Pwyllgor Digidol, Data ac Arloesi/ Digital, Data and Innovation Committee

DYDDIAD Y CYFARFOD: DATE OF MEETING:	21 JULY 2026
TEITL YR ADRODDIAD: TITLE OF REPORT:	R&D Finance Policy
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Mr Mark Henwood, Executive Medical Director
SWYDDOG ADRODD: REPORTING OFFICER:	Chris Tattersall, Assistant Head of Research Support

Pwrpas yr Adroddiad (dewiswch fel yn addas) **Purpose of the Report** (select as appropriate)
Ar Gyfer Penderfyniad/ For Decision

ADRODDIAD SCAA
SBAR REPORT

Sefyllfa / Situation

The Research & Development (R&D) Finance Policy is a Wales-wide mandated document with some scope for local changes. Following consultation, the final version has now been produced.

Cefndir / Background

The policy Research & Development Finance Policy template from the research division of the Welsh Government - Health and Care Research Wales (HCRW), describes the requirements and systems in place for the costing, management, accountability and distribution of all research related funding and income within all NHS organisations across Wales.

It is one of the NHS organisation's research governance policies, focusing on the costing, management and accountability of all research funding in the NHS organisation.

The Managing Public Money document by HM Treasury sets out the principles of financial probity, transparency and accountability and these are reiterated in the Standing Financial Instructions (SFIs) issued by Welsh Ministers to Health Boards, Trusts and other NHS bodies, using powers of direction provided in section 12 (3) of the National Health Service (Wales) Act 2006.

Asesiad / Assessment

The draft Finance Policy Template has been shared for Health Board wide consultation in late 2025 with no comments received except from R&D. The feedback received from R&D was shared with HCRW, which responded to the comments and incorporated them in the national policy where appropriate.

The updated R&D Finance Policy was issued under a Welsh Health Circular on 12 March 2026 by HCRW.

The final policy with some HCRW approved localisations has been discussed and approved by the R&D Leadership (15/4/2026) Group and the Research & Innovation Sub-Committee (R&ISC) on 8 June 2026.

Argymhelliad / Recommendation

The Committee is asked to **APPROVE** adoption by HDdUHB of the NHS Wales Research & Innovation Finance Policy 2026.

Amcanion: (rhaid cwblhau) **Objectives: (must be completed)**	
Cyfeirnod Cylch Gorchwyl y Pwyllgor: Committee ToR Reference:	3.1.17 Seek assurance that the commercialisation of research, innovation, related developments are appropriately risk assessed and in accordance with health board duties, policies, and procedures.
Cyfeirnod Cofrestr Risg Datix, Teitl a Sgôr Risg Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	Not Applicable
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	4. Learning, improvement and research
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Nodau Cynllunio 2026/27 Planning Goals 2026/27	8. Fit for Purpose, Modern Facilities and Services
Hypergyswllt i Amcanion Llesiant HDdUHB 2026	10. Not Applicable

Hyperlink to HDdUHB Well-being Objectives 2026	
Model Cymdeithasol ar gyfer Iechyd a Llesiant: (wedi'i gwblhau ar gyfer newid strategol a/neu newidiadau sylweddol i wasanaethau) A Social Model for Health and Wellbeing: (*complete for strategic change and/or significant service changes)*	Not Applicable
Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Not Applicable
Rhestr Termau: Glossary of Terms:	Within the policy
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y cyfarfod hwn: Parties / Committees consulted prior to this meeting:	R&D Leadership Group 15/4/2026 R&I Sub Committee 8/6/2026

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Hywel Dda Finance department via R&D have commented on the template policy. All comments have been discussed and incorporated as appropriate. This policy will not result in additional expenditure but will be followed in respect of managing the finances of the Department.
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable
Gweithlu: Workforce:	Not Applicable
Tegwch Iechyd: Health Equity:	An EqIA has been submitted and approved as part of the health board-wide consultation process.
Risg: Risk:	Not Applicable

Cyfreithiol: **Legal:**	The Managing Public Money document by HM Treasury sets out the principles of financial probity, transparency and accountability and these are reiterated in the Standing Financial Instructions (SFIs) issued by Welsh Ministers to Health Boards, Trusts and other NHS bodies, using powers of direction provided in section 12 (3) of the National Health Service (Wales) Act 2006.
Enw Da: **Reputational:**	As a Wales-wide mandated policy, non-acceptance would result in reputational damage.
Gyfrinachedd: **Privacy:**	Not Applicable
Cydraddoldeb: **Equality:**	An EqIA has been submitted and approved as part of the health board-wide consultation process.

Llywodraeth Cymru
Welsh Government

Ymchwil Iechyd a Gofal Cymru
Health and Care Research Wales

NHS R&D Finance Policy 2026

Version 03; 9 June 2026

Llywodraeth Cymru
Welsh Government

Ymchwil Iechyd a Gofal Cymru
Health and Care Research Wales

Version Control

Version	Summary of Amendments	Issue Date
01	Initial Issue	April 2017
02	Terminology updated to reflect current funding streams and policies. Sections re-ordered to outline the full processes for costing and income management of non-commercial research separately from commercial research. **Section 5: Costing Research Studies** • Distinction between costing process for lead sites and participating sites for non-commercial studies • Addition of SoECAT to confirm resource requirement at grant application stage. • Explanation of National Contract Value Review (NCVR). • Explanation of the Interactive Costing Template (iCT) and how it calculates direct costs, indirect costs (overheads) and capacity building fee, including application of the updated Market Forces Factor (MFF). **Section 6: Funding streams and sources of income associated with research in the NHS** • Clearer distinction between non-commercial and commercial funding streams **Section 7: Research Accounts** • More concise overview of Research Accounts structure **Section 8: Management of Research Accounts** New section to outline the following: • 8.1 Research Account set-up • 8.2 Account signatories • 8.3 Managing Income and Expenditure through a Research Account • 8.4 Review of a Research account • 8.5 Closure of a Research Account	May 2025

	Section 9: Income Management & Distribution • **9.3 Commercial study income** • **9.3.1 Direct Costs Income Distribution** • **9.3.2 Indirect Costs Income Distribution** • **9.3.3 Capacity Building Income Distribution** Income distribution models expanded, consistent with NIHR recommendations, for NHS organisations to outline their adopted approach across cost types. • **9.3.4 Market Forces Factor (MFF)** Explanation of increased MFF to cover higher local individual itemised costs, ensuring there is no overall shortfall in funding delivery of a study. **Section 10: Invoicing** • Updated invoicing process flow diagram, to reference relevant sections. **Section 11: Deferred Income Rules:** • Updated to strengthen NHS organisations understanding of IFRS15 and their ability to recognise research related income in the appropriate way to allow deferral across financial years. • Explanation that future capacity building is a performance obligation of a commercial research contract (as well as completion of the study) and if unmet at the end of the financial year, can be deferred to the next. • Reference to model Commercial Trials Agreement (mCTA) which includes a financial appendix and accompanying guidance regarding use of funding across financial years. **Appendix 1: Worked example of commercial income distribution:** • Updated to show the benefits of NCVR and increased MFF for Wales. **Appendix 2: Examples of overheads covered by Interactive Costing Tool (iCT) 70% indirect cost rate:** • Provided for information, as per NIHR guidance.	

