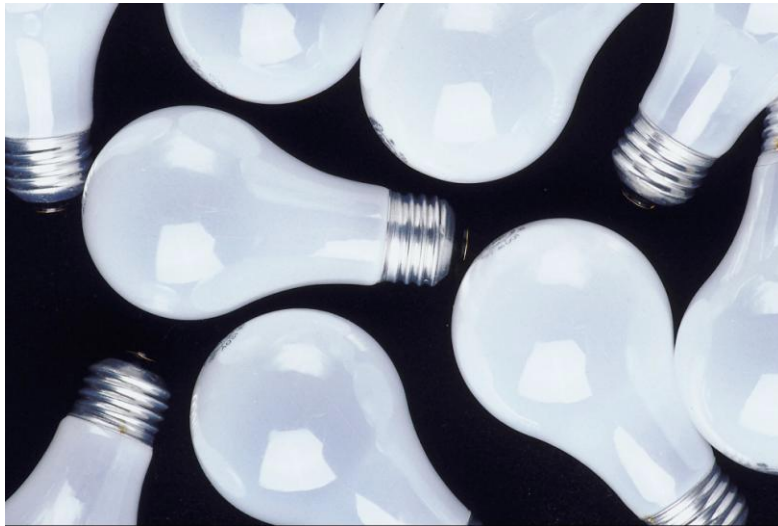


# Innovation 4 Growth (I4G)

## Guidance for Applicants (Round 5)



**European Union**  
European Regional  
Development Fund



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## 1. About Innovation for Growth (I4G) and European Regional Development Fund

The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. Established by the European Union, the ERDF helps local areas stimulate their economic development by investing in projects which will support innovation, businesses, create jobs and local community regenerations. The Ministry for Housing, Communities and Local Government is the managing authority for ERDF in England. For more information visit <https://www.gov.uk/european-growth-funding>.

ERDF, through the West of England Local Enterprise Partnership, operates through bidding rounds and the I4G programme is the result of a successful bid by the University of the West of England, Bristol (UWE Bristol) to run a Research and Development grant scheme in the West of England, defined as Bristol, Bath and North-East Somerset, North Somerset and South Gloucestershire. The University is seeking projects under this programme and offering grants of £10,000 - £75,000 to successful applicants.

The key measures for I4G are private sector investment and job creation. There is additional emphasis on creation of new products and services.

Grant funding represents State Aid and the Scheme operates under the [EU General Block Exemption Regulation](#) which defines various parameters within which it can operate.

## 2. Am I eligible to apply?

The scheme is aimed at Small and Medium Enterprises in the West of England LEP region. This includes support for pre-start ups, start-ups, micro enterprises, social enterprises and sole traders as well as established companies. We use the [EU SME definition](#), which takes into account headcount and turnover, but also relationships with other enterprises.

You will need to consider whether your enterprise is autonomous – by far the most common category – a partner enterprise, or a linked enterprise. To do this, you must take account of any legal relationships you have with other enterprises. Depending on the category in which your enterprise fits you may then need to add some, or all, of the headcount, turnover or balance sheet data from those enterprises to your own. (For example, if an individual owns over 25% of the business, and also has similar or higher level of ownership of other businesses, the other businesses may be considered ‘linked’.)

If you are operating a business in the geographical region defined above and you intend to do research and development work that will lead to innovative products, processes or services, and the creation of new jobs, you are eligible to apply.

## 3. The types of project we will support

The Innovation 4 Growth scheme aims to support Experimental Development projects as defined below. We may, under certain circumstances and where appropriate, be able to support a few industrial research projects; however we would encourage applicants to discuss these projects with us before submitting an application. Please email [innovation4growth@uwe.ac.uk](mailto:innovation4growth@uwe.ac.uk) and we will arrange for one of our advisers to contact you.

