

ADDITIONAL GUIDANCE FOR BBR FUND APPLICANTS RELATING TO THE 'BIG DATA' CAPITAL AWARD

BACKGROUND

BBSRC has been awarded £13M as part of a capital award made to the Research Councils for investment in 'Big Data' and we are working to maximize the value of this investment to the bioscience research community. In addition to the purchase of equipment we are also, potentially, able to capitalise some aspects of software development and the BBR Fund has been identified as a mechanism to deliver this through. Where the development of software constitutes the creation of an 'asset' the cost of its creation can be treated as capital expenditure.

It is important to stress that whether costs on your proposal can be capitalised will not influence the peer review process; applications will be assessed based on the criteria set out in the call text. We are requesting applicants provide some additional information, outlined below, in order to allow us to identify where capital expenditure is incurred on BBR Fund proposals. Completion of the additional [capital appraisal form](#) will allow us to capture the necessary information.

Only one form should be provided for each grant proposal. For projects comprising two or more joint proposals submitted separately, please provide a form for each component. **The appraisal form is for BBSRC Office use only and will not be subject to peer review. Please complete your application as normal, ensuring all the information necessary for the assessment of your proposal is contained within the standard documentation (Case for Support, Justification of Resources, Work Plan, etc.).**

IMPORTANT: The additional information should be uploaded to JeS as attachment type 'Other attachment'.

Please direct queries relating to capital expenditure to the BBR Fund mailbox bbr.fund@bbsrc.ac.uk as there are several people in the office who are involved in this process. We anticipate that this additional information should be all that is required but may request some additional clarification from you at a later date.

EQUIPMENT

Any equipment requested is subject to normal Wakeham rules, as set out in our [Grants Guide](#). If your proposal includes the cost of computing equipment (data storage, computing clusters, etc.) greater than £10K, we request that you outline the equipment request clearly in the Justification of Resources. In addition, please indicate in the additional capital appraisal form when you expect this expenditure to be incurred relative to the anticipated start date of the grant. For joint proposals where the intended start dates differ between the partners, this should be relative to the start date of the component of the grant the equipment relates to.

SOFTWARE CAPITALISATION

Only costs over £10k will be considered in relation to software capitalisation and capitalisation is only permitted under the development stage of software creation;

research costs underpinning the development process cannot be capitalised. Overhead costs (Indirects) are not permitted.

Costs should be specifically attributable to the development of the software, i.e. would not have been otherwise incurred and are essential to its development. If it is not possible to distinguish between the research and development phase of the creation of the software then all of those costs are treated as research and not capitalised. Research and development activities are defined thus:

- **Research** is the original and planned investigation undertaken i.e. the activities are aimed at gaining new knowledge, search for alternative materials, products rather than the practical application.
- **Development** is the application of the research findings, i.e. the design and construction and testing of prototypes, and the plan and design of the final product.

Costs that can be capitalised are:

- The purchase price including taxes if software is bought in (this is unlikely to be relevant).
- Any costs on preparing the asset for its intended use, e.g. salaries and other employment costs of personnel directly engaged in bringing the asset to its working condition.
- Professional fees directly associated with bringing the asset to its working condition e.g. patents, legal fees (this is unlikely to be relevant).
- Costs of testing the functionality of the asset.
- Materials and services used directly for bringing the asset into use.

Costs that cannot be capitalised are:

- Costs of introducing the asset i.e. advertising and promotion.
- Any general overheads and administration including selling costs, travel and subsistence.
- Staff training to operate the asset.
- Any inefficiencies and operating losses incurred.

GUIDANCE FOR THE COMPLETION OF THE FORM

1. Equipment

Please provide a list of equipment >£10K, the relationship of the equipment to the project and the associated cost at 100% and 80% fEC (note this is **in addition to** the information provided in the Justification of Resources).

2. Software

a. Statement of software outputs

It is important that there is an intention to create the software 'asset', i.e. if the asset emerges through the research activity then it would not generally be capitalised. We therefore request a short statement outlining the software deliverables of the grant (from a technical/programming perspective).

b. Future economic value

To be capitalised software must first pass the test of having “future economic value”. The software output of BBR Fund projects typically last beyond the lifetime of the grant, and longer term 'options analysis' is part of the assessment of the call.

For software development to be capitalised we need to ensure the “asset” has some enduring value (over a minimum of at least a year, preferably >2 years). This might be via conversion to value through repeated sale (e.g. licences), or repeated use internally adding demonstrable value each time (new income or avoided costs, for example). Please provide a short statement outlining how you anticipate the software developed will provide future value to your institution.

c. Costs that may be capitalised

We anticipate that **salaries of staff involved in the development of the software** are likely to be the primary cost (> £10k) that can be capitalised. In the additional appraisal form please indicate staff costs directly relating to software development, e.g. PDRAs who will be programmers, database engineers, etc.

If you believe there are other costs that may be capitalised (noting the guidance above) then please list these in the 'other costs' table, noting why you believe they fall under the software capitalisation criteria above.