	Section 9.3 Updated Appendix 1 removed as detailed in 9.3 and replaced with Terms and conditions of investigator research accounts. Also examples added. Appendix 2 Examples of Overheads covered by commercial income for service departments.	

Contents

1. Purpose

This policy describes the requirements and systems in place for the costing, management, accountability and distribution of all research related funding and income within NHS organisations across Wales.

2. Scope

This policy applies to:

- All NHS organisations in Wales
- Non-commercial and commercial research activities
- The following types of income/ funding available:
  - Research delivery funding as provided by Welsh Government quarterly
  - Non-commercial research income
  - Commercial research income
  - Charitable funds donated for research
  - Grant income from research led by the organisation
  - Grant income from research undertaken or hosted by the organisation
  - Wales Commercial research delivery funding (VPAG)

Funding related to service evaluation, service improvement projects, innovation projects and audits are not covered by this policy.

3. Policy context

This policy is one of the NHS organisation's research governance policies, focusing on the costing, management and accountability of all research funding in the NHS organisation.

The Managing Public Money[1] document by HM Treasury sets out the principles of financial probity, transparency and accountability and these are reiterated in the Standing Financial Instructions[2] (SFIs) issued by Welsh Ministers to Health Boards, Trusts and other NHS bodies, using powers of direction provided in section 12 (3) of the National Health Service (Wales) Act 2006.

These SFIs are 'designed to ensure that the Health Board's financial transactions are carried out in accordance with the law and with Welsh Government policy in order to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability'. Rules are also set out by the Charity Commission regarding the use of public funds[3].

[1] Managing Public Money May 2023
[2] Standing Orders - NHS Wales Shared Services Partnership
[3] Publication scheme - The Charity Commission - GOV.UK

Financial probity and compliance with the law and other relevant rules are as important in research as in any other area of NHS finance and the use of public funds in Wales.

Supporting NHS research yields real benefits for the NHS, its patients, research sponsors and investigators. Ensuring continued success and investment in research is dependent on putting in place effective and efficient funding flow mechanisms which are consistent, fair and transparent.

The management of research related funding and income requires that comprehensive accountability and transparency can be demonstrated in all research undertaken in NHS organisations across Wales.

The principles for meeting patient care costs associated with externally funded research are covered by various policies and guidelines, which are updated from time to time. These include (but not limited to):

- Health Service Guidelines initially issued by the Department of Health in 1997 (HSG (97) 32)
- Welsh Government Guidance: Attributing the costs of health and social care research & development (AcoRD) [4], which is a set of principles agreed across the UK, building on HSG (97) 32
- Welsh Government commissioned operational guidance document All Wales Support & Delivery Funding - Technical guidance for NHS Organisations & Support & Delivery Centre [5]
- Commercial Research Delivery Framework
- NHS R&D Framework for Research and Developments WHC 2023/026
- UK Policy Framework for Health and Social Care Research [6]
- ICH Harmonised Tripartite Guideline for Good Clinical Practice (CPMP/ICH/135/95) [7]

NHS organisations have a duty to ensure that income from research covers the costs incurred, without calling on routine clinical service or patient care budgets.

NHS organisations need to be able to demonstrate that they are covering costs and managing accounts in accordance with policy and national standards. Through support from Health and Care Research Wales, NHS organisations across Wales have therefore established a rigorous financial management process for research income and expenditure to ensure that NHS organisations:

- allocate expert accounting input into costing and monitoring of finances related to research
- can demonstrate appropriate use of research related income
- can demonstrate how Research and Development (R&D) offices adhere to the Standing Financial Instructions
- maintain and demonstrate financial probity in all matters concerning research governance

[4] Attributing the costs of health and social care research & development (AcoRD)
[5] All Wales Support & Delivery Funding - Technical guidance for NHS Organisations & Support & Delivery Centre
[6] UK Policy Framework for Health and Social Care Research
[7] ICH Harmonised Tripartite Guideline for Good Clinical Practice (CPMP/ICH/135/95)

4. Types of research:

There are various funding streams for NHS research, which are categorised into two main funding streams:

- Non-commercial
- Commercial

4.1 Non-commercial Research

These are research studies that are initiated and led by a non-commercial based research sponsor. Within non-commercial research, this will either be portfolio or non-portfolio, details as follow:

- ### Portfolio

  These are high quality studies, as determined by their funding source (through open national competition) and peer review, and meet the portfolio eligibility criteria[8]. Examples include studies funded by Welsh Government funding streams (e.g. Integrated Funding Scheme); the National Institute for Health Research (NIHR) or other charity partners like Cancer Research UK (eligible funding streams only). These studies may include collaborative research with a range of funders or partners e.g. industry and charities.

- ### Non-portfolio

  These tend to be smaller standalone research projects being conducted as a one off, often with no plans to develop bids for portfolio eligible funders. They do not meet the portfolio eligibility criteria.

4.2 Commercial Research

These are research studies that are initiated and led by an industry-based research sponsor.

5. Costing Research Studies

Researchers must engage with the R&D office at the earliest stage when considering undertaking a research project to ensure that advice and support can be provided on grants, costings and the regulatory requirements.

[8] portfolio eligibility criteria

5.1 Costing Non-Commercial Research

5.1.1 Research grant applications

When grant applications are being prepared, all planned activities within that research study should be attributed with the use of AcoRD[9] in order to ensure that the correct funding is being requested from the funder.

For most grant applications, a SoECAT (Schedule of Events Cost Attribution Template) [10] must be completed to identify all planned activities within that research study and determine the cost attribution of each, with the use of AcoRD in order to ensure that the correct funding is being requested from the funder.

5.1.2 Acting as a participating site

Relevant costing template should be completed for each study accordingly. The template should detail the activity and the cost of the non-commercial activity. The model Non-Commmercial Agreement (mNCA) or Organisational Information Document (OID) should also detail how payments will be managed.

5.2 Costing Commercial Research

The price to be charged for commercially funded contract research should be at least equal to the full cost as determined by the commercial sponsor, through use of the UK wide commercial Interactive Costing Tool (iCT). All activities over standard care must be covered by the commercial sponsor.

The iCT provides a clear standard methodology to calculate consistent and transparent prices for the resource associated with delivering each commercially funded contract study to support both the Life-Sciences Industry and the NHS minimise setup time related to cost agreement.

Data relating to the single costing methodology is built into iCT, including per-participant costs in addition to standard of care. The methodology identifies Agenda for Change rates for specific bands of NHS staff time representing the direct costs. Any overheads are covered by the indirect cost and capacity building elements. Prices for investigations and costs for service departments supporting research are also included. These values are all localised with the research Market Forces Factor (MFF). Only tasks performed by sites in addition to normal or routine patient care are captured in the iCT.