**Experimental Development:** Systematic research and development activity drawing on existing knowledge gained from research and/or practical experience, that is directed at producing new products, technologies, devices or materials; or to installing new processes, systems or services; or to improving substantially those already produced or installed. The project could lead to a pre-production prototype of a technologically innovative product, service or

industrial process. Eligible costs/activities for these projects are described in Section 5 of this document.

## 4. Intervention rates

As stated above, ERDF aims to encourage private sector investment and we are unable to offer the maximum grants allowable under State Aid rules. We will offer grants of up to 35% to SMEs. For further background, see the EU [General Block Exemption Regulation](#).

## 5. Eligible and non-eligible costs

### 5.1 Eligible costs

#### Direct costs:

##### Materials used

Materials used are those you have bought from other organisations, not including VAT costs. No depreciation costs can be charged.

The purchase of mobile assets such as mobile phones, computers, laptops, tablets and motor vehicles can be included as an eligible (R&D related) project cost. This is on the basis that they are used in delivering an approved project and that depreciation is taken into account.

##### External costs

External costs such as consultancy, or sub-contract charges and fees for trials and testing, are eligible. However, you must explain why the work on the project cannot be carried out more effectively and cheaply in house. You will not be able to claim VAT costs on these.

##### Market assessment

This kind of activity includes work during the lifetime of the project that helps the SME to refine, reconfigure or improve their R&D based on further understanding of possible future markets for the end product, service or process. The activity should prepare the way for the development and exploitation phases of a specific project. Market research and market survey costs are not eligible.

##### Capital equipment and tooling costs

Capital equipment and tooling costs are only eligible if they are needed for the project. Capital expenditure that cannot be clearly demonstrated as directly related to the delivery of an activity may not be included within the eligible costs of a European Regional Development Fund operation.

The costs of tools and equipment should be depreciated for the period of the funded project activity. If such tools and equipment are not used for their full life during the project, only the depreciation costs corresponding to the life of the funded project, as calculated on the basis of good accounting practice, shall be considered as eligible. Please provide a breakdown of the equipment required within the Residual Value Calculator tab in the budget and values transposed into Non-Payroll (Capital)

##### Training

Training costs are eligible if they are necessary for the project work.

##### Trials and Testing

These are eligible activities as part of a project, but do not constitute a project in their own right.

## Intellectual Property

Intellectual property costs are capped at 5% to the overall project total.

### Evidencing direct costs:

All costs must be evidenced, and a full defrayal trail provided, in line with ERDF requirements. This includes, but isn't limited to:

- Invoices
- Bank statements
- Order documentation

In line with European Regional Development Fund procurement rules you are required to comply with the guidelines in the table below for all project related expenditure. Please note, the values given are cumulative per supplier – therefore, the stated Minimum Procedure must be undertaken at the point when the total value of contracts with a single supplier reaches the relevant threshold (whether this happens as the result of a single purchase, or cumulatively as the result of multiple purchases over time).

E.g. If you pay a supplier £2,100 for a good or service this can be undertaken as a direct award. If you subsequently look to purchase additional goods or services that this same supplier could provide, but that would cost £400 or more, you will need to obtain 3 written quotes to demonstrate the achievement of value for money (£2,100 + £400 = £2,500). These written quotes will need to be submitted as part of your financial claims.

Category	Value of contract	Minimum Procedure	Advertising Required
1	£0 - £2,499	Direct award	None
2	£2,500 - £24,999	3 written quotes or prices sought from relevant suppliers of goods, works and services	None
3	£25,000 – Relevant Public Contracts Regulations threshold	Formal tender process in line with the Interpretive Communication and the relevant guidance set out below	Advertised on Contracts Finder and on your website for a reasonable time period

The grant recipient is required to put in place a process which assesses the merits of the bids on an impartial basis. This involves:

- A contract description which is non-discriminatory: it is not permitted to refer to a particular brand, qualification, certification, a specific origin or trademarks, for the purposes of demonstrating mutual recognition is to necessary to make it clear that equivalents will be equally valid;
- Designing the process so there is no direct or indirect discrimination of bidders from other Member States;
- Making available the same information about the contract opportunity to all interested parties;
- Putting in place appropriate time limits to allow bidders to consider the contract and submit a meaningful bid;
- Managing potential conflicts of interest;
- Ensuring the applicable rules of the bidding process are communicated to potential bidders at the outset;
- Applying the communicated bidding process rules will in the same way to all applicants throughout the process; and awarding the contract to a bidder on the merit of their bid and in line with the procedural rules set out at the start of the process.

