

# Research and Development Costing Special Interest Group Briefing

September 2020

## Introduction

At a time when Covid-19 has brought clinical research into the public mindset more than ever, this briefing examines some of the issues discussed over the past year by the Institute's Research and Development (R&D) costing special interest group and at a workshop held at an Institute conference in November 2019.

The Group is made up of accountants from two different areas of NHS trusts:

- **Costing practitioners** work in the trusts' finance departments and are responsible for calculating the costs of patient care delivered.
- **R&D accountants** work within the R&D department of a trust. They support the development of bids for research grants, and provide financial information and advice to study managers and budget managers.

## Research and development in NHS trusts

The approach to R&D in a NHS trust is very much dependent on the make-up of the trust, including the services it offers, its ability to attract and retain certain healthcare professionals interested in research and its relationship with a university, for example.

For some trusts income from R&D will represent less than 1% of total operating income and less than 5% of non-patient related income. For others the impact of R&D is much more significant at around 5% of total operating income, and over 30% of non-patient related income.

R&D income can range from £1million to over £45million. The importance that is placed on how R&D is costed and treated will differ depending on the level of R&D income. Appendix A provides more information about how R&D operates in the NHS.

## Briefing focus

This briefing introduces the different types of costing in the finance department and the R&D department.

It then goes on to discuss the challenges around identifying R&D costs, and compares the different roles of costing practitioners and R&D accountants, encouraging them to increase their understanding of the data they each hold and how that might support both areas of costing.

Finally it discusses how patient-level costing (PLICS) data might support clinical research and quality improvement.