



Innovate UK - Accelerated Knowledge Transfer Partnership 6 (AKT6)

Cost Guidance

This document only relates to the Accelerated Knowledge Transfer Partnerships 6 (AKT 6).

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Fast Facts

Description: Accelerated Knowledge Transfer is a partnership between an eligible Knowledge Base, and an eligible Business Partner and will recruit an Associate to deliver the project.

Duration: 3 months

Amount: Up to £35,000 grant funds with a minimum 10% cash contribution from the business partner.

Eligible Business Partner: A UK registered business with 4 or more FT employees. Third sectors, such as charities and local authorities are not eligible business partners.

Eligible Knowledge Base: be a UK registered [higher education](#) (HE) or [further education](#) (FE) institution, [research technology organisation](#) (RTO) or [Catapult](#)

Scope: Projects should demonstrate how they align with the Industrial Strategy 6 Innovate UK Priority Sectors. (Advanced Manufacturing , Clean Energy Industries , Creative Industries , Defence , Digital and Technologies, Life Sciences)

Full competition details can be found here: <https://apply-for-innovation-funding.service.gov.uk/competition/2473/overview/d9a164dd-2094-4590-baa7-a057279d80a3#eligibility>

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Budget Management Overview

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

The Knowledge Base partner is responsible for ensuring all budget items comply with the cost-guidance. Although budgets are reviewed before Grant Offer Letters are issued, this does not confirm eligibility of items outside the guidance. Innovate UK will not pay claims for any costs that fall outside the published cost guidance.

You are 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.

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 Incomplete or inaccurate submissions will be withdrawn from the competition.

On completion of your project, you are required to submit a final claim on IFS. This will include:

- AKT Transaction list
- Signed Schedule 3
- Email approval from the monitoring officer

NOTE: 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.

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.

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Cost categories

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

Your project costs may include:

- associate employment costs
- associate development costs
- associate estate costs
- additional associate support costs (Overheads)
- knowledge base supervisor costs (Supervision)
- travel and subsistence
- consumables

Calculating your costs

There is no upper limit to project costs, but the maximum grant that can be awarded is £35,000 for a three (3) month project. Any costs over these amounts must be met by the business partner, in addition to their 10% of project costs. The definition of three months for this project is 13 weeks.

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 to calculate your costs. Combined project costs allocated to travel, consumables and estates may not exceed £3,500. As a guide, these 3 budget items should be approximately no more than 10% of the total project cost. Where required in the cost model, 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.

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Cost overview for 3 month project

All costs have either standard project, maximum or variable amounts. You may not exceed standard or maximum amounts. You must calculate the figures for your project in whole months, on a pro rata basis.

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 / 3 months
- associate employment within 16 miles of Charing Cross, London – £58,000/ 3 months - variable
- associate development – £50 /month - standard
- travel and subsistence – £3,500*/project - maximum
- consumables – £3,500*/project - maximum
- estates cost – £3,500*/project - maximum

fEC

- academic Supervisor – variable and (not applicable for non-fEC costing)
- additional associate support – variable

Non-fEC

- academic and secretarial support - (not applicable for fEC costing): £15,000/12 months maximum
- indirect costs - (not applicable for fEC costing): variable – 46% of eligible costs

*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.

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

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Associate Employment

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. No other costs are eligible within this category.

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 x the FTE eligible associate employment cost, and pro-rated for the duration of the project, 3-months (13 weeks), holiday and leave entitlement must be pro-rated to the duration of the project and taken within the 3-month period.

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.

Associate Development

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 and mandatory at £50 per month, so the amount for 3 months is £150. 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.

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Travel and subsistence

Travel and subsistence can be claimed for:

- the knowledge base supervisor to visit the business
- associate travel visiting the business, or project specific locations in relation to the delivery of the project
- associate or knowledge base supervisor travel to project related meetings

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 cost of standard class peak rail tickets may be used when preparing travel and subsistence budgets.

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. Subcontractor costs are not eligible.

AKT does not cover the following costs: software licenses, 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

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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.

Estates

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.

Travel, Consumables and Estates costs must be included excluding VAT, where VAT is not recovered within the project.

Knowledge Base Supervision

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 knowledge base. It is typically expected that only 1 academic will be supported via the grant.

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.

Knowledge Base Overheads

These are the costs for managing the associate, such as computing, personnel admin, learning resources, and project management support.

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There are two costing methodologies used by knowledge bases for calculating supervision and overheads:

- 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

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 up to date fEC certificate is required covering the date of the funders panel, referenced in the competition briefing to which you are applying.

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 scheduled date of the funders panel.

Variable amounts are determined by the fEC methodology.

Knowledge Base Supervision

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

This is calculated using the full gross salary and employer costs incurred for project related time. The hours or FTE of the knowledge base supervisor and duration of the project must be considered in this calculation.

An overhead for the knowledge base supervisor can be included, and must be calculated in line with the latest, valid fEC amount for the knowledge base. The hours or FTE of the knowledge base supervisor and duration of the project must be considered in this.



