

Make Innovation Happen

Competitive Collaborative Innovation Fund

GUIDANCE FOR APPLICANTS

Introduction

Innovation is important to Scotland's economy. To make innovation effective for Scottish businesses, Scotland Food & Drink, Scottish Enterprise and Highlands & Islands Enterprise brought together representatives from across industry, academia and the public sector. The group worked in partnership to develop the new Make Innovation Happen service.

This led to the introduction of a new Food and Drink Collaborative Innovation Fund which is a £650k Fund for groups of businesses within the F&D supply chain. The aim of the fund is to encourage a culture of collaborative innovation by addressing **KEY** opportunities or challenges in the Food and Drink sector.

The core focus of the fund is exclusively around achieving an innovation outcome of scale, addressing a key food & drink opportunity or challenge in line with the objectives of the Scotland Food & Drink Strategy

Who Can Apply?

- The principal requirement is that the projects represent a collaborative relationship between a group of companies or a group of organisations and if appropriate a Scottish HEI or research facility. (min of two businesses in the collaboration)
- F&D Companies must be registered in Scotland or be able to demonstrate that its principal business operation is based here.
- Open to all businesses within the F&D supply chain from farm to fork and sea to shelf.

The scheme is targeted at Small to Medium sized Enterprises (SMEs), but larger companies may form part of the collaboration for grant funding. If the lead Industrial partner is not an SME then additional information on the impact of the proposed project on the SME supply chain will be required prior to the submission of an application.

Strategic Criteria

Projects will be assessed against the following Key criteria

- **RATIONALE FOR COLLABORATION:** Why is it necessary to engage in collaboration between businesses and or academia to make this innovation happen? Who are the main partners in the collaboration and what skills and knowledge will they bring and what is their role in the collaboration?
- **RELEVANCE:** Projects should alignment with the Food & Drink Strategy. <http://www.foodanddrink.scot/media/78129/strategy-brochure-smaller-size.pdf>
- **INNOVATION:** How innovative the project is and what is being done that is new or different, e.g. Use of existing technology in a new setting/novel way; adaptation of technology; introduction of new processes or products; entry into new markets.
- **INDUSTRY COMMITMENT:** It should be clear from the entry that the proposed project is central to the industry partners' strategy and is being driven by the industry partner(s). A cash contribution is expected, reflecting the value placed on the work by the companies, but commitment will be assessed on the amount of cash against the size of the companies and the importance of the project to the companies.
- **ABILITY TO DELIVER:** Both in terms of the strength of the current project team and their expertise and engagement with each other as well as opportunity for wider collaboration. Entries that involve multiple partners will most likely score higher. Partners may be similar producers, from the supply chain or commercialisation route, and other such as a Scottish Higher Education Institute (HEI).
- **ANTICIPATED IMPACT:** Anticipated impact on business/industry/economy/region. A route to commercialisation and the targeted market opportunity should be spelled out in this section; without it, it will be difficult to establish how impact is likely to be achieved.

In addition, the implications of State Aid rules in relation to any particular bid will be a key part of the evaluation process with bids being assessed with support from SE & HIE on a case by case basis.

Funding

This programme funding supports innovative and applied research and development for:

- Experimental proof of concept
- Technology/Product validated in a laboratory
- Technology/product validated in relevant environment
- Technology/Product demonstration in relevant environment
- System or prototype demonstrated in operational environment
- System or prototype complete and qualified
- Actual system/prototype proven in operational environment

Generally, funding awards will be from £25,000 to £40,000 and to a maximum of 50% intervention and will take between 6-12 months to complete. The applicants must be able to demonstrate that they are able to meet a minimum of 50% contribution to the project, in addition to any associated in kind contributions. Grants may also support feasibility studies to a maximum of £5,000.

A justification of the requested award amount is required as part of the application process. Proposals can be led by Scottish businesses and may include food and drink trade bodies and Scottish Universities but must involve industry.

Applicants are obliged to follow Public sector procurement guidelines which involve approaching a minimum of three companies to supply written quotations for all contracts of with a value over £5000 (ex VAT).

Calculating Costs

To be eligible, costs must be incurred and paid between the start and end date of the project.

Eligible Costs

The eligible costs of research and development projects shall be allocated to a specific category of research and development and shall be the following:

- personnel costs: researchers, technicians and other supporting staff to the extent employed on the project
- costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible
- costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible
- costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project
- additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project
- The eligible costs for feasibility studies shall be the costs of the study.

Ineligible Costs

- project audit, accounting or legal costs
- interest charges, advertising
- quality control/assurance, distribution, supply chain or selling costs or activities
- entertainment or hospitality
- sick days, waiting time and non –productive time
- bonuses, awards, profit-related pay, company car expenses and any discretionary benefits to staff.

