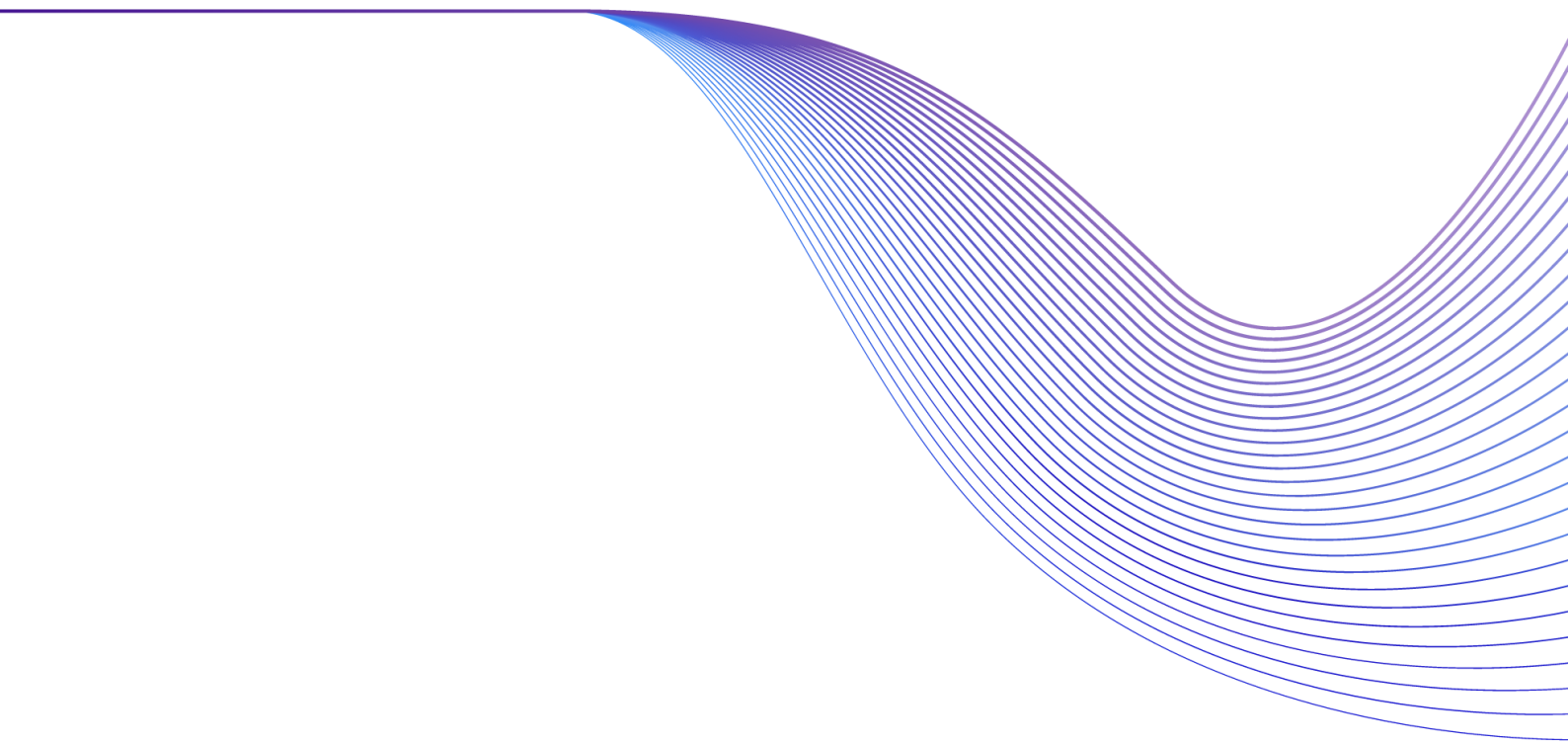


The Alignment Project

Cost Guidance



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Purpose of document

This document provides guidance on the eligible cost categories and rules for preparing your **Budget** as part of the **Stage 2 Application Process**. Further instructions will be provided to shortlisted applicants. The budget will be completed and submitted via the DSIT Funding Portal only. Please read each section carefully and ensure that all costs are reasonable and necessary to the proposed research activities.

Note: You may also use this document as a reference for **Stage 1 Application**, specifically on the Budget Narrative as part of the Expression of Interest (EOI) form. However, please note that we only require a high-level estimate of your required funding at Stage 1.

General Guidance

- The Alignment will cover **100% of the eligible costs** for the research project, which should range between **£50,000 to £1 million**.
- Coalition funders may consider applications that exceeds £1 million.
- The money will be transferred **directly to the eligible host organisation** under its standard terms and conditions for projects.
- All costs must be listed **in pound sterling (GBP)** and we will pay the award to the eligible host organisation in GBP.
- For non-UK applicants, all costs must be converted into GBP using the exchange rate published by the [Bank of England](#) on the date of application submission. Where this is not available, applicants may refer to the exchange rates published by [OANDA](#) or [XE](#), ensuring consistency across all budget lines.
- You are encouraged to include the estimated costs for everything you require to deliver the proposed project, however there are some restrictions on what you can include, guidance on this can be found in this document.