Knowledge Base Overheads

These are the costs for managing the associate, such as computing, personnel admin, learning resources and project management support. For fEC costs, this is covered within the Additional Associate Support cost category.

Additional associate support costs include indirect costs and the costs of providing project administrative support. This must be calculated in line with the latest, valid fEC amount for the knowledge base. The additional associate support is chargeable a 50% of the annual fEC amount, which must be included within the fEC certificate. The duration of the project must be considered in this calculation.

Knowledge Base Associate Overheads

If the associate is located at the knowledge base, an overhead can be included, and must be calculated in line with the latest, valid fEC amount for the knowledge base. The FTE of the Associate and proportion of time spent at the Knowledge Base must be considered in this. This amount must be claimed as a separate item within the Additional Associate Support category and details

Example of finances for a 3-month project fEC

Eligible costs	Total cost	Innovate UK grant at 90%	Business partner Contribution at 10%
Associate employment costs	£13,750.00	£12,375.0	£1,375.00
Associate development	£150.00	£135.00	£15.00
Travel and subsistence	£2,000.00	£1,800.00	£200.00
Consumables	£1,000.00	£900.00	£100.00
Knowledge base supervisor	£5,000.00	£4,500.00	£500.00
Estate costs	£500.00	£450.00	£50.00
Additional Associate Support	£4,500.00	£4,050.00	£450.00
Grant payable or business contribution in total	£26,900.00	£24,210.0	£2,690.00

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Amounts to enter:

Application Form Cost Table	Total cost
Contribution to associate employment costs	£13750
Associate development	£150.00
Travel and subsistence	£2,000.00
Consumables	£1,000.00
Knowledge base supervisor	£5,000.00
Estate costs	£500.00
Additional associate support	£ 4500.00
Total	£ 26,900.00

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Project Costs for non-fEC

The principle behind non-fEC funding is standard calculations for knowledge bases that do not participate in the UK government TRAC (the Transparent Approach to Costing) requirements. This means that for those knowledge bases, they do not have a breakdown of your costs that are readily available or audited and approved.

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

Note: You must select fEC Costing Model within the IFS Application Form, even though you are not using fEC methodology to calculate costs.

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

Knowledge Base Supervision

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 (e.g £3750 for 3 months)

When completing the application form funding model, this amount must be added to the Knowledge Base Supervisor cost category.

Knowledge Base Overheads

Overheads of the knowledge base partner are referred to as indirect costs for non-fEC knowledge bases, and are calculated at 46% of associate employment costs, plus academic and secretarial support.

When completing the application form funding model, this amount must be added to the additional associate support cost category.

Instructions for completing the cost model within the application form 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. This can be found on <https://iuk-ktp.org.uk/accelerated-knowledge-transfer/>

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Example of finances for a 3-month project non-fEC

Eligible costs	Total cost	Innovate UK grant at 90%*	Business partner Contribution at 10%
Contribution to associate employment costs	£13,750.00	£12,375.00	£1,375.00
Associate development	£150.00	£135.00	£15.00
Travel and subsistence	£2,000.00	£1,800.00	£200.00
Consumables	£1,000.00	£900.00	£100.00
Estate costs	£500.00	£450.00	£50.00
Academic and Secretarial Support	£3,750.00	£3,375.00	£375.00
Indirect Costs	£8,050.00	£8,050	Indirect Costs funded at 100%
Grant payable or business contribution in total	£29,200.00	£27,085	£2,115.00

Amounts to enter:

Application Form Cost Table	Total cost
Contribution to associate employment costs	£13,750.00
Associate development	£150.00
Travel and subsistence	£2,000.00
Consumables	£1,000.00
Knowledge base supervisor	£3,750.00
Estate costs	£500.00
Additional associate support	£8,050.00
Total	£29,200.00

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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.

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. VAT must not be included within the budgets requested as part of an application if you are able to recover VAT from other sources. If you are expecting to recover irrecoverable VAT through the AKT project, you may include these costs within your application. 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. Any recovery of irrecoverable VAT will be considered alongside finance claims. Retrospective claims are not accepted.

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IFS Application

Completing 'Your Finances'

All applications **MUST** select the fEC model when completing this section

Note: Even though you are not using an fEC model, please select this option to ensure the correct funding rate can be assigned.

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 a valid 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.

%

No

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Completing 'Company Finances'

The Business Partner is required to contribute to the application. They are not required to enter financial information relating to its accounts, nor is an Impacts Table required.

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

Commercial impact

Profit or loss after year of completion

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

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)			

Business Partners are required to complete two questions mandatory within the Commercial Impact table, 'additional income stream' and 'in project profit or loss', this can be completed with 0 figures, if there is nothing to be reported.

Business Partners must disclose the number of employees in the Business/Group.

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Contact Us

The AKT competition teams aims to respond to queries received within three working days.
The preferred method of contact is via email at akt@iukbc.org.uk

We look forward to receiving your application.