Further information and support regarding the iCT and the development of its cost structure and values are available on the How the interactive Costing Tool (iCT) calculates the costs of studies at sites[11] webpage.

5.2.1 National Contract Value Review (NCVR)

National contract value review (NCVR) is a standardised, national approach to costing for commercially funded contract research, and in October 2024, it became mandatory for all commercial trials in the NHS across the UK.

[9] AcoRD
[10] SoECAT (Schedule of Events Cost Attribution Template)
[11] How the interactive Costing Tool (iCT) calculates the costs of studies at sites

It creates transparency and streamlines administrative processes by providing the site-level costs as a financial appendix for direct insertion into localised contracts. Local negotiation of contract value is **not permitted,** and all NHS Organisations must use the fixed financial appendix in the clinical trial agreement.

The NCVR process significantly reduces the time it takes to set-up commercial studies in the NHS and the resource required to cost commercial clinical trials, including staff resources, as the activity and cost negotiation is done once by the lead site in the UK rather than at each study site.

NCVR ensures that the NHS costs (direct and indirect) are covered. The type of income and receiving department should be identified in the study review and set-up stage. Where permitted by financial systems, the relevant departments should be identified on invoices to facilitate the flow of funds to the appropriate budget.

NCVR uses the NIHR Interactive Costing Template (iCT) to:

- determine resource requirements for study delivery at a national level
- calculate site-specific prices, ensuring commercial trials are costed correctly and the NHS recovers the costs
- include a site-specific multiplier that considers local MFF and overheads.

A capacity building rate is added to both direct staff time and investigation costs within the NCVR, to maintain, strengthen and grow sustainable research infrastructure, as well as build capacity, retain skills and strengthen eligibility to deliver future research.

The MFF tariff included in the cost of the study provides an adjustment value to accommodate the unavoidable cost differences of providing healthcare across the country.

The finance appendix for UK templated model commercial agreements, developed as part of the NCVR standardised national approach to costing commercial contract research has been mandated as follows:

- The current mandate to use the appropriate UK template agreement without modification
- Site specific prices generated in the iCT will be included in a standard template for the financial appendix of the model agreements and local modification will not be permitted.

There is an NCVR escalation pathway to understand when and how to escalate issues or errors with the NCVR review, or wider NCVR programme. An infogram[12] has been co-created by the four UK nations which provides information on the UK NCVR escalation pathway.

More information on National Contract Value Review can be found on the Health and Care Research Wales website[13]

[12] NCVR escalation pathway infogram
[13] Faster costing for commercial research in the UK | Health Care Research Wales

6. Funding streams and sources of income associated with research in the NHS

Funding streams and sources of income are divided into non-commercial and commercial.

6.1 Non-commercial

All NHS organisations in Wales receive research delivery funding quarterly from Welsh Government. The funding is intended to support NHS organisations in delivering their non-commercial research portfolio locally, including funding for research delivery staff time. Funding is provided based on the in-year resource needs of the research studies that are to be delivered (including those in follow-up), with funding directed to where and when those resources are needed and to where and when those costs are incurred.

Income from non-commercial studies covers research cost activities, as defined in the AcoRD Cost Attribution policy guidance (see section 5.1 for more information).

Excess Treatment Costs (ETCs) are funded on a study-by-study basis, from a centralised Welsh Government budget[14].

Centralised support cost funding is available to Powys THB, Public Health Wales and Welsh Ambulance Service on a study-by-study basis.

6.2 Commercial

Income from commercial studies, including overheads and capacity building fees are funded as determined through the NCVR process (as outlined in section 5.2.1 above)

6.3 Other

Programme investment funding including:

- Wales commercial research delivery funding (via the Voluntary Pricing Access and Growth (VPAG) funding allocated to Wales)
- Savings to the NHS and health community
- Charitable funding for research

[14] Make arrangements for support costs and excess treatment costs (ETCs) in the NHS and social care | Health Care Research Wales

7. Research Accounts

All commercially sponsored and non-commercial research income, which is not a genuinely charitable donation and relates to the NHS organisation must be held within ring-fenced research accounts on the NHS organisation's central ledger.

7.1 R&D Office Research Accounts

These accounts must hold all R&D funding types previously described in section 6, for investment on an organisation wide basis. Each type of income should be reported under separate subjective codes within the related budget.

7.2 Investigator/departmental Research Accounts

These accounts are intended to hold research related income for individual research active clinical specialties. Where more than one investigator exists for a specialty, all investigators are encouraged to work collaboratively as a consortium, planning income and expenditure, undertaking overall management of their research account. Where the account is departmental, it is expected that investigators departmental leads/support departments work collaboratively as a consortium, planning income and expenditure, undertaking overall management of their research account. See **Appendix 2** for terms and conditions of investigator research accounts.

8. Management of Research Accounts

The set up, management and closure of research accounts should be managed by the R&D office in conjunction with the NHS Finance Department. All income held in a research account is the property of the NHS organisation and is not owned by any individual who may have been involved in securing funding.

8.1 Research Account Set Up

The R&D finance manager and R&D manager are responsible for setting up research accounts on their organisation's general revenue ledger.

To open a research account the NHS finance department need evidence of the funding arrangements. A completed authorised signatory form is required by the finance department to open and activate any type of research account.

The research account budget holders are required to authorise all expenditure from the research accounts and to ensure that the NHS organisation service budget is reimbursed for any research only tests or treatment costs.

Finance departments must maintain a record of all transactions posted to the NHS organisation's ledger and report on a monthly basis to account signatories.

Occasionally, a charitable research grant may be managed via the NHS organisation's charitable accounts systems, where the principles covered by this policy still apply.

The overall budget is the responsibility of the NHS organisation, who will report regularly to the relevant budget holders.

8.2 Account Signatories

Up to three account signatories plus a member of R&D office staff can be assigned to a research account. It is the responsibility of the account signatories to manage the account. One account signatory must be named as the main budget holder. If the main signatory of the research account leaves the NHS organisation the money remains in the control of the NHS organisation.

If the money is linked to a grant, and it has been agreed that control of the grant is transferred to another organisation then this should be arranged by the R&D office in consultation with the finance department.

Money held in research accounts is not the property of the account signatories, and if the money is not linked to a grant, the money must remain at the NHS organisation and new account signatories should be nominated.

8.3 Managing Income and Expenditure through a Research Account

It is the responsibility of all the budget holders to manage the income and expenditure through the research account, support financial forecasting and to ensure that there are sufficient funds to cover the expected outgoings. The NHS finance department should send bi-monthly account statements to assist with this. It is the responsibility of the signatories on the account to review the statements on a bi-monthly basis.

Overspending on budgets is not permitted. The budget holders are responsible for ensuring that projects remain within budget and if not, may be liable for making the necessary arrangements to cover any shortfall.

