

## ARIA's Eligible Expenditure/Cost Rules

### Eligible Expenditure/Cost

The following costs will be considered as Eligible Expenditure/Costs if incurred for the purposes of the Project Activities:

- + Costs directly incurred or directly allocated as a result of delivering the Project Activities, these costs may include:
  - + Labour – defined as salary costs plus employers national insurance, plus employer pension contributions
  - + Materials
  - + Travel and subsistence – travel costs must be reasonable and necessary for the purposes of the project (see detail below)
  - + Sub contractor costs
  - + Equipment & facility use – costs relating to workshops or laboratories that can be identified specifically as directly attributable to the project can be claimed in this section.
  - + Other costs as identified in you application and approved by ARIA as part of any subsequent agreement
  - + There are three options for claiming indirect costs either:
    - An overhead charge of 25% of your labour costs and 5% of all other costs;
    - Company calculated overhead rate. If this option is selected then evidence of your overhead rate will be required for agreement by ARIA; or
    - Full Economic Costing can be used. This cost should be verifiable and evidence of workings will be required.
    - Note - indirect costs provide cover for those costs incurred by an organisation which are not directly attributable to a project. Indirect costs should not be double counted by additionally costing those costs into the project (for example, finance team costs are covered by indirect costs and therefore should not be separately included in the cost proposal).

## Travel & Expenses (including events)

As a UK taxpayer funded agency, we must ensure that all expenditure is wholly necessary for the purposes of the activity being undertaken, that expenditure is appropriate and not lavish in nature and that the environmental impact is considered at all times. Some principles to outline this in more detail:

- + ARIA will not fund first class or business class flights or rail fares. Premium economy can be funded on longer duration flights (over 10 hours).
- + Applicants claiming funding should have consideration of minimising overall costs where possible (eg., video conferencing vs face to face meetings, booking travel in advance).
- + Applicants should consider the impact on the environment of the item being purchased or travel plans: making sure to prioritise routes and items that are low-carbon and/or sustainable. ARIA will only fund reasonable hotel, subsistence, event and accommodation costs; contact ARIA for further guidance on specific items if required.

## Ineligible Expenditure/Cost

Potential funding recipients may not claim the following non-exhaustive list as Eligible Expenditure/Cost unless otherwise agreed on a case by case basis:

- + margin on costs unless otherwise stated in the funding agreement letter
- + input VAT reclaimable by the funding recipient from HMRC
- + the acquisition or improvement of assets by the recipient (unless the funding is explicitly for capital use – this will be stipulated in the funding letter); and
- + liabilities incurred before the commencement of the funding agreement unless agreed in writing by ARIA.

Other examples of expenditure which are prohibited include the following:

- + paid for lobbying, which means using ARIA funding to fund lobbying (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity; or attempting to influence legislative or regulatory action;
- + using the ARIA funding to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of the project;
- + using the ARIA funding to petition for additional funding;
- + expenses such as for entertaining, specifically aimed at exerting undue influence to change government policy;

- + payments for activities of a political or exclusively religious nature.
- + contributions in kind;
- + interest payments or service charge payments for finance leases;
- + gifts;
- + statutory fines, criminal fines or penalties civil penalties, damages or any associated legal costs;
- + payments for works or activities which the recipient, or any member of their partnership, has a existing statutory duty to undertake, or that are fully funded by other sources;
- + bad debts to related parties;
- + payments for unfair dismissal or other compensation.