How to Apply

Key Stages and Time scales

Expression of Interest (EOI) for funding can be made at any time, an enquiry can be made at www.makeinnovationhappen.scot. An EOI form and guidelines will be sent out and completed EOI forms should be returned to: caroline.maclellan@hient.co.uk

- Response within 14 days of submission of Expression of interest form
- Feedback to unsuccessful bidders
- The full application stage is by invitation only and dependent on the outcome decision of the EOI.
- Evaluation of Full Bid and Decision within 30 days of full submission
- Feedback to unsuccessful bidders
- Legal Documents processed and project approved

Both expressions of interest form and the final bid will be evaluated by a team comprising representatives from: Scottish Enterprise, Highlands & Islands Enterprise, and one of the other innovation partners as appropriate (a min of three and a max of five).

This programme is funding by public assistance from Highlands and Islands Enterprise (HIE) & Scottish Enterprise (SE) and has been assessed as State Aid under one of a number of regulations. For HIE & SE to comply with European Union regulations we need to assess your eligibility for assistance. We may also need to carry out an assessment of the businesses beneficiaries you are partnering in this collaboration to ensure their eligibility.

All project applications and discussion will be treated as confidential and no expenditure on the project should be incurred prior to submission.

What is State Aid? – It is defined as an advantage, in any form whatsoever, granted from public bodies thorough State resources on a selective basis to any organisation that could potentially distort competition and trade in the European Union (EU).

Applicant Details – Please enter the details for your company or organisation along with the contact details of the main person dealing with this application. Your business start date is

the date your company or organisation came into existence. This could be the date of incorporation if you are a registered company, or if you are unincorporated or there was a significant delay between the date of incorporation and when you first started trading, this could be the date you started to incur operating expenditure, or when you opened a business bank account or registered with HMRC.

Organisational Activity – We aim to understand what kind of organisation you are and what type of business services or activities you carry out. We are particularly interested in what you aim to do as a result of the assistance you are apply for, and that activity and the market you will be operating in is key to assessing State Aid eligibility.

Small and Medium-size Enterprises – The EU recognises the importance of micro, small and medium sized enterprises to the European economy and that SMEs do not have the same access to internal resources and expertise that large enterprises do. In order to support the development of SMEs some State Aid provisions have different percentages on the aid limits according to the size of the organisation. HIE & SE need to ascertain the size of your organisation and the additional resources at your disposal through any partners or linked enterprises to ensure we do not exceed the aid intensities your organisation is eligible for.

You should use the information from your latest approved annual accounts to determine what size of enterprise you are. New enterprises with no accounts can use the annual estimate figures from the business plan.

Enterprise Category	Headcount – FTE Employees <- and ->	Annual Turnover <- or ->	Annual Balance Sheet Total
Micro	< 10	< €2 million	< €2 million
Small	< 50	< €10 million	< €10 million
Medium	<250	< €50 million	< €43 million

Headcount - should include employees, secondees, owner-managers and partners. Students or apprentices on training contracts, employees on maternity/paternity leave and self-employed contractors are excluded. The number should be expressed in annual full time equivalents (FTE) i.e. part-time and seasonal staff should be counted as fractions. One whole FTE = the normal annual full time hours for your enterprise.

Annual Turnover – is the annual income the enterprise received from the sale of products or services after deducting any rebates and excluding VAT or other indirect taxes.

Annual Balance Sheet – refers to the value of an enterprise’s main assets, often referred to as shareholders funds.

Staff Headcount is the fundamental measure used to define SME status e.g. an enterprise with over 250 employees is automatically a large company. Only one of the annual turnover

and annual balance sheet measures need to be used, so one can be exceeded without affecting SME status. An enterprise may exceed the headcount temporarily during the year or exceed the financial ceilings in an exceptional year without affecting SME status.

Please also tell us:

- If you are part of a group i.e. another enterprise owns 25% or more of your organisation or has control through voting rights or a contractual relationship that provides dominant influence, or if your organisation may own or control 25% or more of another enterprise.
- If 25% or more of your capital is owned or controlled by one or more public bodies.

Declaration that the enterprise is not in financial difficulty – as a public funded body, HIE & SE are required to exercise due diligence to be satisfied that the organisations we assist are financially sound and will use our support to thrive, grow and contribute to the economy. In addition, the EU places a legal responsibility on HIE & SE to ensure the enterprises we intend to award State Aid to meet specific financial criteria.

De Minimis – Is a European Commission term for public assistance that they consider can be given to a recipient with negligible impact on trade and competition, with a maximum threshold over a period up to three years. The cumulative assistance is calculated over tax years, (current and the two previous years).

General Funding Terms

- Funding is awarded for an activity period up to 12 months from the date of the award.
- No funding can be awarded retrospectively so groups should ensure no activity commences prior to the funding agreement being signed.
- Applicants are obliged to follow Public sector procurement guidelines which involve approaching a minimum of three companies to supply written quotations for all contracts of with a value over £5,000 (ex VAT).
- The funding is a grant funding from HIE & SE. Other public sector & European funding can be matched to the fund, e.g. LEADER & Local Authority funding subject to compliance with State Aid rules.
- The State Aid status of each bid will be assessed individually. It is the responsibility of the applicant to inform HIE/SE at the earliest opportunity of current levels of public sector funding from any source, any public funding secured but not yet received and any public funding received over the 3 years prior to the date of the Expression of Interest Form.
- HIE/SE will have no liability for the management of groups who engage in the Make Innovation Happen Competitive Collaboration Innovation Fund.