The management of the financial risks of the project is the responsibility of budget holders. The R&D finance manager should notify the R&D office of any overspend. The R&D office should notify the lead budget holder and request immediate corrective action. Where unsatisfactory responses are received, the matter must be escalated to the department leads and Finance Director.

Expenditure is authorised by the budget holders and in line with current local NHS organisational policies. All expenditure should be in line with the NHS organisation's rules and regulations, policies and procedures.

Invoices are raised through the R&D office and issued through the NHS Finance department. Invoices need to be requested and are not automatically generated.

It is the responsibility of the budget holders to ensure that the invoices are raised in accordance with the contract and the invoice value is correct before the invoice is raised.

8.4 Review of Research Accounts

All research accounts are subject to both internal and external audit review. Only where studies have been approved by the R&D office can they incur expenditure against research accounts.

The signatories are required to provide a plan of expenditure, which is reviewed by the R&D office. If there is no agreed plan the account is considered dormant. If the account is dormant, then the account should be closed and the remaining funded transferred the R&D office accounts to enable future R&D activities, infrastructure or resources.

8.5 Closure of a Research Account

Written confirmation from the sponsor that the study is complete must be obtained by the study clinical team. This is retained on file, as documentary evidence of the closure of the research account and that there is no requirement for funds to be returned.

If the research study is closed and money remains in the account, after all money owed to the NHS organisation for research activities has been paid, then the account should be closed, and money moved to an R&D Office research account, for appropriate re-distribution to support the existing portfolio and individual investigators' spending plans.

9. Income Management & Distribution

Income distribution models are most effective when all income values are transparent to all departments involved through good local accounting allocations, clear distribution rule application and central oversight by the R&D office. The use of research income should be managed and monitored through spending plans which are reviewed and approved centrally by the R&D office. This approach ensures an integrated approach to research development across the NHS organisation.

9.1 Welsh Government Funding

Welsh Government provides several funding streams to support the delivery of commercial and non-commercial research activities. These include:

- Research Delivery Funding
- Wales Commercial Research Delivery Funding
- Excess Treatment Costs
- Centralised Support Costs

The management of these funding streams must adhere to the terms and conditions outlined in the corresponding Welsh Government funding award letters and guidance documents.

9.2 Non-commercial study income

NHS organisations must review the resource requirements of the study and identify any potential sources of income. For example, there may be funding within the research grant to cover the cost of NHS staff time spent in undertaking data collection or reporting associated with the study at each NHS organisation. There are sometimes lump sums provided to the organisation in recognition of the participation of the organisation in the study.

All research income identified from non-commercial studies must be invoiced for in a timely manner, with income distributed to the relevant research accounts.

Non-commercial research income should be paid into research accounts. The only exception to this is if the income covers staff time that has already been paid for by R&D, in which case this will be retained by R&D for re-investment; or if the income is for specific fees and charges.

All grant income should be paid into a study specific cost centre within a research account. This is used to cover all identified costs as detailed within the research grant application and the contract as signed with the grant funder. Where apropriate, at the end of the study, providing that the funding body agrees, any surpluses must be transferred to the R&D Office account and re-distributed to specialty research accounts and used for general research activity, subject to provision of acceptable spending plans.

Where an NHS organisation sponsors a research study, costs for providing sponsorship activities should be charged (e.g. for pharmacovigilance, contract management and study oversight).

The R&D Office will advise if costs for sponsorship related activities are required to be included in grant applications. All sponsor costs should be paid into the R&D Office budget under a specific income line.

Diagrams 1 and 2 below summarise how non-commercial research income (excluding sponsorship fees) is distributed:

Diagram 1: Distribution of income for non-commercial research investigation costs

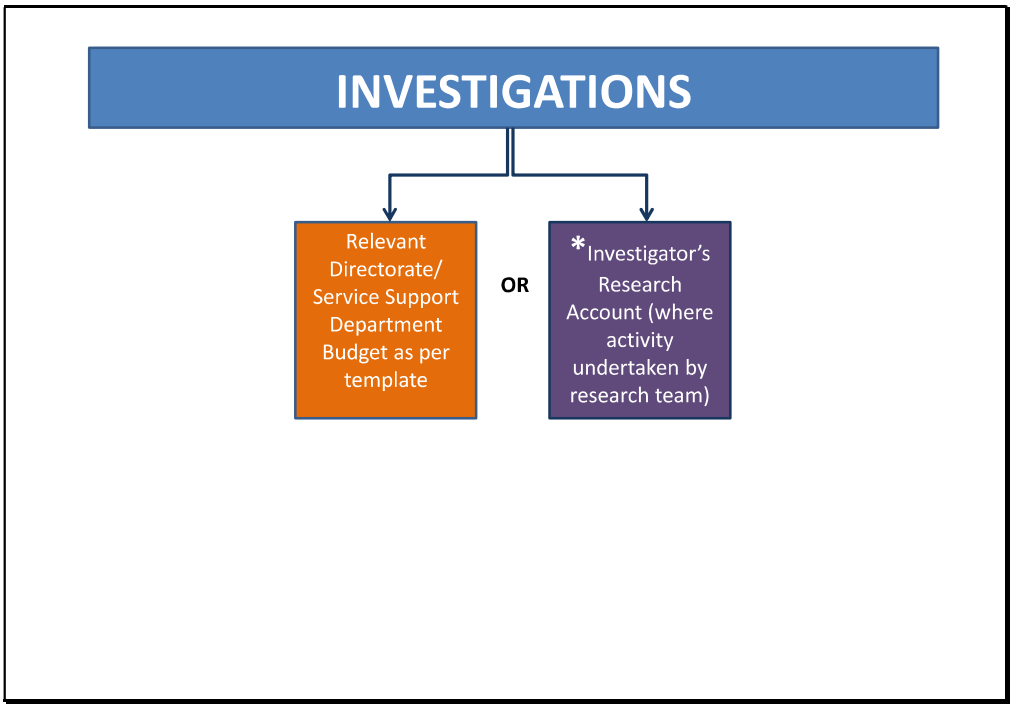
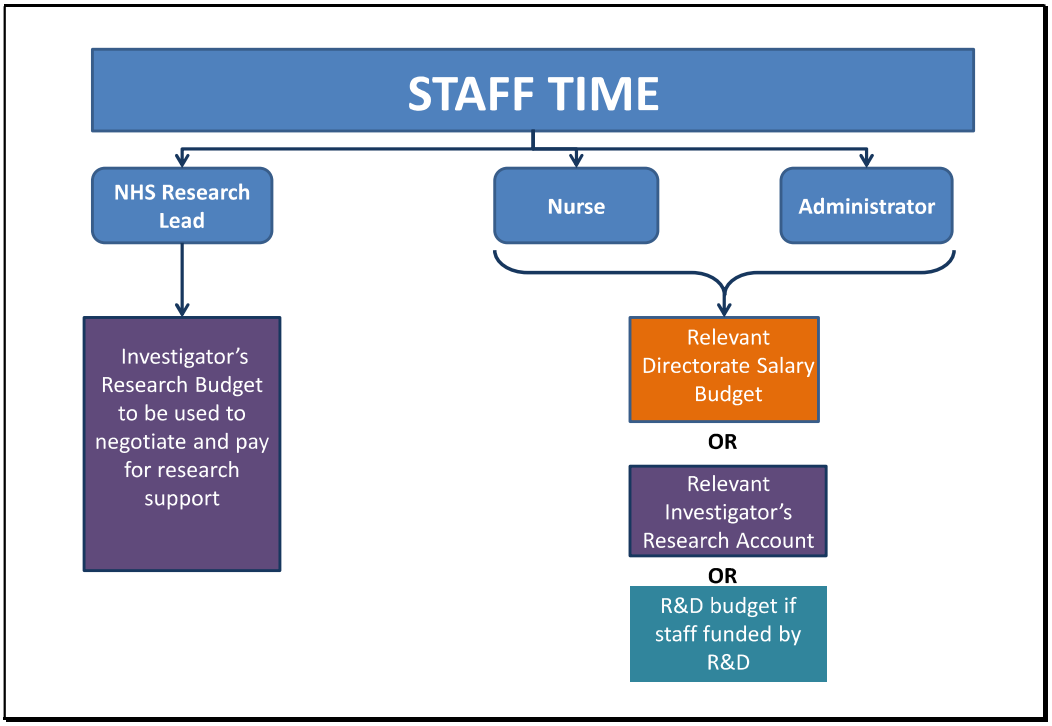


