project. They shall not receive PFRs and must operate in line with relevant research grants and promotion policy for their career track.

Education Career Track and Tutors/Teaching Fellows

Education career track (ECT) staff are not typically encouraged to apply for research grant funding. The exception to this includes those schemes and awards which would advance the delivery of their practice and/or are rooted in pedagogy such as Erasmus+/Turing Scheme and MSCA Innovation Training Networks. Tutors and teaching fellows do not have research of any type and may only apply provided they move to a researcher contract in order to take up the award, ideally starting after completion of their current position.

LSE Fellows

LSE Fellows are encouraged to undertake research as part of their career development, which may include involvement in research grant teams and/or leading small grant applications. LSE Fellows may not buy-out time from teaching activities and their role on grants cannot extend their Fellow appointment. LSE Fellows may apply for post-doctoral fellowships and other time intensive grant, provided they move to a researcher contract in order to take up the award, ideally starting after completion of their LSE Fellow position. Any such appointments would need to follow the School recruitment process for single nominations. Their salaries are directly incurred to the project. They shall not receive PFRs and must operate in line with relevant research grants and promotion policy for their career track.

Visiting Appointments

Visiting staff may apply for and take part in grants via formal approval by their head of department or director. Where there is no salary provision, they shall continue to be a visiting staff member. Where salary is being charge to the grant, they will be required to move to a researcher contract in order to take up the award. Their salaries are directly incurred to the project. They shall not receive PFRs and must operate in line with relevant research grants and promotion policy for their career track.

[7] Determined by role profile
[8] Determined by Research Grants Policy

Centennial Professors and Professors in Practice

Centennial Professors and Professors in Practice may apply for and take part in grants via formal approval by their head of department or director. Centennial Professors do not receive PFR and grants should not exceed the length of employment contract with the School. Professors in practice may receive PFR as per the grants policy, and dependent on the recovery available for the funding model of any awarded application. Where staff are Lecturers in Practice, they should follow the guidance for education career track staff.

Emeritus Professors

Emeritus Professors may apply for and take part in grants via formal approval by their head of department or director. If they choose to be remunerated (some may choose instead to be 'directly allocated', where the allocation is zero) their salaries will be directly incurred to the project They should check with HR that their re-employment at the School will not affect their pension and other HR considerations. They shall not receive PFRs.

As per the above, staff eligibility for grants and PFRs will change with their contract type. Thus, for example, an LSE Fellow, a Teaching Fellow or a Course Tutor might be eligible for a significant grant or fellowship, but only by transitioning into a researcher role. The below table consolidates this information.

Staff Category	**Grants**[9]	**PFRs**[10]	**Notes**
NAC	✓	✓	
Non-NAC faculty	✓	✓	
NRSC	✓	X	Salary charged directly to the grant (DI), ∴ no PFRs
Non-NRSC researchers	✓	X	As per NRSC
Policy Fellows Track	✓	X	As per NRSC
ECT	X	X	Grants for pedagogic and related research only
Teaching Fellows/ Course Tutors	X	X	Transfer to researcher role only.
LSE Fellows	O	X	No buyout and cannot extend beyond LSE Fellowship appointment. Transfer to researcher role and no PFR.
Visiting appointments	✓	X	Subject to formal approval. Remain visitor if no salary involved. Research role transfer if salary charged to grant
Centennial Professors	✓	X	Subject to formal approval. Should not exceed the length of the current contract with the School.
Professors (and other) in Practice appointments	✓	✓	Subject to formal approval.
Emeritus Professors	✓	X	Subject to formal approval. Should check with HR the implications of any change to their employment status with the School.

[9] Routed through R&I, as per Research Grants Policy. Discretion available when routed through PAGE

[10] All ticks are in principle: staff whose salaries are covered by grants ('directly incurred') will not be eligible in practice.