Early Stage Growth Challenge Fund

Eligible and ineligible grant costs
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Eligible Grant Costs

Salary costs - State your rates of staff costs and estimate the pay to staff working on the R&D activities and the amount of time each person is likely to spend working on these. Salary costs must be reasonable for the expertise needed. Your estimate should indicate the actual salaries each person will be paid, but please note that the eligible staff costs a grant will be paid on are limited to no more than an annual full-time equivalent salary of £60,000 per person. Post any grant being awarded we may request full payroll information (for example, payslips, timesheets, BACs runs, bank statements and details of National insurance contributions you have paid) and evidence of company paying the employee.

Salary costs should not:

- include any posts that have been specially created and are currently being part-funded with support from the Regional Selective Assistance (RSA) job creation scheme, or from other publicly funded incentives; or relate to staff that are based outwith the EU Member States.

Overheads - Reasonable overheads are covered by the grant, but unusually high costs need to be justified. Salary overheads should be capped, based on an annual full-time equivalent salary of £60,000 per person. Provide a breakdown of the overhead figure to show how it is made up. Overheads can include the following:

- Rent
- Rates
- Utilities
- Cleaning and repair
  (must be abnormal and specifically related to the R&D activities)
- Insurance
- Technical manuals
- IT, network and server costs.

Materials used are those bought from third parties.

Consultants and subcontractors - If a proportion of the R&D costs is allocated for the cost of consultants or subcontractors, or fees for trials and testing, you should explain why the work cannot be carried out more effectively and cheaply in-house and identify who will be carrying out the work. Any intellectual property resulting from that work must be owned by your business. Directors’ time claimed on a consultancy or subcontracted basis must not include any profit and the eligible costs the grant will be paid on are limited to no more than an annual full-time equivalent fee of £60,000.

Fees for trials and testing are eligible, but certification fees are not eligible.

Technical manuals - the cost of preparing technical manuals is eligible for support if they are necessary. However, the cost of printing ‘user manuals’ is not eligible.

Intellectual property costs may include the costs associated with buying in or licensing the rights to use other people’s intellectual property (as long as they are not associated with your business) as well as the costs of protecting intellectual property arising from the R&D activities.

Market assessment - up to 15% of the grant can go towards the costs of limited market assessment (but not market research or survey costs) to make sure that your products and/or services will continue to meet the identified market need. Market assessment means visits or discussions about the proposed product or process with potential clients, end users and so on.

Training costs - includes training to enable staff to undertake specific R&D tasks, or training to familiarise staff with technology that has been licensed in, in order to undertake the R&D activities.

Travel costs and expenses directly related to the R&D activities are eligible for support (for example, travel to monitor trials or for market-assessment visits).

Accountancy fees - You will need a report from an independent accountant for the final claim relating to a feasibility study as well as for the first and final claims relating to R&D activities.
**Equipment costs** - The cost of equipment is eligible only if it is needed for the purposes of undertaking R&D activity. Only equipment you specifically purchase for the eligible R&D activities is eligible. List each item of equipment included in your R&D costs and indicate the cost, as well as whether you are buying it outright, leasing it or buying it on hire purchase.

**Buying equipment outright** – this includes software costs and hire purchase payments, not including any interest or service charges.

**Leased equipment** - If you are leasing the equipment, the eligible costs are the leasing costs, not including any interest or service charges.

**Ineligible Grant Costs**

- VAT
- Contributions in-kind
- Inflation and contingency allowances
- Posts funded by RSA or spending included in other publicly-funded activities
- Salary costs above an annual full-time equivalent of £60,000 per person
- Fees your directors charge, as consultants or subcontractors to the business, above an annual full-time equivalent fee of £60,000 per person
- Interest charges.
- Debts you cannot recover
- Buying land and buildings
- Profit earned by a subsidiary or related business for providing materials, acting as subcontractors, providing consultancy services or carrying out trials or testing
- Printing any operating, service and maintenance manuals
- Licensing intellectual property from a subsidiary or related business
- Marketing and sales
- Market research and survey
- Training costs related to selling or distributing the developed product or process
- Accountancy costs that are not specific to the specific R&D activities being undertaken in relation to this funding
- Equipment for manufacturing production
- Equipment bought or leased before the specific R&D activities commence
- Interest and service charges arising from hire, purchase, leasing or credit arrangements
- Dividends
- Advertising and entertaining
- Certification fee.