Diagram 2: Distribution of income for non-commercial research staff costs



9.3 Commercial study income

HDULB is fully signed up to the use of the iCT and NCVR.

A simplified income distribution model was tested using a number of commercial studies (observational and interventional) in order to ascertain its accuracy in maintaining an appropriate income compared to the suggested Wales Policy model. Th Hywel Dda model (described below) has been in effect since 2020 with no issue and a vastly reduced man-power requirement from R&D/finance in its operation.

Irrespective of how procedure/staff or investigation costs are made up (MFF, Capacity building element etc) they will be distributed using this model. Overall, using this model the service areas and investigators are not underfunded compared to the Wales Policy.

On study confirmation, the R&D office will issue an email detailing the costs to be claimed to the lead research team

Set-up / closedown costs

Full costs will be claimed and retained by R&D in the capacity building account unless specifically for other areas such as pharmacy set-up or investigator training.

Investigations

The full cost of investigations as listed in the iCT will be distributed directly to the areas concerned (including the 'capacity building' element). Any overpayment compared to the Wales Policy is considered appropriate to facilitate a smooth setup/review process and to ensure the service area can accommodate the research and potentially invest in their own research. These funds can be distributed to the service account to fund the procedures directly or split between the service area and their research account. This distribution will be discussed with the service lead in the set-up phase. Also see appendix 2.

Procedure/staff costs

Using the exported Excel file from the iCT the 'Procedures' will be separated between R&D costs (usually classified as 'nursing/manager') and Investigator costs (usually classified as 'medical staff') on a per patient basis. Occasionally there will be some 'nursing/manager' costs allocated to the investigator, if for example there are nurses in the investigators team being utilised, not R&D delivery staff.

Once the percentage split of the final costs per patient has been calculated between R&D and Investigator, this split will be applied to all procedure costs claimed. The percentage will be rounded up to the nearest 5% but only in the benefit of the investigator (may be varied in exceptional circumstances and with the agreement of the R&D Leadership Group).

Scheduled / All Participants							Visit Schedule					
Activity	Activity Type	Department	Activity Code	Staff Role	Time Required	Activity Cost	V1	V2	V3	V4	V5	Total Activity Cost
Informed consent	Procedure	Study Team	NIHR_PRC_001	Nursing/Manager	25	£ 22.08	1					£ 22.08
Informed consent	Procedure	Study Team	NIHR_PRC_001	Medical Staff	5	£ 10.33	1					£ 10.33
Inclusion / exclusion criteria	Procedure	Study Team	N/A	Nursing/Manager	5	£ 4.42	1					£ 4.42
Inclusion / exclusion criteria	Procedure	Study Team	N/A	Medical Staff	5	£ 10.33	1					£ 10.33
CRF/eCRF completion including data transfer and query resolution	Procedure	Study Team	NIHR_PRC_026	Nursing/Manager	60	£ 53.00	1					£ 53.00
CRF/eCRF completion including data transfer and query resolution	Procedure	Study Team	NIHR_PRC_026	Medical Staff	0	£ -	1					£ -
CRF/eCRF completion including data transfer and query resolution	Procedure	Study Team	NIHR_PRC_026	Nursing/Manager	40	£ 35.33		1	1	1	1	£ 141.33
CRF/eCRF completion including data transfer and query resolution	Procedure	Study Team	NIHR_PRC_026	Medical Staff	0	£ -		1	1	1	1	£ -
Review/reporting of participant AEs/SAEs	Procedure	Study Team	NIHR_PRC_027	Nursing/Manager	10	£ 8.83	1	1	1	1	1	£ 44.17
Review/reporting of participant AEs/SAEs	Procedure	Study Team	NIHR_PRC_027	Medical Staff	5	£ 10.33	1	1	1	1	1	£ 51.67
						Without Overheads	£ 119.33	£ 54.50	£ 54.50	£ 54.50	£ 54.50	£ 337.33

The example above shows highlighted 'R&D' per patient procedure income as £265 of the total £337.33. This equates to R&D: 78.558%, Investigator: 21.442%

The split for all procedure costs will therefore be R&D: 75%, Investigator: 25%

10. Invoicing

All invoices or requests to raise an invoice must be sent to the R&D Office. All payments must be made out to the individual NHS organisation and not to individually named accounts or directly to individuals. Failure to follow this process may result in delays, inappropriate or incorrect reimbursement to accounts. Similarly, incomplete and

inaccurate records will be available to auditors and the board, therefore it is critical to ensure that financial transparency, accuracy and probity are always demonstrated.