Eligible Costs

Direct Costs

1. Personnel Costs	
Definition:	The payroll costs of all staff, full or part-time, who directly work on the project, and whose time can be supported by a full audit trail.
Rules and guidelines: <ul style="list-style-type: none">• Personnel costs must relate to time spent directly on the research project.• This category includes salary for direct project staff roles such as researchers, scientists, engineers, and investigators.• This category also covers contractors on your project team who will be working directly on the project.• Back-office project staff may be included in this category so long as they are directly supporting the project activities (such as project managers). Otherwise, they should be included under Indirect (Overhead) Costs.• The gross employee costs typically include gross salary, National Insurance, company pension contribution, life insurance or other non-discretionary package costs, or equivalent employer taxes and social security contributions for non-UK applicants.	

2. Materials and Minor Equipment Costs	
Definition:	The costs of consumables, materials, and minor equipment directly used for project delivery.
Rules and guidelines: <ul style="list-style-type: none">• The costs of materials and/or minor equipment are eligible costs if they are purchased from third parties and to be used directly / consumed during the duration of the project.• If the material and/or minor equipment has a residual or resale value at the end of your project, the value should be reduced from the costs accordingly.• If you are using materials and/or minor equipment supplied by collaborators, these must be listed at cost.• Equipment purchases are allowed. These may include equipment such as research supplies, hardware, etc.• Large equipment purchases may be classified as capital expenditure.• Equipment must be used primarily (more than 50%) for the project if funded.	

3. Licensing and Access Costs	
Definition:	The costs related to acquiring licences for software, datasets, or cloud computing resources needed for the project.
Rules and guidelines: <ul style="list-style-type: none">• Only licences and access fees essential for the research activities are eligible.• Costs must be proportionate to the project duration (4–6 months).• Perpetual licences are not allowed unless more cost-effective than time-limited ones.	

4. Travel and Subsistence Costs	
Definition:	The costs for travel, accommodation, and meals necessary for project activities.
Rules and guidelines:	

General:

- You can claim reasonable travel and subsistence costs for those individuals identified to be working directly on the research project.
- Subsistence rates will apply when the following happens:
 - ✓ A member of project staff is travelling away from their normal place of work for purposes directly related to project delivery (e.g., fieldwork, meetings with AISI / collaborators).
 - ✓ The business travel requires them to stay away for a significant part of the day or overnight.
 - ✓ The member of project staff incurs extra costs, such as meals or accommodation, due to this travel.
- You must be able to evidence all subsistence / travel expenditure with a receipt or invoice.
- The travel must be business-related and outside of the project staff's normal working area. Routine commutes to regular places of work do not qualify for this.

Indirect (Overhead) Costs

5. Indirect (Overhead) Costs

Definition:	General operational expenses necessary for project delivery but not directly assigned to specific tasks.
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Rules and guidelines:

- Overhead elements included within this cost should be restricted to those that will **directly impact and support** the project but cannot be identified as a direct cost.
- Only the host organisation's overhead costs can be claimed under this cost category.
- We understand that organisations calculate overheads in different ways. You can select from three options for overhead costs:
 1. No overheads: you can select this option if you are not incurring or claiming funding for your overheads.
 2. The 20% of labour costs option: this option allows you to claim 20% of your labour costs as overhead. Selecting this option allows the reviewers to process a successful funding application much faster, as no further documentation is needed from you.
 3. The calculate overheads option: this option asks you to complete calculations for claiming overheads. Any value claimed under this method will need to be reviewed by our team if your application is successful. This is so we can assess whether the overhead value you are claiming is appropriate.

Ineligible Costs

As a general rule, any costs that cannot be categorised under Direct Costs and Indirect (Overhead) Costs as discussed in the previous sections must be considered ineligible for the purpose of funding.

Some examples are below:

- ✗ Capital expenditure for long term use; this isn't applicable for this programme as projects are expected to be for 4 to 6 months only.
- ✗ Training and development; as per the nature and scope of projects, teams are expected to have existing capabilities and skills to undertake project activities.
- ✗ Paid for lobbying, which means using funds 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 funds to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of The Alignment Project.
- ✗ Using funding to petition for additional funding.
- ✗ Expenses such as for entertaining, specifically aimed at exerting undue influence to change government policy.
- ✗ Input VAT reclaimable by the recipient from HMRC or equivalent government body in their country.
- ✗ Payments for activities of a party political or exclusively religious nature.
- ✗ Carbon offsetting costs arising from project related travel.
- ✗ Patent costs and other IP for universities already receiving funding for these from higher education innovation funding.
- ✗ Contributions in kind.
- ✗ Gifts.
- ✗ Interest payments or service charge payments for finance leases.
- ✗ Statutory fines, 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.
- ✗ 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.
- ✗ Contingency costs.
- ✗ Any other costs of activities not related to the aims of the project or not sufficiently justified.