



SFC Innovation Voucher Scheme Guidance Notes AY2011-12

What is the Innovation Voucher Scheme?

The scheme is aimed at building relationships between SMEs (Small to Medium sized Enterprises) and HEIs (Higher Education Institutes) in Scotland. The proposed collaborative project should lead to new products, services and processes that will benefit the business, the institution and the Scottish economy.

The awards are specifically intended to encourage new partnerships that have **not** previously collaborated or jointly received funding from any source previously so as to build links between Scotland's Higher Education Institutes and small businesses. In particular the vouchers should encourage a longer, sustained relationship between companies and HEIs rather than just offset the costs of the business purchasing a service from a HEI.

The scheme is broad in nature and encompasses all disciplines of academia from science, engineering and technology to arts, creative industries, humanities and social sciences. Likewise the range of company sectors can be from social enterprises to technology based companies so long as the eligibility criteria (below) are adhered to.

Support provided to eligible companies will include a contribution from European Structural Funds.

However funds may **not** be used to cover the costs of:

- standard training courses
- software purchases
- aid that would promote/ subsidise the cost of exports
- internships for students of knowledge institutions
- design and production of advertising materials including websites and mobile applications
- sales and marketing activities

Eligible costs include academic staff time, access to equipment and consumables to undertake the activities to be delivered during the project. A breakdown of the costs including staff costs for the actual work completed and other associated costs will be submitted with the final report and invoice. Eligible expenditure should be for activity explicitly set out in the approved application.

For a list of applications that were funded under phase 1 of the scheme AY2008-9 please see the evaluation report on the Scottish Funding Council's website.

http://www.sfc.ac.uk/web/FILES/Our_Priorities_Knowledge_Exchange/Evaluation_of_SFC_Innovation_Voucher_Scheme_first_phase_final_report.pdf

How much is an award?

The award (for an individual project) is for up to £5000, with a minimum of £1000, and will be paid upon submission (and sign off) of an invoice and final report by the academic institution to info@interface-online.org.uk and approval by the Scottish Funding Council to offset the costs of the collaborative project. The company contribution is expected to match the grant contribution from the Scheme either through cash or in kind (staff time materials, access to facilities etc). All expenditure must be clearly accounted for in a final report.

In ensuring maximum value for the scheme to benefit a wide range of institutions and businesses, both company and academic partners are encouraged to include some cash contributions from the company in the proposal. Bids should display that they are value for money, and not all be at the £5000 level.

Are the awards subject to VAT?

VAT which is recoverable, by whatever means, is ineligible, even if it is not actually recovered by the final beneficiary or individual recipient. Irrecoverable VAT can be claimed as an eligible cost provided the claim is substantiated by appropriate evidence from the organisation's auditors or accountants.

Who is eligible to apply?

All SMEs (including social enterprises) with main business operations in Scotland (it is anticipated that these will hold a registration commencing SC) are eligible to partner with a HEI under the scheme. By SME we refer to organisations that are registered companies, employ between 1- 250 employees and have an annual turnover of less than £35 million. Source: www.hmrc.gov.uk/manuals/cirdmanual/cird91300.htm

The rationale for the voucher being targeted specifically at registered companies is that they are likely to have a more sophisticated structure to embrace the concept of innovation more readily.

If the company is **not** registered in Scotland then additional information will need to be supplied to confirm eligibility **prior** to submission of an application.

- background to the company, –what do they do etc
- number of employees, remit, website
- how they would take forward the outputs from the innovation voucher project - ie. ability to absorb the outcomes for the project going forward?

Companies can only be awarded one Innovation Voucher with a single Scottish academic institution to realise the benefits of collaborating with an academic institution. We would advise the nominated commercialisation contact preparing the application to check with the company at the scoping stage as to whether they have received previous support under this scheme.

If in doubt about the eligibility of the company please seek further clarification prior to preparing a submission; info@interface-online.org.uk

The awards are specifically to encourage **new partnerships between an academic institution and company** that have not jointly collaborated previously or received joint funding from any source (eg. KTP, SEEKIT feasibility study etc.). Therefore companies which have spun-out from an HEI are not eligible to submit an application for partnership with that HEI.