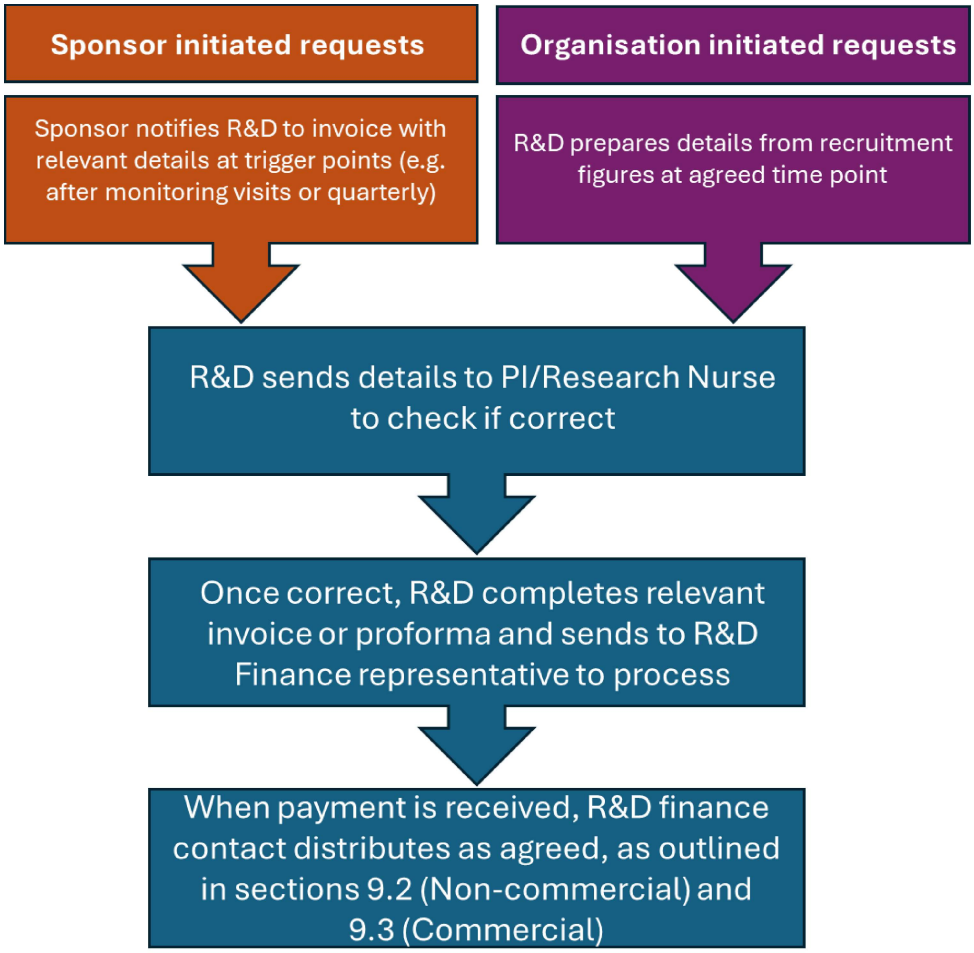
All contracts must stipulate who is responsible for initiating payments, when and how.

Invoicing can be triggered either by a request from the research Sponsor or CRO for commercial studies.

It is preferred that the Sponsor automatically generate payments or to automatically generate a reminder to the organisation to invoice for payment at defined trigger points. However, where automatic invoicing via the Sponsor is not in place, proactive arrangements for invoicing must be undertaken via the R&D Office and through the R&D Finance Manager or Accountant in consultation with the Principal Investigator.

The diagram below summarises the R&D invoicing process:

Diagram 5: R&D invoicing process



11. Deferred Income Rules

Funding/Income from government organisations (Welsh Government, Department of Health, NHS Trusts and Local Teaching or University Health Boards) must not be treated as deferred income. Expenses that have been incurred but are not yet recorded in the accounts at year-end should be accrued and the funding for this expenditure agreed with Welsh Government.

Income relating to commercial trial funding, as calculated via the iCT, can be deferred across financial years if the performance obligation of the commercial contract has not been met provided plans for expenditure are in place to maintain financial management and oversight. Spending plans must be discussed and agreed with the R&D Office and primarily be intended to cover investment in supporting the delivery of studies, including building research capacity.

To support the delivery of studies that remain open beyond the end of the financial year and therefore have an unmet performance obligation associated with study completion, study specific income can be deferred across financial years.

To support the organisation's ability to deliver commercial research at the standard required by commercial research sponsors, capacity building income can be deferred across financial years if there is an unmet performance obligation associated with improving the organisation's capacity and infrastructure to the level required for ongoing high quality commercial research delivery. There is an expectation from commercial research sponsors that capacity building income will be used for this purpose and forms the performance obligation of the capacity building element of a commercial research contract.

11.1 International Financial Reporting Standard (IFRS) 15

IFRS 15 provides the following principles-based 5 step model to be applied to all contracts with customers.

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 should not be used as a mechanism to recognise income on a cost accounting basis. The income can be recognised as and when the performance obligations have been completed – for example, study specific agreed research activities have been completed or capacity related improvements achieved. At that point, the NHS organisation should determine an appropriate measure of progress to determine how much revenue should be recognised, in accordance withIFRS 15.

Income from the delivery of commercial contract studies covers the costs of undertaking the activities required and funds the building of the capacity and capability for further research in the NHS.

Income recognition in statutory accounts in respect of commercial contract research must follow IFRS 15. An NHS organisation has a contract to carry out obligations (the research/increased capacity), for a customer for an agreed price. Although Commercial research income is generally received in arrears to pay for activity already completed, it is 'recognised' once the performance obligations have been completed i.e. the end of the study or achievement of increased capacity and not when the asset is transferred to the sponsor.

The income should therefore be recognised as or when the NHS organisation fulfils the performance obligations, not when an invoice is issued. **Funding for commercial contract research can therefore be deferred to future financial years where performance obligations remain outstanding at year-end**[15] [16]**.**

11.2 Model Clinical Trial Agreement (mCTA) Financial Appendix

As part of the executed mCTA the sponsor acknowledges that the trial site can defer funds paid under this agreement to build research capacity in future financial years. Both parties acknowledge that there is no obligation under this agreement on the trial site to either spend funds paid under the agreement within the same financial year, or to refund the sponsor with any sums not spent within the same financial year.[17]

12. Savings to the health community

Participating in research can provide significant and substantial potential savings to the NHS and should be recognised widely as an additional benefit in supporting high quality research. This is a valuable source of 'potential funding' for investment into both research capacity and infrastructure as well as general clinical service provision.

A large proportion of research studies provide free medication or devices which over time can lead to significant cost savings for the NHS organisation whilst the trial is underway. Additionally, other research studies test more effective treatments, which may save costs on existing patient treatment pathways and provide valuable data for use in appraisal by the All-Wales Medicines Strategy Group (AWMSG) or the National Institute for Health and Care Excellence (NICE).

The overall net effect of a research study must be reviewed. Additionally, the organisation is committed to ensuring that information on the overall effect of the whole research portfolio can be demonstrated in terms of cost savings.

NHS organisations are expected to contribute to national Health and Care Research Wales activities to support the collection of data or other information that demonstrates the value of research through the savings made to the NHS.

