

Budget Guidance

Why do I have to complete this Project Budget Template rather than my own?

The UK subsidy control regime is a legal framework that regulates how public authorities award financial assistance to businesses. CoSTAR PPP grants are delivered through the Research, Development, and Innovation Streamlined Subsidy Scheme, which is part of this regime. For projects to qualify for funding under this scheme there are eligibility criteria, evidence requirements, and cost rules that must be applied so it's easier to use a standardised format to ensure we're collecting all the information required.

How to Complete the Project Budget Template

This budget template is used to calculate:

- Your **total eligible project costs**
- The **maximum funding (cash grant)** you could receive
- Your **minimum required contribution**
- The **value of subsidy** we must record for transparency and compliance purposes

It is essential that the template is completed **accurately, truthfully, and in full**, as the information is used to determine funding eligibility, subsidy intensity, and reporting obligations under UK subsidy rules.

1. How the Budget Template Works

The Excel file is structured so that you:

1. Input your **eligible project costs**
2. Select the **lab facilities** you will use and estimate **days of lab time**
3. Confirm key **project and company characteristics**
4. Review the **automatically calculated summary**, which determines your funding if successful

⚠ Do not overwrite or edit cells marked as auto-calculated.

2. Completing the Summary Section

For more detail on the definitions for sections 2.1, 2.2 and 2.3, please see the [Applicant Guidance document](#).

2.1 Project Classification

Select whether your project is classified as:

- **Industrial Research**, or
- **Experimental Development**

This classification affects the **maximum funding percentage** you are allowed to receive.

You should select the classification that best reflects the *primary* nature of the project deliverables, not the commercial outcome.

2.2 Company Size

Select your company size based on standard UK definitions:

- **Micro/Small enterprise**
- **Medium enterprise**
- **Large enterprise**

Company size directly affects the **maximum subsidy rate** that can be applied.

2.3 Effective Collaboration

Indicate whether your project meets the requirements of **effective collaboration**.

A project may qualify as effective collaboration where:

- Multiple independent parties are involved, and
- Risks, results, and benefits are shared appropriately, and
- No single participant bears the full cost or receives all the benefit

If selected, this will increase the **maximum intervention rate** applied to your project. The determination of whether your project meets the requirements of effective collaboration will be subject to assessment.

2.4 Auto-Calculated Fields (Do Not Complete)

Once the above selections and all cost inputs are complete, the template will automatically calculate:

- **Project Costs** – your direct eligible project costs
- **Lab Costs** – based on:
 - Selected lab
 - Applicable daily rate
 - Number of lab days entered
- **Total Project Costs** – project costs plus lab costs
- **Maximum Intervention (%)** – based on company size, project type, and collaboration status
- **Maximum Cash Grant Available** – the highest cash contribution available from the programme (*maximum intervention minus the lab subsidy element*)
- **Minimum Required Company Contribution** – the minimum percentage of total project costs you must contribute to the project to be compliant with subsidy regulations.

These calculations are used to:

- Confirm eligibility
- Issue grant offers
- Meet UK subsidy transparency requirements

3. Eligible Cost Categories

Your budget must include **only costs that are:**

- Directly related to the R&D or innovation project
- Necessary for project delivery
- Incurred during the approved project period

You must retain evidence (e.g. quotes, invoices, payroll records, usage calculations) in case these are requested.

3.1 Labour Costs

Labour costs cover staff working **directly on the project**.

Eligible labour costs include:

- Gross salary
- Employer National Insurance
- Employer pension contributions
- Other non-discretionary employment costs

You must calculate a **day rate** based on actual working days per year (excluding annual leave and bank holidays).

Not eligible:

- Overtime
- Discretionary bonuses
- Dividends
- Time not spent on the project

3.2 Materials

Materials must be **directly consumed or used** for the project.

Examples include:

- Components
- Prototyping materials
- Software licences required for development

Materials should be purchased from third parties.

If materials retain a resale or residual value, this must be declared.

3.3 Capital Usage (Equipment)

You may claim **usage costs only**, not the full purchase value.

Rules:

- Equipment must have a usable life of at least one year
- Costs must be calculated based on depreciation or proportional usage during the project
- Equipment must be essential to delivering the R&D activities

E.G

Purchase price, £10k. Useful life 5 years. Annual depreciation is $10k/5 \text{ years} = £2000$.

Six-month project is $£2k \times 6/12 = £1000$

3.4 Subcontractors

Subcontractors must be:

- Necessary due to specialist expertise not available internally
- Clearly justified within your application

Costs must be claimed **at cost**, including VAT where applicable, with no profit margin.

You should retain quotes, contracts or statements of work in case these are required later.

3.5 Travel and Subsistence

Travel must be **essential, reasonable, and directly linked** to project activity. Please follow Royal Holloway guidelines when considering travel and subsistence, these are outlined for staff, but the same principles apply -

<https://www.royalholloway.ac.uk/media/jnndubou/travelsubsistenceandpersonalexperiencespolicy.pdf>

Eligible examples:

- UK travel to meetings, trials, or testing, etc. (mileage at 45p per mile and public transport allowed)
- Accommodation
- Subsistence in line with reasonable UK guidelines
e.g. £10 allowable for breakfast if you leave the house before 6am, £10 for lunch, £30 for dinner

Not eligible:

- First-class travel
- Non-project travel
- Overseas travel (unless pre-approved)
- Alcohol

3.6 Overheads (20% Flat Rate)

A flat **20% overhead rate** may be claimed **on labour costs only**. This is automatically calculated by the budget template.

This covers general business costs such as:

- Utilities
- Office rent
- IT, HR, Finance support
- General administration

No detailed breakdown is required.

4. Ineligible Costs

Do **not** include the following:

- Sales, marketing, or business development
- Routine operating costs not related to R&D
- Asset purchases not related to R&D
- Contingency budgets
- Entertainment or hospitality
- Costs already funded by another public body
- VAT on labour, overheads, or capital usage

5. Evidence and Audit Requirements

You must retain records including:

- Payroll records and contracts for labour
- Timesheets (if requested)
- Quotes and invoices
- Depreciation or usage calculations
- Travel receipts and justifications

Failure to provide evidence may result in costs being deemed ineligible.

6. Company Contribution and Match Funding

Your required contribution may be provided as:

- Cash
- In-kind labour
- Materials
- Use of internal equipment

Contributions must be:

- Identifiable



- Auditable
- Not sourced from other public funding

Final Reminder

The budget template determines both **your funding offer** and **our legal subsidy reporting obligations**. Please ensure all inputs are accurate before submission.

If you are unsure how to classify costs or complete a section, please contact costar.pilots@rhul.ac.uk.