## 5.2 Non-eligible costs

The following are examples of non-eligible costs:

- Internal staff costs
- UWE Bristol subcontracts
- 'In kind' contributions
- Interest charges
- Input VAT (if it is reclaimable from HM Customs and Excise)
- Dividends and bonuses
- Hire-purchase interest and any associated service charges
- Profit earned by a subsidiary or related business in providing materials, subcontracting, consultancy or trials and testing
- Buying land and buildings
- The cost of any consultancy used in applying for the grant
- Contingency costs

## 6. The application process

In order to apply you need to register your interest through our [website](#), providing a 50 word summary of the technology and market area that your project covers. We will send you a reference number and an application form in Word (.docx). Please carefully follow the guidance provided in this document when filling in the application form (see Appendix A below) and complete it in full.

We will contact at least two independent, expert referees/assessors in a relevant industrial field in order to help us assess your application (see Appendix D).

**The deadline date is midday on Thursday 1 March 2018.**

## 7. How will my project be assessed?

Decisions on grants will be made by an investment panel appointed by UWE Bristol and informed by the independent referees' reports. They will assess projects that have been received on, or prior to midday, Thursday 1 March 2018.

The following will be considered at panel meetings:

<b>Innovation and R&amp;D</b>	This is an R&D scheme and routine product development is not supportable. The panel will carefully consider the degree of innovation involved with the proposed work. They will consider whether the project involves novelty in a field (by which we mean new to an industry or market) and/ or technological innovation (by which we mean a technological development that will form an improved alternative, or the basis of a significant improvement, over existing products or processes).
<b>Work plan</b>	How realistic the work plan is and whether the risks have been mitigated as far as possible and the likelihood that it will be completed by the June 2019 deadline.
<b>Business Proposition</b>	These considerations include whether there is a market for the work, the size of the market, and how you plan to get your product or process to market.
<b>Applicant and business</b>	These include your experience and skills, whether the project and your business are viable, your track record, and whether you have a good business case for support.

<b>Added Value</b>	Grants will only be given if there is a good justification that the funding is essential for the project to go ahead, or if they will significantly enhance the speed at which the project will go ahead.
<b>Jobs created</b>	The proposed figure for job creation and the likelihood that these are achievable.
<b>New to market products</b>	The proposed figure for new product/service creation and jobs safeguarded and the likelihood that these are achievable.
<b>Collaboration with the knowledge base</b>	We aim to support a significant proportion of projects with some involvement of a knowledge base partner (university, FE college or other research institution).
<b>Justification of costs</b>	Is the project costing clear and reasonable? Are subcontract costs justified?
<b>Value for money</b>	Does the project look good value for public funding?
<b>Location/nature of proposed project</b>	This may become important particularly if overall funds are limited. We may look at Local Economic Partnership priorities and also local need for private sector growth.

## 8. Job Creation

A Job Created is a new, permanent job, created as a direct result of the funded I4G project. These are measured by the additional number of full time equivalents (FTEs) employed by your company as a result of the I4G project.

**Full Time Equivalent (FTE)** - Equal to one full-time job or two part-time jobs where:

Full-time job = 30 or more hours per week.

Part-time job = more than 15 hours, but fewer than 30 hours per week.

