Academic

Research incentives policy

Purpose of the policy

1. 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.

2. The policy is intended:

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

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

    2.3. to reduce the unfunded research gap at LSE and make up for the inadequacy of QR research funding

    2.4. to make the School's research environment more attractive to current and prospective staff

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

    2.6. 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.

3. The policy will be subject to review by the Research Committee and the Finance Committee.

Definitions

4. The policy supports two schemes – (i) personal financial rewards (PFRs) (including teaching buy-out) for academic staff and (ii) research infrastructure and investment funding (RIIF) for

departments and centres, for the Research Committee and for the Pro-Director for Research (PDR).

5. These schemes apply to all external research grants, defined as those which are managed by the Research and Innovation and which are classified by the Research and Innovation for HESA purposes as research or knowledge exchange. A small number of project grants are managed by the Research and Innovation but classified as service contracts; in these cases, other remuneration packages are applied. A small number of research projects are managed through LSE Enterprise; LSEE operates its own incentives scheme. The schemes will not normally apply to gifts and donations and funding from charitable trusts secured through ODAR which are used for research, except where authorised by the PDR.

Personal financial rewards

6. PFRs will be calculated on the basis of 'PI income', the income recovered from funders to cover the costs of the salaries of principal investigators (PIs) and co-investigators (Co-Is). 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 a little under 75% of salary costs[1]; Government Departments fund 100% of salary costs in principle, but often less in practice. The Research and Innovation will provide guidance on other funding sources which recover PI salary costs, including international sources.

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

Research infrastructure and investment funds

8. RIIF will be calculated on the basis of net overhead income. 'Net overhead income' is overhead income less the School's contribution to the unfunded direct costs of research projects. 'Overhead income' is that part of the award provided by the sponsor for indirect costs.

9. For the purposes of these schemes, overhead income also includes a figure for future anticipated QR charity-support income, where the project is deemed eligible by the Research and Innovation. (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 HEFCE through the QR charity support mechanism, two years in arrears.) The assumed rate of QR charity support uplift will be calculated by the 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.

10. 'The School's contributions to the direct costs of research projects' includes contributions to eligible, directly incurred costs included in the full economic costing (fEC) and the income to cover estates costs. Where a research grant provides specific funding for the costs of replacement teaching, this funding is provided for direct costs, and is not included in the calculation of net overhead income. Estates charges are treated as directly incurred costs – ie as part of the School's contribution – using either the fEC estates rate or the standard charge where the School full cost model is used. It includes the School's specific and

[1] The recovery rate for Horizon 2020, which replaces the framework programme from 2014, is currently under negotiation.

additional contribution to fEC-funded centres (eg ESRC centres), which are required by the funder as match funding.

Personal financial rewards (including buy-out)

11. 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:

    11.1. by the Director of Human Resources on the salary status of staff and any general considerations of comparability and equity of treatment;

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

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

12. PIs and Co-Is will be allocated PFRs equivalent to 100% of their PI income on each project.

13. 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. It should be noted there is a trade-off between the funding available for salary supplements and for buy-out. For accounting reasons, the choice must be made at the commencement of the award. Heads of Department must approve buy-out requests in principle prior to the grant application as part of the grant-application process

14. 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.

15. 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.

16. Salary supplements will be profiled across the lifetime of the grant or contract and paid monthly in arrears. In normal circumstances staff are expected to limit their supplementary payments (that is, PFR supplementary payments arising from external research grants) to 33.3% of full salary (base salary plus market supplement but excluding any School honoraria) across the financial year. The Human Resources Division will draw from the high-earners records prepared for the annual accounts in advising Heads of Department annually of those staff who have exceeded the cap. Heads of Department will be able to advise the individual and the PDR on the basis of his/her all-round performance in research and teaching and other departmental duties whether he/she 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 his/her discretionary powers not to approve PFRs for those whose academic performance in core areas is deemed not to be sufficiently

high. As the use of the Career Development Review process matures across the School, it is anticipated that Heads of Department will draw from this process in advising the PDR.

