

Maudsley Charity Overheads Policy - August 2024

1. Introduction

Our approach to overheads is applied at the discretion of the Charity staff and Trustees. It is designed to be enabling and supportive for grant applicants whilst ensuring best use of the Charity's assets. Overheads will be scrutinised according to the principles below. Not all grants that the Charity makes are eligible to apply overheads. Each individual bid will be considered independently and within its own context.

The Charity takes the view that non-payment towards overhead costs over time can diminish the ability of our partners to deliver excellent work for the benefit of people who experience mental illness. The policy therefore aims to be clear, consistent, fair and ensures we make best use of charitable funds.

Our approach to applying overheads is also informed by understanding the wider funding landscape and the needs of our key partners in different sectors; it is adapted to fit the Charity's purpose.

2. Principles underlying our policy

- a) **Maximising impact:** costs need to be reasonable and justified to ensure maximum funds go directly towards our objects. Our funds must not be used for example, to compensate for underfunding of core operations within the public or voluntary sector.
- b) **Fair funding:** we should recognise and contribute towards the real costs of work to ensure partner organisations do not take on projects at a loss (over time) and we continue to get high quality bids for funds.

This is relevant to all of the Charity's partners:

- For South London and Maudsley NHS Trust, given pressures on the NHS it is important to cover the real costs of programmes so as not to inappropriately create subsidisation from public funds that should be allocated to patient care.

- For Kings College London (KCL), the University is not entitled to receive Charity Research Support Funding/Quality-Related Research (QR) funding in relation to grants from Maudsley Charity. This funding is designed to provide universities with a contribution to directly allocated costs and indirect costs. We support the widely accepted principle that research programmes should be funded beyond direct activity costs.
 - For voluntary, community and social enterprise (VCSE) sector, there is increasing recognition of the importance of adequately covering the entire cost of activities/delivery to ensure the ongoing viability of the sector, particularly for smaller organisations.
- c) **Consistency:** we should treat our partners and community organisations consistently as far as possible and if there are differences, there should be a clear rationale. This is important given that we fund and encourage collaborative applications.
- d) **Practical to implement:** we need to avoid a significant burden at either end. The policy is designed to be relatively simple to apply for our small charity and for the applicant teams.

3. Our approach to overheads

3.1 Project costs

The Charity will cover direct costs and will cover some costs known as 'directly allocated costs' in the university sector. We will continue to develop further guidance on what kind of costs should be included in budgets in discussion with key stakeholders including community partners and NHS colleagues

Key specifics:

- The Charity will cover new staff resources required to deliver a project, full or part time. This includes the cost of recruiting and employing staff on the project including basic salary, London allowance, employer's NI and superannuation contributions.
- Computing equipment and software that are **essential to the proposed project** may be requested. Laptop cost contributions will be capped at £750 plus VAT; mobile phone costs will be capped at £250 plus VAT; IT equipment will only be provided for projects lasting **more** than 12 months. Overheads cannot be applied to these costs.

- We will fund the costs of some supervisory time. By supervisory time we mean an allocation of time from senior staff who are directly involved in supervising and advising the staff responsible delivering the project.

We will cap the costs of this time allocation at up to a maximum of 10% of one senior supervisor's annual salary. Where required, we will consider funding of an additional co-supervisor (co-investigator) at a maximum of 5% of their annual salary. The total amount would be capped at £10k p.a. and we will seek value for money. The total amount for the co-investigator would be capped at 5k per annum. For the inclusion of any of these costs, we will require clear indication of their specific role and responsibilities in relation to the project. We require active involvement in the project management and visible engagement in management of the grant.

3.2 Indirect costs/ overheads

The Charity will pay up to 15% of the project costs to help cover indirect costs/overheads. This is a standard percentage for KCL, South London and Maudsley and community organisations.

Rationale for the level at up to 15% is as follows:

1. This is the benchmark figure that is commonly used e.g. by charitable foundations, such as Wellcome, where they allow inclusion of overhead.
2. It provides a level which is broadly in line with QR funding which is set at 12% for inner London.

3.3 When indirect costs/overheads will not be paid:

We expect applicants to provide clear and appropriately detailed project budgets. In reviewing those budgets we may occasionally identify specific items (such as one-off purchases of materials or services provided by a third party) which, if substantial, we may exclude from having the overhead calculation applied to them. We will work closely with applicants to ensure our approach to funding is well understood before any grant is formally approved.

All supervisory costs should be added after overhead calculations are made, as overheads do not apply to supervisory costs.

Areas to which overheads cannot be applied:

- a) Projects where the Charity has been asked to contribute part cost to a pooled fund or part costs for a planned initiative; we would expect the lead party to cover organisational overheads
- b) Grants that are not project related, but support ongoing work to improve the operations, or systems and processes or materials and goods which underpin the

core way that the organisation operates e.g. staff awards, iPads for patients, welfare payments to patients.

- c) Grants for core running costs. These already include overheads by their nature, no further overhead would be applied.
- d) Grants of £15,000 or less, unless in exceptional circumstances.
- e) Oversight staff salary and PI costs

If you have any queries regarding this policy, please contact grants@maudsleycharity.org