

ARIA's eligible expenditure guidance

As a publicly funded agency, ARIA's first priority is our responsibility to the taxpayer. All funded expenditure must:

- Be necessary for the delivery of the project,
- Represent value for money,
- Be transparently justified, and
- Align with the agreed project objectives.

Costs that do not meet these criteria will not be funded.

Eligible expenditure

The following costs will be considered as eligible expenditure if incurred for the purposes of the Project Activities:

- **Labour** – Salary costs plus employer National Insurance (NI), employer pension contributions, or equivalent employer taxes and social security contributions for non-UK applicants. Excludes bonuses, share-based compensation, and discretionary payments unless explicitly agreed in advance by ARIA.
- **Employee benefits** – Only benefits that are contractual or part of a formally documented organisational policy, applied consistently across the organisation, and not enhanced specifically for the project are eligible. Eligible benefits typically include life insurance and employer-provided health schemes. Ineligible benefits include, but are not limited to, gym memberships, private fuel allowances, or relocation expenses unless specifically pre-approved.
- **Materials** – Consumables and items directly required for the project that are used up during its execution. Capital items must not be included under this category and should be claimed separately where appropriate.
- **Travel and subsistence** – Costs must be necessary for the delivery of the project and represent value for money. See the "Travel & expenses" section below for detailed requirements.
- **Subcontractor costs** – Includes all costs associated with subcontractors, including collaborators on the project, other than the lead applicant. All subcontractors must be pre-approved by ARIA, with the lead applicant responsible for conducting formal due diligence and ensuring their compliance with ARIA's funding terms.
- **Equipment & facility use** – Costs relating to workshops or laboratories that can be identified specifically as directly attributable to the project.

- **Capital expenditure** – ARIA supports a flexible balance of capital and operational costs, provided that all capital purchases are clearly justified in the budget as essential for project delivery and Value for Money; while ARIA does not typically retain ownership of assets post-award, we may fund the full cost if the asset's lifespan aligns with the project, or a proportional cost if the asset's useful life extends significantly beyond the funding period.
- **Events costs** – includes venue hire, catering and speaker fees. Venue hire and catering should not exceed £7,000. Costs up to £10,000 may be approved where justified by quality, location, or timing requirements. All costs above £7,000 require prior written approval from ARIA.
- **Other costs** – Costs not covered above may be eligible where they are explicitly identified in the application, and approved in writing by ARIA before being incurred. This may include direct costs such as project-specific rent, utilities, or subscriptions.

Indirect costs are those that support the project but are not directly attributable to a specific activity or deliverable (for example, administrative support, general IT, office space, and utilities). Indirect costs must not duplicate any costs claimed elsewhere. There are **three options for claiming indirect costs**:

1. An overhead charge of **25% of your labour costs** and **5% of all other costs**. This option does not require further justification.
2. A **company-calculated overhead rate** may be used where it is based on verifiable financial data, is applied consistently across the organisation and a clear methodology is provided. ARIA will assess and approve the proposed rate.
3. **Full Economic Costing (FEC)**, may be used where a recognised methodology is followed (e.g. TRAC methodology), costs are fully evidenced and the approach is auditable. ARIA reserves the right to challenge or reject any indirect cost calculation that is not adequately justified.

Travel & expenses (including events)

As a UK taxpayer-funded agency, ARIA must ensure that all expenditure is necessary, appropriate, and considers environmental impact. The following principles apply:

- ARIA **will not fund first-class or business-class flights or rail fares**. Premium economy can be funded for flights exceeding 10 hours.
- Applicants should seek to **minimise overall costs** (e.g., video conferencing vs face-to-face meetings, advance booking for travel).
- Applicants should prioritise **low-carbon and sustainable options** wherever possible.

- **Subsistence, event, and accommodation costs must be reasonable.** As a general guide, costs should be proportionate and in line with standard business rates for the location. Alcoholic drinks are limited to a maximum of 2 drinks per person at meals and events, provided the total cost remains within the overall subsistence caps.
- If rates within the specified caps are unavailable due to high-demand periods or major events, applicants must provide evidence (e.g., screenshots of three alternative quotes) to justify the higher expenditure; ideally, this should be raised with ARIA for agreement in advance of booking.

Accommodation	London: up to £200 Outside London: up to £110 International: up to £200 By exception: up to £250 for London and other capitals
Subsistence	Breakfast: £10 Lunch: £15 Dinner: £30
Rail and Flights	Premium economy can be funded for flights exceeding 10 hours.

If you are unsure whether a cost is eligible, seek written confirmation from ARIA before incurring the cost. Costs incurred without prior clarification may be deemed ineligible.

Ineligible expenditure

Funding recipients **may not claim** the following non-exhaustive list of costs unless otherwise agreed in writing by ARIA:

- **Pre-award costs:** Costs are considered ineligible for reimbursement if they are incurred or committed to either (a) before the agreement is signed, or (b) after the agreement is signed but before the official commencement date of the project.
- Margin on costs unless explicitly permitted in the funding agreement. For **grants**, no profit margin is payable - ARIA funds costs only. For **research agreement contracts**, the maximum allowable profit margin is **10%**. Any profit included in a cost proposal must be **fully justified and agreed with ARIA in advance**.

Additionally, profit **cannot be increased** to cover any costs that have been identified as ineligible in this document.

- Input VAT reclaimable from HMRC.
- **Acquisition or improvement of assets** (unless the funding is explicitly for capital use – this will be stipulated in the funding letter).
- Liabilities incurred **before the commencement** of the funding agreement unless agreed in writing by ARIA (see 'Pre-award costs' section above).
- Costs that are considered indirect but have been claimed as direct costs (i.e. subscriptions, rent, utilities, maintenance).

Other prohibited expenditures include:

- **Paid-for-lobbying** (including funding staff or external consultants to influence or attempt to influence policy or regulation).
- Attempting to **influence legislative or regulatory action**.
- Activities of a **political or exclusively religious nature**.
- Using ARIA funding to directly **enable one part of government to challenge another** on topics unrelated to the agreed purpose of the project.
- Petitioning for **additional funding**.
- Expenses such as **entertainment expenses**, specifically aimed at exerting undue influence to change government policy.
- **Contributions in kind**.
- Taking out loans in general is acceptable, but **interest payments or service charge payments for finance leases** are not eligible for reimbursement. **Director's loans may be permitted if agreed with ARIA in advance**, but **no interest should be charged** on director's loans.
- **Gifts**.
- **Incorporation costs** and any other costs relating to the **setup of a new entity**. This includes but is not limited to company registration fees, legal and professional fees relating to incorporation, company formation services, VAT registration costs, bank account setup costs and domain name and website costs as well as branding and marketing costs.
- Statutory **finances**, criminal fines or penalties, civil penalties, damages or any associated legal costs.
- Costs for activities where **statutory responsibility** already exists or is fully funded elsewhere.
- **Bad debts to related parties**.
- **Payments for unfair dismissal or other compensation**.