DEPARTMENT OF PAEDIATRICS MANAGEMENT COMMITTEE

Income Distribution Policy

(a) Summary

This paper sets out draft proposals for the implementation of an income distribution policy, as a means of providing a framework for agreeing the distribution of income between the department and individual PIs in the following three scenarios:

i. Scenario 1 - Industrial funding
ii. Scenario 2 - Residual balances
iii. Scenario 3 - Consultancy income

It is not intended to be exhaustive in identifying all of the different factors that will be relevant to the final outcome, but sets out the overarching principle that will be applied in each case and any other relevant considerations.

(b) Action required of committee:

The management committee is asked to **note** and **comment** on the proposals for the adoption of an income distribution policy.

Timing for decisions: early endorsement of the proposals is required so that the new policy can be formally implemented.

(c) Key points

Scenario 1: Industrial funding

The overarching principle:

- To align departmental and PIs goal to maximise FEC rate from industrial funders.
- University policy (https://researchsupport.admin.ox.ac.uk/costing-pricing/pricing/price) is to start industrial funder price negotiations at 120% FEC as a mechanism to reduce the volume of other research undertaken at less than 100% FEC. The departmental objective of aligning PIs behaviour with this policy is achieved by the re-distribution of income above and beyond 120% FEC to the PIs general ledger fund.

Consideration:

- The exact proportion of industrial funding to be allocated to the PIs general ledger fund will be agreed on a case by case basis.

Any unspent funds will be dealt with in accordance with the provisions below, regarding scenario 2.

Scenario 2: Residual balances policy

The overarching principle:

- Research must contribute, when at all possible, towards meeting the costs of maintaining the University's support infrastructure.

Residual balances in this document refer to projects underspend that the University is contractually eligible to retain. This policy does not apply where the funder terms and conditions mandate that any unspent funds must be returned to them.

Directly incurred (DI) costs only awards are the costs that are directly incurred on a research project, and include both staff and non-staff costs. If the project did not take place then the expenditure would not be incurred.

- DI cost awards only do not generate any overheads/FEC for the department and so, in recognition of that fact 20% of the residual balance on DI awards will be allocated to the department, as a contribution to its award management costs and the remaining 80% to the PIs general ledger fund.

Directly incurred (DI) with overheads/FEC awards

- The residual budgeted overheads/ FEC income shall flow to the department and the residual budgeted DI costs to the PIs general fund. This maintains the overarching principle of the research contributing towards the University's support infrastructure.

Consideration:

- The exact proportion of funding to be allocated to the PIs general ledger may alter if the value of funds that remain unspent is deemed to be material i.e. £50k or more.

Scenario 3: Consultancy, carried out via Oxford University Innovation (OUI), income split

The overarching principle:

- This scenario only refers to consultancy income earned beyond 30 day rule ([Holding outside appointments | HR Support (ox.ac.uk)](https://hr.admin.ox.ac.uk/holding-outside-appointments)).

- This scenario only refers to the consultancy income earned via OUI. Please refer to Holding outside appointments policy (https://hr.admin.ox.ac.uk/holding-outsideappointments#collapse1529296) for consultancy negotiated independently of OUI. Any consultancy income negotiated independently of OUI flows to the consultant.

- Consultancy income earned via OUI shall be subject to a % of the fee being used to meet a proportion of the relevant PIs departmental salary liability, where relevant.

- The remainder of the consultancy income earned via OUI shall be recognised in the relevant PIs general ledger fund. This income is to be spent at the discretion of the PI and only for the purposes of University business.

Consideration:

- A range of factors will be considered when determining exactly what proportion of the consultancy income should be used to help offset the relevant PIs departmental salary liability.

Scenario 4: Intellectual Property (IP) revenue – waiver of remuneration or royalty entitlement

In most cases IP at Oxford University is commercialised via Oxford University Innovation (OUI). OUI retains 30% of net IP revenue derived from commercialising research. The remainder 70% is distributed across researchers, General Fund and Department, in accordance with University Council Regulation 7 of 2002 (http://www.admin.ox.ac.uk/statutes/regulations/182-052.shtml).

In some instances researchers may choose to waive their entitlement to any remuneration received by the University in respect of the commercialised IP and transfer these to their department. This is entirely at the discretion of the researcher and there is no expectation, on the part of the department, that they should do so.

The purpose of this scenario is to set out the overarching principles that will be used to determine the distribution of any income, following the decision by a researcher to waive their entitlement to the IP revenue.

The overarching principle:

- Fair distribution between the relevant PI fund and the department, seeking to achieve a balance between said PI's research objectives and broader strategic objectives as set out in the Department's Roadmap.
- The exact proportion of income to be allocated to the PI fund will be evaluated on a case by case basis.
- Upon the PIs retirement or resignation, 100% of the waived revenue will flow to the department.

Scenario 5: Academic Course profit share distribution

Courses delivered jointly by Departments and Continuing Education receive profit share based on the financial performance of the course. Paediatrics Infectious Diseases course falls under such arrangement.

The overarching principle:

- The departmental profit share will be allocated to the course.

Considerations:

- The cumulative profit share should not exceed £50k. Income in excess of £50K will flow to the department.

- The cumulative profit share income spend is restricted to future course related changes. Course related changes must first be approved by the relevant governing committees.

[tbd]

(d) Further information

Further details are available from ketlin.stroo@paediatrics.oc.ac.uk or shaka.obhiozele@paediatrics.ox.ac.uk