



Innovate UK - Accelerated Knowledge Transfer 4 – Addiction Healthcare Goals

(AKT4)

AKT 4 Cost Guidance

This document will be hosted on the following webpage
<https://iuk-ktp.org.uk/accelerated-knowledge-transfer/>

This document may be updated throughout the duration of the competition. This guidance relates to AKT Round 4 ONLY and cannot be applied retroactively to any previous rounds.

As part of your application, we will ask for all of your project costs.

It is the responsibility of the knowledge base to ensure that this information is supplied along with indications of additional business contributions, which should also be entered on the application. Incomplete or inaccurate submissions will be withdrawn from the competition.

The requested budget cannot be changed once the competition has closed. If you receive a grant offer and discover you have calculated your budget incorrectly, the knowledge base or business will be required to meet any shortfall. If this is not possible your grant offer will be withdrawn.



Budget management

Your project will establish a sensible approach for your partnership, which will control the costs according to the grant offer letter. You will be required to provide a forecast of spend upon acceptance of your grant offer. All financial management of your application and project will be managed within IFS.

You will be required to keep records and evidence regarding costs incurred and during the claims process, you may be asked to provide this evidence. This could include timesheets for the individuals whose costs are claimed as part of the grant, as well as receipts for other expenditure.

Finance claims

On completion of your project, you will be required to submit a final claim on IFS, supported by a signed Schedule 3 to confirm eligible project expenditure. You will also be required to submit an AKT Transaction List, that must be reviewed and approved by the AKT Monitoring Officer.

Your AKT Transaction List must be approved by the AKT Monitoring Officer prior to submitting your final finance claim on IFS. Template and Guidance for the AKT Transaction List will be made available during the project set-up stage.

Cost categories

Applicants should read this document thoroughly as it defines what are considered eligible costs within the Innovate UK AKT scheme.

Your project costs may include:

- employment costs for AKT associate
- associate development costs
- travel and subsistence
- consumables
- costs for the knowledge base supervisor
- associate estate costs
- additional associate support costs

Calculating your costs



There is no upper limit to project costs, but the maximum grant that can be awarded is for £35,000. Any costs over £35,000 must be met by the business partner, in addition to their 10% of project costs.

The Funding Level for AKT projects is 90% regardless of Business Partner Size.

The Associate and Knowledge Base Supervisors must be employed by the Knowledge Base and work directly on the project. All listed staff should be on your payroll, subject to PAYE and be present in the UK for the duration of the project.

If your knowledge base uses the FEC methodology, you must use this when calculating your costs. Otherwise, Non-FEC methodology must be used. See the additional associate support section.

Combined project costs allocated to travel, consumables and estates may not exceed £3,500. As a guide these 3 budget items should be approximately 10% of the total project cost. Costs must be itemised and justified within the application.

Any costs above the £3,500 limit must be excluded from the project costs (eligible for the grant) and must be added to the additional Business Partner costs.

Where the 10% guide is exceeded this may impact the score received from assessors.



Associate Employment costs

All costs should be based on gross employee costs and should be calculated based on your PAYE records. They should include gross salary, employer National Insurance (NI), and employer pension contribution.

The Associate can be employed at either 0.5 FTE or 1 FTE, based on the usual working pattern for your knowledge base. They must be employed by the knowledge base. Up to 2 associates can work on a project up to a maximum of 1FTE, at 0.5 FTE per associate.

When calculating costs for Associate employment, if the role is 0.5FTE, an example calculation for this would be $0.5 \times$ the FTE eligible associate employment cost, and pro-rated for the duration of the project, 3-months (13 weeks).



Associate Development costs

This supports the associate's personal and professional development, providing:

- additional developmental training that is specifically required for the project
- training that helps the all-round development of the associate

The associate development costs are fixed at £50 per month. For AKT 4 projects, Associate Development costs are fixed at £150 for the project duration.

The business partner is solely responsible for associate development costs that exceed this amount.

During the project, the associate cannot use this on fees for a higher degree or any annual subscriptions.

The Associate development costs can be used to contribute towards the cost of one conference or event, within the UK.

All Associate Development must be paid for and take place during the project duration.



Travel and subsistence

Travel and subsistence can be claimed for:

- the knowledge base supervisor to visit the business
- associate travel visiting the business in relation to the delivery of the project
- The cost of standard class peak rail tickets may be used when preparing travel and subsistence budgets

You must consider the environmental impact of your travel and be prepared to justify your choices. In order of preference, you should consider:

- walking and cycling
- public transport
- vehicles, including pool, hire and private cars
- taxis
- flying

International travel costs are not eligible.