Collaborations with organisations within the “third sector” are eligible so long as they meet the definition and registration requirements for an SME as set out above.

How are collaborations chosen for support?

Each HEI in Scotland has resources to support collaborations and will decide which they wish to support.

Information on the chosen project will be forwarded by the HEI commercialization contact to info@interface-online.org.uk which will ensure fit with the scheme rules. Following this due diligence a decision on the award will be communicated by the Scottish Funding Council within 3 weeks.

The Scottish Funding Council reserves the right to turn down any application should it be deemed not to match the published criteria or overall purposes of the scheme. The Council may in some cases ask applicants for further information to clarify applications.

The research and development activities to be carried out under the award must be completed by 30th May 2012 in order to ensure timely submission of the final report and processing of the invoice for the ERDF funding deadlines.

How do I apply?

Each HEI will receive funding under the scheme and will decide on the collaborations to support.

It is anticipated that strong proposals would:

- demonstrate a strong opportunity for the feasibility to research and develop a novel market led product, service or process.
- demonstrable route to market for the product, service or process.

- create a new long term relationship e.g. new partnership that has not jointly received funding from any source previously.
- provide an opportunity to attract follow-on funding from other sources to develop market led products or processes eg. Knowledge Transfer Partnership, R&D grants, SMART: Scotland awards, CASE studentships etc.

Completing the application form

The application form has 2 main sections

1. Partner details and declaration
2. Project details

Completed paperwork must be sent electronically to info@interface-online.org.uk by the HEI and not to an individual.

For guidance please ensure that your application includes the following information:

Details of the proposed project:

- Provide background information on the company and the context, aims and scope of the proposed project
- The prospective benefits to both partners and to the Scottish Economy.
- The outputs for the company at the end of the project – is it a demonstrator, pre-prototype, report etc.?
- How will the company partner build upon the results emerging from the study – will this be done in house or require additional support?
- Detail how funding to lead to a long term relationship between the partners and the timescale – please note that this needs to be realistic in terms of the follow on options available e.g. there are limited numbers of KTPs, studentships available for academic – company engagement.

Description of how the award will be used:

Provide full details of the key activities and milestones, tasks and time scales for the period of the project clearly showing the contribution / roles from the company and the HEI partner.

Please include here the value (£) of contributions requested from the grant and being contributed by the company – both cash and in kind.

Project timescales

Innovation vouchers are intended to fund short-term projects, however, both partners must be realistic in terms of time scales and setting a proposed completion date.

Please ensure that the timescales for revisions, approvals and holidays have been taken into account in nominating start and finish dates

Final report and project completion

It is anticipated that the company and HEI team will hold a final close out meeting to review the findings and recommendations arising from the study. A short final report will be completed by the HEI and the company. A proforma copy of which is included in the application form.

This report will be helpful in assessing the scheme, impacts and outputs and potential lessons for future delivery. This information may also be included in reports to funders etc.

The final report and invoice needs to be submitted to info@interface-online.org.uk within 4 weeks of the project completion so, again, please be realistic with the proposed completion date. Please refer to the application and reporting deadlines listed below. The final date for submission of invoices is July 16th 2012.

We require that the Application Form, Final Report and Invoice are submitted as a single document upon the project's completion to assist with the processing of the project for payment. Please ensure that the entire document is completed and returned otherwise this could result in a delay in making payment.

Following review of the final report the SFC may consult with the HEI and company teams to produce a case study following the completion of projects based on non-confidential information. The case studies will be used to promote the benefit of the scheme to other organisations.

When is the grant paid?

The grant is payable to the HEI and will be paid on agreement of the completed final report and invoice for the costs incurred. The final report must clearly outline how the grant was spent e.g. academic time, materials etc. Payments eligible for grant must have been incurred and defrayed by HEIs.

The payment will be included in the next SFC payment run to the HEI that is in process following the approval date of the final report and receipt of the invoice.