[15] NHS England » Managing research finance in the NHS
[16] Microsoft Word - UK Research Finance Guidance-v1.6
[17] IRAS Help - Preparing & submitting applications - Templates for supporting documents

Appendix 1 – Terms and conditions of investigator research accounts

Terms and conditions of investigator research accounts include:

1. Trials income earned from undertaking commercial and non-commercial research studies will be paid into the investigator research accounts (after relevant R&D and support department costs and/or fees have been deducted)
2. The account must be used primarily to support the research agenda within the specialty in accordance with the organisation's overall research objectives and strategy
3. Planned expenditure must never be more than income
4. At the end of each financial year, accounts with accrued income greater than the set threshold must provide spending plans on how investigators intend to use the funding, determined in collaboration with the R&D Office.
5. Spending plans are to be provided on a per annum rolling basis and reviewed by R&D at least 6 monthly. Spending plans must detail outline or planned spending / expenditure against income accrued, plus anticipated new income generated per annum
6. Failure to provide spending plans will result in the accrued income not being reinstated at the start of the new financial year. This income will be put into a general research support fund, managed by the R&D Office.
7. For Investigator research accounts with accrued income at year end less than the organisation's set threshold, provision of spending plans is optional.
8. The threshold will be set by the R&D office in consultation and agreement with the Finance Director
9. Investigator research accounts where there has been no transaction activity, and where there is no plan in place for 2 consecutive financial years will be cleared at year end and any accrued income will be transferred to the general R&D income budget line for investment into the general wider research agenda, unless a request is made to the R&D office providing reasonable explanations
10. Principal investigators should be listed as an authorised signatory against a nominated investigator research account. These authorised signatories are responsible for producing spending plans when requested by the R&D office
11. Failure to provide robust remedial action plans will result in any income accrued at the end of each financial year being defaulted automatically to the R&D general account and will not be reinstated to the investigators research account at the start of the new financial year
12. The R&D Director and Senior Management Team, in conjunction with the Finance Director reserves the right to review and change income thresholds and any other terms and conditions associated with Investigator research accounts at any time, associated with an appropriate notice period before enactment
13. Spending must be discussed with and approved by R&D and priority will be given to expenditure that supports the development and delivery of high-quality research studies

Examples of appropritae spend include:

• Conference attendance – ideally to present findings of a research study undertaken at HDUHB, at local, national and international conferences, including reasonable travel and accommodation costs, poster production costs, but also to network with peers in order to explore potential future research opportunities.

• Promoting research in the department – providing backfill for staff to attend research training courses e.g. Health and Care Research Wales' Foundation in Research Practice course or Good Clinical Practice training, contribution to the wider research endeavour in line with the local NHS R&D Strategy.

• Supporting researchers in the design, set up and delivery of high-quality research studies, e.g.:

- Undertaking database searches;
- Performing literature searches;
- Coordinating and undertaking early feasibility assessments;
- Developing research questions/proposals;
- Searching and applying for grant funding;
- Securing statistical support in order to develop a grant application/research proposal

• Equipment which could be used to support future research in the department (non-capital equipment under £5k including VAT), e.g.:

- Research fridge/freezer for storage of samples/reagents;
- Centrifuge for research use;
- Translation costs for patient and public facing documentation (to meet the requirements of the Welsh Language Act).

Appendix 2 – Examples of Overheads covered by commercial income for service departments.

Indirect costs which are included in the commercial distribution of funds to service areas, provide a representative value for the running costs of conducting a commercial study that are not already covered by the direct costs (i.e. the real cost of carrying out a research activity). These indirect costs include physical aspects such as:

- Heating
- Lighting
- Building maintenance
- Security
- Central finance
- Human resources

- Corporate and strategic management of the organisation (adherence to national processes for corporate oversight offered by the CEO, the finance director, R&D director and others to ensure efficiency and cost savings within the organisation/unit)
- General study oversight and administration, including:
    1. Visit management
    2. Investigator, Nurse and coordinator oversight
    3. Medical records/worksheets setup
    4. Category C and contract amendment activities
    5. Change of Sponsor/CRO administration
    6. Financial management of study - invoice generation for all departments
    7. General maintenance of study related paperwork (excluding data management)
    8. Pre-screening (e.g. note searches) that sites may perform where the CI and Sponsor do not feel it is justified (excluding pre-screening activity where the Sponsor and CI/reviewer feel it is necessary to make the protocol work and results in significant workload for the participating organisation)
    9. Pre-site selection or feasibility tasks
    10. Setup and maintenance of standard NHS finance and IT systems (excluding IT support department setup where additional software installation or quality assurance is required by Sponsor for a study)
    11. Study related communications
    12. Arrangement/attendance at any introduction or qualification meetings
    13. Time spent preparing or attending inspections by regulatory bodies
    14. Medical record retrieval
    15. Internal contracts or paperwork for staff, e.g. honorary contracts or University/Health Board agreements for research staff
    16. Principle Investigator duty of care responsibilities, including investigator review of safety reporting provided by commercial Sponsor, e.g. annual safety reports
    17. Storage space/coordination of equipment/notes

As these costs are already covered within the indirect cost component associated with direct labour activity, the activities listed above should not be added separately to the iCT. Any staff time associated with investigation activities is already included within the investigation cost and therefore should not be charged separately either, e.g. overnight staffing costs are covered in the cost of an overnight stay, ECG nursing and upload time is covered in the cost of an ECG in the tariff data.

Equality Impact Assessment (EqIA) Screening Template

When to complete an EqIA Screening

An EqIA Screening Template must be completed when reviewing, changing and developing procedures/ proposals/ projects/ policies. This is a first step and is used to consider whether there are any negative impacts that may arise.

Purpose of an EqIA Screening Template

The purpose of this short exercise is to ensure that you have shown appropriate due regard when considering the impact for people with protected characteristics in your decision making. The screening process is designed to help you consider the circumstances and to inform evidence-based decisions.

If the proposal is of a significant nature and it is apparent from the outset that a full EqIA will be required, then it is not necessary to complete this Screening Template, you can proceed to complete the full EqIA.

If no negative impacts are identified following completion of the EqIA screening then it is not necessary to undertake a full EqIA however, the decision and justification must be clearly recorded in this document.

On completion of the Screening Template:

- Ensure that all the white boxes within the screening are completed.
- Ensure that the Procedure/ Project/ Proposal/ Policy owner has signed and dated the Screening Template.
- Send a copy of the completed template along with the related policy or project proposal to Inclusion.hdd@wales.nhs.uk for the Diversity & Inclusion Team to review.
- Each Screening Template will be reviewed by the Diversity & Inclusion Team and feedback will be provided to the Procedure/ Project/ Proposal/ Policy owner. This may include recommendations for further action to inform robust decision-making.

Support

For further support please visit the EqIA Sharepoint or contact:
Email: Inclusion.hdd@wales.nhs.uk
Tel: 01554 899055

Director and Directorate	Dr Leighton Phillips, Research and Development Division/ Is-adran Ymchwil a Datblygiad
Service Area	Department of Research, Innovation, and VBHC/ Yr Adran Ymchwil, Arloesedd, a GISW

Title of Procedure, Project, Proposal, Policy being screened:	NHS R&D Finance Policy

Description of the Procedure/ Project/ Proposal/ Policy being screened (including key aims and objectives)

This policy describes the requirements and systems in place for the costing, management, accountability and distribution of all research related funding and income within NHS organisations across Wales.

It is a Wales-wide Government mandated Policy.