The maximum project amount for this category is £3,500. Combined project costs allocated to travel, consumables and estates may not exceed £3,500.



Consumables

This only covers consumable items that are essential to carry out and complete the project. Consumables are unlikely to exist or will be significantly transformed, after their use.

Equipment of any kind is not eligible. AKT does not cover the following costs: software licences, IT hardware including laptops, desk tops computers, servers, physical storage units and tablet computers, mobile phones and contracts, commercial cloud computing and online data storage services.

Items must not:

- have already been purchased
- have been included in other costs categories
- be purchased from the business partner

Funding from the grant may not be used to incentivise participants in trials, focus groups or similar. The grant may not be used to purchase branded goods or promotional materials.

Travel, Consumables and Estates costs must be claimed excluding VAT.

The maximum project amount for this category is £3,500. Combined project costs allocated to travel, consumables and estates may not exceed £3,500.



Estate costs

This covers the use of existing facilities and anything chargeable within the knowledge base including the use of specialist facilities and equipment that are chargeable (often by the day or hour) within the knowledge base, such as wind tunnels or electron microscopy. No other estate costs are eligible within this category.

The maximum project amount for this category is £3,500. Combined project costs allocated to travel, consumables and estates may not exceed £3,500.



Supervision Costs

The Supervisor is typically engaged in the project for 0.5 days per week (minimum of 0.25). They must be employed directly by the university. It is typically expected that only 1 academic will be supported via the grant.

We also need to understand the length of time your organisation is working on the project.

Ineligible employment costs include:

- time spent not working directly on the project (for example sick, non-productive time or training days)
- overtime
- time off in lieu
- dividend payments

The amount for this category is variable, depending on if your project is based on FEC or Non-FEC, please see the Project costs for FEC and non-FEC section.



Additional associate support

There are two costing methodologies used by knowledge bases:

- FEC (full economic costing method) is typically used by higher education institutions
- non-FEC (standard costing method) is used by further education colleges, research, and technology organisations (RTOs) and some Catapults

These are the costs for managing the associate, such as computing, personnel admin, learning resources and project management support. The calculation of these costs varies for FEC and non-FEC projects.

Budgets within an application are a request for funding and will be scrutinised. The KTP programme management reserves the right to decline or amend any request that does not conform with this guidance.

All costs have either standard project, maximum or variable amounts.

You may request to exceed the standard amounts if it is sufficiently explained and justified within the application form. Requests to exceed the standard amount are approved or declined by the KTP programme management.

You may not exceed maximum amounts.

Variable amounts are determined by the FEC methodology.

There is a maximum cost for the associate salary which Innovate UK will not exceed, but the businesses can top up salaries that go over this limit. This must be declared as an additional business contribution.



Cost overview for 12-month project

You must calculate the figures for your project in whole months, on a pro rata basis.

When completing the application form in IFS, for AKT projects, all applications must select the FEC model and then follow the guidance below for non-FEC on how to complete this section.

Project costs for FEC and non-FEC

For AKT, below are the standard costs for a project. You must calculate the figures for your project on a pro rata basis:

- associate employment more than 16 miles away from Charing Cross, London – £55,000 / 12 months
- associate employment within 16 miles of Charing Cross, London – £58,000/ 12 months
- associate development – £150 / project
- travel and subsistence – £3,500*/project maximum
- consumables – £3,500*/project maximum
- associate estates cost (see estate costs section) – £3,500*/project maximum
- knowledge base supervisor – varies for FEC and not applicable for non-FEC costing
- additional associate support (see additional associate support section) – varies for FEC and non-FEC
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- academic and secretarial support (not applicable for FEC costing): £15,000/12 months maximum

*A maximum of £3,500 is the combined total across the following cost categories: travel and subsistence, consumables, associate estate costs, the maximum thresholds in each category can only be applied where the other two categories are not being utilised.



Calculating FEC-specific costs

Knowledge base supervisor

Your knowledge base supervisors' costs will vary depending on their current salary and the overheads levied by the knowledge base.

Additional associate support

Additional associate support costs include indirect costs and the costs of providing project administrative support.

Project costs for FEC

The [principle behind FEC funding](#) is that knowledge bases need to indicate the full economic cost of a project.