Failure to submit the final report and invoice within 4 weeks of the nominated end date may result in the grant not being paid by SFC.

Submission dates and distribution of Innovation Vouchers AY2011-12

Each HEI has an initial allocation of up to £20k for innovation voucher applications provided that they meet the criteria outlined above and are submitted prior to January 13th 2012. The remaining funds will be distributed throughout the year as outlined in the table below based on demand.

Please note that applications for funding from stages two to seven in the table below will only be taken into consideration after the HEI fully utilises their Stage One allocation of

£20,000. If all funds are utilised by 30th March 2012 then no further awards will be made for AY2011-12.

2 pilot schemes for Pooled and / or Follow-on activities are being considered in consultation with the HEIs and further details on the application procedures for these pilots will be released by end of October 2011.

TABLE OF SUBMISSION DATES:

Funding	Deadline for application	Deadline submission of final report/ invoice	Amount	Funds Remaining
Total Funding Available				£745,000
Stage One (£20k x 19 institutions)	January 13, 2012	May 30 th 2012	£380,000	£365,000
Stage Two (10 x £5,000)	November 24, 2011	May 30 th 2012	£50,000	£315,000
Stage Three (10 x £5,000)	December 16, 2011	May 30 th 2012	£50,000	£265,000
Stage Four (10 x £5,000)	January 13, 2012	May 30 th 2012	£50,000	£215,000
Stage Five (10 x £5,000)	February 24, 2012	June 30 th 2012	£50,000	£165,000
Stage Six (10 x £5,000)	March 30, 2012	June 30 th 2012	£15,000+ left over	£150,000
Stage Seven	April 27, 2012	July 16 th 2012	Any remaining funds	
Pooled and / or Follow-on activities	To be announced by October 2011 following consultation	To be announced	£150,000	

Confidentiality and Intellectual Property

The HEI and company applying for the award must consider both confidentiality and intellectual property prior to submitting their application. Confirmation that such agreements have been signed by all partners will be a condition of grant.

Given the value of the award it is considered unlikely that significant levels of intellectual property will be generated during the study. However, the applicants should evaluate the potential for generating intellectual property and enter into an appropriate agreement.

It will be a condition of award that the SME is able to exploit any foreground intellectual property within their business sector.

Joined Up Government and Freedom of Information

The Scottish Funding Council may share information about projects with the Scottish Government, Scottish Enterprise, Highlands and Islands Enterprise and any other appropriate organisation in the interests of developing and promoting the Innovation Voucher Scheme.

The Scottish Funding Council is subject to the Freedom of Information (Scotland) Act 2002 and as such may be requested to disclose information regarding the Innovation Voucher Scheme. Scheme members will be consulted before any decision to disclose information is taken. However, any refusal to disclose may be appealed to the Scottish Information Commissioner.

De Minimis Rules and State Aid

The assistance for a Knowledge Exchange Business Assist Support Award constitutes State aid as defined under Articles 87 and 88 of the Treaty of Rome and is being granted as 'de minimis' aid under Commission Regulation EC 1998/2006 (the "de minimis" aid regulation).

European Commission rules prohibit any undertaking from receiving more than €200,000 'de minimis' aid over any period of three fiscal years. Any 'de minimis' aid granted over the €200,000 limit may be subject to repayment with interest.

If the SME partner has received any 'de minimis' aid over the last three years (from any source) they should inform the higher education institution with which they intend to collaborate immediately with details of the dates and amounts of aid received. Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on 'de minimis' aid for the next three years.

For the purposes of the 'de minimis' regulation, the award letter must be retained for 3 years from the date on the letter and produce it on any request by the UK public authorities or the European Commission. (You may need to keep the award letter longer than 3 years for other purposes.)

The best place to refer to for state aid information is the BERR website for definitions and information, exemptions etc.

<http://www.berr.gov.uk/whatwedo/businesslaw/state-aid/rules/frameworks/page28712.html>

You can also refer to the European Union online's website:

http://ec.europa.eu/comm/competition/state_aid/reform/reform.html