Evidence considered (including staff and population data, relevant research, expert and community knowledge etc.)

This policy is one of the NHS organisation's research governance policies, focusing on the costing, management and accountability of all research funding in the NHS organisation. The Managing Public Money document by HM Treasury sets out the principles of financial probity, transparency and accountability and these are reiterated in the Standing Financial Instructions (SFIs) issued by Welsh Ministers to Health Boards, Trusts and other NHS bodies, using powers of direction provided in section 12 (3) of the National Health Service (Wales) Act 2006.

These SFIs are 'designed to ensure that the Health Board's financial transactions are carried out in accordance with the law and with Welsh Government policy in order to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability'. Rules are also set out by the Charity Commission regarding the use of public funds.

Financial probity and compliance with the law and other relevant rules are as important in research as in any other area of NHS finance and the use of public funds in Wales.

Supporting NHS research yields real benefits for the NHS, its patients, research sponsors and investigators. Ensuring continued success and investment in research is dependent

on putting in place effective and efficient funding flow mechanisms which are consistent, fair and transparent.

The management of research related funding and income requires that comprehensive accountability and transparency can be demonstrated in all research undertaken in NHS organisations across Wales.

The principles for meeting patient care costs associated with externally funded research are covered by various policies and guidelines, which are updated from time to time. These include (but not limited to):

- Health Service Guidelines initially issued by the Department of Health in 1997 (HSG (97) 32)
- Welsh Government Guidance: Attributing the costs of health and social care research & development (AcoRD), which is a set of principles agreed across the UK, building on HSG (97) 32
- Welsh Government commissioned operational guidance document All Wales Support & Delivery Funding - Technical guidance for NHS Organisations & Support & Delivery Centre
- Commercial Research Delivery Framework
- NHS R&D Framework for Research and Developments WHC 2023/026
- UK Policy Framework for Health and Social Care Research
- ICH Harmonised Tripartite Guideline for Good Clinical Practice (CPMP/ICH/135/95)

NHS organisations have a duty to ensure that income from research covers the costs incurred, without calling on routine clinical service or patient care budgets.

NHS organisations need to be able to demonstrate that they are covering costs and managing accounts in accordance with policy and national standards. Through support from Health and Care Research Wales, NHS organisations across Wales have therefore established a rigorous financial management process for research income and expenditure to ensure that NHS organisations:

- allocate expert accounting input into costing and monitoring of finances related to research
- can demonstrate appropriate use of research related income
- can demonstrate how Research and Development (R&D) offices adhere to the Standing Financial Instructions
- maintain and demonstrate financial probity in all matters concerning research governance

Assess which protected characteristics will potentially be affected by the proposal in the table below (please □ the relevant box to confirm positive, negative or no impact)**.**

If at any point a negative impact has been identified (actual or potential), you do not need to proceed with the completion of this form, as a full EqIA must be undertaken: Equality Impact Assessments (EqIAs) (sharepoint.com)

Age Is it likely to affect older and younger people in different ways or affect one age group and not another?					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Disability Is it likely to affect those with a physical disability, learning disability, sensory loss or impairment, mental health conditions, long-term medical conditions such as diabetes?					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Gender Reassignment Is it likely to affect those who either: • Have undergone, intend to undergo or are currently undergoing gender reassignment. • Do not intend to undergo medical treatment but wish to live in a different gender from their gender at birth					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Marriage / Civil Partnership Under the Equality Act, the characteristic of Marriage and Civil Partnerships is only protected in the workplace/ employment. Is it likely to affect those who are married or in a Civil Partnership? This means someone who is legally married or in a civil partnership.					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Pregnancy and Maternity Is it likely to affect those who are pregnant or have recently had a baby? Maternity covers the period of 26 weeks after having a baby, whether or not they are on Maternity Leave.					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Race / Ethnicity Is it likely to affect people of a different race, nationality, colour, culture or ethnic origin including non-English / Welsh speakers, Gypsies/Travellers, asylum seekers and migrant workers?					
Positive Impact		Negative Impact		No Impact	x

Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Religion or Belief Is it likely to affect people who have a religion or belief? The term 'religion' includes a religious or philosophical belief.					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Sex Is it likely to affect people who are mostly male or female. Where it applies to both equally does it affect one differently to the other?					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Sexual Orientation Whether a person's sexual attraction is towards their own sex, the opposite sex or either.					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Armed Forces Community Consider whether this impacts on members of the Armed Forces and their families, whose health needs may be impacted long after they have left the Armed Forces and returned to civilian life. Also consider their unique experiences when accessing and using day-to-day public and private services compared to the general population. It could be through 'unfamiliarity with civilian life, or frequent moves around the country and the subsequent difficulties in maintaining support networks, for example, members of the Armed Forces can find accessing such goods and services challenging.' For a comprehensive guide to the Armed Forces Covenant Duty and supporting resource please see: **Armed-Forces-Covenant-duty-statutory-guidance**					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Socio Economic Duty Consider those on low income, economically inactive, unemployed or unable to work due to ill-health. Also consider people living in areas known to exhibit poor economic and/or health indicators and individuals who are unable to access services and facilities. Food / fuel poverty and personal or household debt should also be considered. For a comprehensive guide to the Socio-Economic Duty in Wales and supporting resources please see: more-equal-wales-socio-economic-duty					
Positive Impact		Negative Impact		No Impact	x

Justification of impact identified: This policy ensures the fair and transparent management of research funding and does not have a direct or disproportionate impact on individuals, irrespective of whether they possess a protected characteristic					
Welsh Language Is it likely to impact on opportunities for people to use the Welsh language? The Welsh language should be treated no less favourably than the English language.					
Positive Impact		Negative Impact		No Impact	x
Justification of impact identified: There will be no impact on opportunities for participants to use the Welsh language.					

If a negative impact has been identified, you are not required to complete this form as a full EqIA must be undertaken. A full EqIA template and guidance can be found on the following link: [Equality Impact Assessments (EqIAs) (sharepoint.com)]

Screening Completed by:	Name	Chris Tattersall
	Title	Assistant Head of R&D Support
	Contact details	Hywel Dda Health Board Withybush Hospital Haverfordwest Pembrokeshire SA61 2PZ chris.tattersall@wales.nhs.uk
	Date	09.07.2025
Screening Authorised by: (Directorate level owner of the procedures/ proposals/ projects/ policy)	Name	Sally Hore
	Title	Head of Research & Development
	Contact details	Sally.hore@wales.nhs.uk
	Date	9.7.25
Guidance has been provided by Diversity & Inclusion Team:	Name	Kylie Daniels
	Title	Senior Diversity and Inclusion Officer
	Contact details	Kylie.daniels@wales.nhs.uk
	Date	16/07/25
Diversity and Inclusion Team additional Comments:		

Please note: The D&I team will save a copy of the completed form for reference. If any changes are made after the date of review, it is the directorate's responsibility to update the EqIA and inform the D&I team.