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

18. Buy-out will be priced at the cost of the salary recovered for the time committed by the PI or Co-I to the project – that is, a little under 80% of the full salary cost (including NI and pension contributions) in the case of research council funding, a little under 75% of the full salary cost in the case of European framework funding, and a little under 100% (or less) in the case of Government Department funding.

19. Under current rules, buy-out is limited to periods of no less than one whole term and is capped at 40% over a five-year period (i.e. two years in total). Under these new rules, there will be no formal limit to the proportion of teaching that PIs and Co-Is may buy themselves out of, although in recognition of the value of teaching to the research of academic staff and of the importance to students of being exposed to the teaching of all the School's academic staff, in the absence of good reasons to the contrary the PDR and Heads of Department are unlikely to allow staff to buy themselves out of teaching altogether. Only rarely will the PDR authorise buy-out from PhD supervision or other non-teaching or departmental activities.

20. Buy-out will be subject to funder terms and conditions. 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 notice and constraints imposed by the need to manage the department's teaching programmes adequately.

21. 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, the terms of use and amount of the buy-out funds will be that allowable under the grant or contract.

22. 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, which are set out in Section 5 of the handbook "Lecturers: Terms and Conditions of Appointment; Other Employment Information and Benefits" and Appendix A (iii) or (iv) of the Staff Handbook.

23. Any research project-funded buy-out will be applied over and above normal sabbatical entitlements.

24. Any buy-out premium not used by the department for teaching replacement, which subsequently is used to top up its RIIF funds, *should not* be returned to the academic generating that funding.

25. In line with the School's strategic priority of enhancing the quality of teaching and emphasising the value we place on it, the Research Incentives Policy 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 RIP policy (including the price of buy-out). 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.

26. PFRs from the block grants for ESRC and similar centres may be withheld from named investigators (whose contributions at application stage can be indicative) and distributed by Centre Directors according to the actual contributions made by the investigators. Centre Directors should inform the Director of the Research and Innovation if they intend taking advantage of this variation.

27. Where departments have stable records of securing research funds at sufficient levels and/or grants are of sufficient duration, the PDR may authorize the recruitment of regular faculty. Departments are under no obligation to use the buy-out funding for buy-out purposes, or to buy in replacement teaching at the salary level of the buy-out, but any buy-out funding not used for buy-out must be added to the department RIIF fund.

Research infrastructure and investment funding for department and centres

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

    28.1. by the Finance Director and the Director of the Research and Innovation on the extent to which a department or centre has made use of previous RIIF funding;

    28.2. by the Head of Department or Research Centre Director on the department/centre's future investment plans.

29. Departments and centres will be allocated RIIF funding amounting to 40% of net overhead 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 RIIF funding will be awarded.

30. 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.

31. Departments will be expected to allocate half of the RIIF 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 RIIF 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 RIIF 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.

32. Where a PI or Co-I has an affiliation to more than one department or centre, 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 the 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.

33. 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 Research Committee's RIIF fund

34. The Research Committee will be allocated a RIIF fund from general School income.

The Pro-Director's RIIF fund

35. 10% of net overhead income will be allocated to the PDR's RIIF fund along with any PFRs or departmental/centre RIIF funding held back by the PDR. The PDR's RIIF fund will be available at the discretion of the PDR to award exceptional PFRs (see above) or to supplement the small central seed fund retained by the School to support the development of new research projects and proposals, for match funding for external research grants, and for other research investments.

The rules governing RIIF funds

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

Further information

37. Research and Innovation can provide short workshops to departments and centres upon request to explain the rules and to seek direct feedback on ways in which it might be made simpler.

38. Individual queries on the implementation of this policy should be directed to David Coombe, Director of the Research and Innovation, in the first place.

Review schedule

Review interval	Next review due by	Next review start

Version history

Version	Date	Approved by	Notes
1	23 February 2016	Research and Innovation	

Contacts

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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	