Guidance for applicants on Capital Equipment

On 1 May 2011, the following national changes in how equipment is requested on Research Council grants came into effect, at the behest of RCUK. These changes affect how you should put your application together, in particular how you justify the need for equipment, according to defined cost bands. Under each change indicated below, a CHECKLIST is given to help you prepare your case for the Justification of Resources section (and for the Business Case for high value pieces of equipment). The full RCUK guidance, including on JeS and the business case form, can be downloaded here:


Separate advice on UoS Internal Processes, including Procurement rules, and completion of URMS costings is given

http://www.shef.ac.uk/ris/application/pricing

The changes:

1. Increase in the threshold for individual items of minor research equipment from £3k to £10k (inclusive of VAT): From 1 May 2011, single capital items of equipment costing less than £10,000 should be included in Other Directly Incurred costs. If VAT and/or Import Duty do not apply, a value of zero should be entered in these fields.

CHECKLIST
- have you checked the cost, inclusive of VAT?
- (and if under £10K), added in as a consumable, not equipment?

2. Further justification for all items of equipment costing between £10k and the OJEU threshold value (net of VAT £101,323, inclusive of VAT £121,588): From 1 May 2011, the research organisation will need to provide extra justification for these items, providing evidence of an valuation of the use of existing relevant capital assets. They will be expected to make a contribution towards the cost of the equipment. Given that capital provision across councils has been reduced by about 50%, contributions of this order will be expected.

CHECKLIST

The following checks should be made before completing the Justification of Resources in the application.

- First, does your need for equipment come under the rules about new instrument development? – if the core of the proposal is the development of a new instrument, you may be exempt from the rule changes.

Assuming that is not the case, then:

Existing asset evaluation

- Is the piece of equipment already available for use within the University or at any other accessible location, including (if feasible, given the nature of the project) other universities? (NB the University is currently undertaking an audit of equipment, to produce an asset register for this purpose – it will be an RCUK minimum requirement to check against this: for the time being, please use whatever sources of information are available departmentally/across the faculty, plus any informal enquiries you are able to make internally and externally).
- if so, can use of the equipment be scheduled and operated in such a way as to allow you to use it for completion of your project and continue to satisfy other demands placed upon it?
- if there are any other constraints, can they be overcome?
- is it possible to lease the equipment in a way that works out cheaper than outright purchase (taking into account lifespan and depreciation)?
- are there any other feasible options to access the equipment?

New equipment

Once the above evaluation of existing assets has taken place AND written down (because needed for your case), and a conclusion reached that a new piece of equipment is required, then:

- is this going to replace an existing piece of equipment?
- what will happen to the existing equipment and can any sale offset the cost of new?
Financial contribution

- has the the internal source of funding that will contribute to the cost been identified and secured?
- has the percentage contribution been agreed and secured, given the RCUK expectation that it will be around 50%?
- in the case of joint proposals with other universities, have the respective contributions been agreed and can they be justified too?
- have decisions been made about future use and ownership, including considerations of a wider benefit to the sector?
- has approval of the internal contribution been secured?

With regard to quotations

- for all equipment costing more than £25k (including VAT), has Procurement been consulted about an approved supplier and other rules about purchasing?
- (Documentary evidence for the estimated cost (e.g. supplier’s written quote, specialist advice) will be needed.)

3. Business case required for all items of equipment above the OJEU threshold value (net of VAT £101,323, inclusive of VAT £121,588): From 1 May 2011, all requests for single capital items of equipment should be accompanied by a 2 page business case outlining the strategic need for the equipment. RCUK will decide the strategic location for these items and will potentially fund them at 100%. Each Council will have flexibility in relation to the funding of equipment to negotiate with potential grant recipients to achieve best value from the limited funds at its disposal.

CHECKLIST

The following checks should be made before completing the Justification of Resources AND also the 2 page Business Case, in the application. Note that the Business Case for new equipment is peer reviewed also, and subject to separate consideration for funding.

As before: i.e.
- First, does your need for equipment come under the rules about new instrument development? – if the core of the proposal is the development of a new instrument, you may be exempt from the rule changes.

Assuming that is not the case, then:

Existing asset evaluation

- Is the piece of equipment already available for use within the University or at any other accessible location, including (if feasible, given the nature of the project) other universities?
  (NB the University is currently undertaking an audit of equipment, to produce an asset register for this purpose – it will be an RCUK minimum requirement to check against this: for the time being, please use whatever sources of information are available departmentally/across the faculty, plus any informal enquiries you are able to make internally and externally).
- if so, can use of the equipment be scheduled and operated in such a way as to allow you to use it for completion of your project and continue to satisfy other demands placed upon it?
- if there are any other constraints, can they be overcome?
- is it possible to lease the equipment in a way that works out cheaper than outright purchase (taking into account lifespan and depreciation)?
- are there any other feasible options to access the equipment?

New equipment

Once the above evaluation of existing assets has taken place AND written down (because needed for your case), and a conclusion reached that a new piece of equipment is required, then:

- is this going to replace and existing piece of equipment?
- what will happen to the existing equipment and can any sale offset the cost of new?
Financial contribution

- has an internal source of funding to contribute to the cost been identified and secured?
- in the case of joint proposals with other universities, have the respective contributions been agreed and can they be justified too?
- have decisions been made about future use and ownership, including considerations of a wider benefit to the sector?
- has approval of the internal contribution been secured?

With regard to quotations

- for all equipment costing more than £25k (including VAT), has Procurement been consulted about an approved supplier and other rules about purchasing? (Documentary evidence for the estimated cost (e.g. supplier’s written quote, specialist advice) will be needed.)

PLUS

- have you answered in full ALL the questions on the Business Case form – see full guidance link below
- have you ensured that, as far as possible, your business case for the equipment makes a set of separate arguments for funding it, distinguishing it from the overall case for support. (It is important that the business case is a stand-alone set of information and contains sufficient information to allow separate peer review assessment).
- have you tested the business case with one or more colleagues in the department and if appropriate, the RIOM for your faculty?