As a knowledge base using FEC, you will have a breakdown of your costs readily available because the UK government requires you to calculate them as part of TRAC (the Transparent Approach to Costing). These costs will have been audited and approved.

Providing your FEC certificate

You must provide a current certificate when applying. A valid FEC certificate is required covering the date of the funders panel for this competition, up to and including 11th September 2025.

If your certificate will not be valid on this date, a valid FEC certification must be emailed to akt@iukbc.org.uk a minimum of 10 days before the funders panel on 11th September 2025.



Calculating non-FEC specific costs

For AKT applications, please select the 'FEC model' in the project funding section of your application.

For knowledge bases that do not use the FEC methodology, you must use the following methodology.

For Knowledge Base Supervisor costs, the Academic and secretarial support is a fixed rate of £15,000 per year. This can be applied pro-rata to AKT applications. This amount must be added the Knowledge Base Supervisor cost category.

Overheads of the knowledge base partner are calculated at 46% of associate employment costs, plus academic and secretarial support. This amount must be added to the additional associate support cost category.

Instructions for this can be found in the appendix of this guidance. In Lieu of a valid FEC certificate, you will be required to upload an exemption certificate outlining the calculations for your Knowledge Base Supervisor and Additional Associate Support costs. This can be found on <https://iuk-ktp.org.uk/accelerated-knowledge-transfer/>



Charging VAT for AKT project costs

Innovate UK VAT policy

Innovate UK's grants are not a payment for service; they are provided without expectation of any return to Innovate UK. The grant lies entirely outside the scope of VAT in the great majority of cases.

VAT must not be included within the budgets requested as part of an application.

Guidance on VAT in claims

As well as not charging VAT on the whole of a grant claim, knowledge bases may not include in their grant claims any 'input' VAT incurred on incidental expenditure such as capital equipment or consumables purchases, external training courses, or travel and subsistence expenses. Grant claims are to cover the net value of expenditure only.

Innovate UK will perform random checks to ensure that grant holders comply with this requirement.

Additionally, as the knowledge base is providing a service to the business they are working with, the business is liable to VAT on its contributions. VAT charged to the business can be reclaimed through their VAT return, providing they have taxable income. If the business is VAT exempt, they remain liable for the VAT element of the claim.

When the knowledge base cannot recover VAT on purchases from HMRC

VAT should only be recovered once from public funds. Knowledge Base participants can claim irrecoverable VAT from Innovate UK when incurred as part of their costs. Knowledge bases must explain why they are unable to recover VAT on any claims submitted to Innovate UK.

Disclaimer

The Knowledge Base and business involved in an AKT project are responsible for their own VAT compliance.

Retrospective claims are not accepted.



Completing 'Your Finances' on the AKT 4 Application Form

All applications MUST select the fEC model when completing this section

Your fEC model

Will you be using the full economic costing (fEC) funding model?

This is used to calculate your project costs. An fEC certificate will be required.

☒ Yes ☐ No

Non-fEC Knowledge Bases must upload the Exemption Certificate available [here](#)

The funding rate for AKT is 90%, when selecting funding sought, please enter this amount.

Your funding

Are you requesting funding?

☒ Yes



Select a funding level

This field cannot be left blank.

90 %

☐ No



Completing 'Company Finances' on the AKT 4 Application Form

Unlike in KTP, we do not require the same level of information to be submitted from the company in AKT applications. The company must still be invited to collaborate on the application and complete all the usual steps as they would for KTP.

The Business Partner is not required to enter financial information relating to its accounts, nor is an Impacts Table required. Business Partners should disclose the number of employees in the Business/Group.

Commercial impact

Profit or loss after year of completion

Additional income stream	In project profit or loss (£)	Year			Y
		1 (£)	2 (£)	3 (£)	
N/A	0	0	0	0	
Total	£0	£0	£0	£0	

There are two mandatory areas to complete in the application form:

Companies are not required to provide the commercial impacts, however, there are two questions mandatory to be completed in this table, 'additional income stream' and 'in project profit or loss', this can be completed with 0 figures, if there is nothing to be reported.

Employee data

Section	Latest period	Last audited year	Prior audited year
Number of full time employees in your company			
Number of full time employees in your corporate group (if applicable)			

Companies must complete the section regarding Employee data; this will be used to determine that the business partner meets the eligibility criteria of a minimum of 4 FTE.