By permanent, it is meant that it should have an intended life expectancy of at least 12 months from the point at which it is created. Jobs created must be maintained for a minimum period of one year. A full-time equivalent (FTE) job created can be counted even if it does not last for 12 months, provided there is contractual evidence the intended life expectancy of the job was 12 months. Seasonal jobs may be counted where this is normal practice for an industry. In this instance, the job must exist for a minimum of 4 weeks per annum and should be counted on a pro-rata basis.

Any eligible jobs must have been created by a year after the Project End Date and must be maintained for a minimum of one year.

The Job Reporting tab in your claim form should be populated indicating the number of full-time equivalent jobs created throughout the reporting period of your project. You will also need to set out the projected jobs created in the Job Reporting tab and update the table with each claim, as and when any jobs have been created.

Once the jobs have been created, verification can be provided in the form of written declaration from a senior member of staff that the creation of a post has been as a result of I4G funding. The declaration and completion of the Job Reporting tab on your claim form should include details of the job as advertised and started, duration, and the number of hours per week. As part of our reporting to the Department of Communities and Local Government we also ask for Equality and Diversity information which we would appreciate your support capturing.

If you are a sole trader, you will need to self-declare to confirm details of post started, salary, duration and number of hours per week.

Once your project is completed, your Innovation4Growth Project Officer will request the following declaration with the final claim to confirm that:

*“At the time the project funding agreement was signed the enterprise had X employees at the time of the final claim the project this has risen to X. The new post(s) has (have) resulted in an increase in employment*

*within the enterprise and is not as a result of a realignment of posts across the organisation nor a post(s) which has been safeguarded.”*

You will be asked to report on the jobs created on a six monthly basis from the date of your Project End Date, up to one year after the last job was created.

Jobs created will be measured by the additional number of full time equivalents (FTEs) employed by the grant beneficiary as a result of the I4G project. Jobs created must be maintained for a minimum period of one year.

**It is expected that, on average, one new job will be created per £8,500 of grant issued. The offer letter will include details of the target for jobs created and these will be monitored regularly for the duration of the period specified in the same document.**

## 9. New to market product creation

Products or services that are new to the firm will be measured throughout the life of the project. The offer letter will include details of the targets for new to firm products/services and these will be monitored regularly for the duration of the period specified in the same document.

## 10. The Grant Offer Letter

### Private Match Funding

Before your project starts, we will ask for evidence that you have the funding mechanisms in place to manage your cash flow across the life of your project, as claims can only be made after project expenditure has been incurred. This could include letters of credit or other such mechanisms. We do not expect you to have cash deposits to cover the entirety of your project at the start. If you do not complete your project due to cash flow problems that you could have anticipated and managed, we may request repayment of any grant already issued.

Match funding should ideally be in place before due diligence is completed. However, we recognise that some projects will need to use the offer of a grant to leverage private investment in the project. The match funding will need to be secured or, in some cases, a realistic forecast of match funding provided, before the project can start. If this is likely to be the case with your situation, please state this within the application form.

The Grant Offer Letter will also ask you to re-confirm the following information, taken directly from your application form:

- Financial Forecast showing the anticipated spend of the Project broken down into quarter year periods (“Quarters”) throughout the life of the Project, commencing at Quarter 1 (from the start date of the Project).
- Project Plan breaking down the original proposal for delivery of the Project into individual packages of work, with assigned estimates of the resources and timescales needed to achieve each.
- A milestone register showing key milestones with an assessment of the cost associated with reaching each milestone.
- An Exploitation Plan for the Project, containing further information, including the market and business opportunities, from that provided in the original application, setting out how the applicant will exploit the project.

Once an offer letter has been issued, the following will then need to be provided:-

- Acceptance of this offer in the prescribed form duly signed by a director, or other authorised signatory of



the Lead Participant.

- Bank details of Participant on its headed paper.
- Completion of the 'Supplier Form' issued to you by the Innovation 4 Growth Project Officer.

## 11. Claims

Claims will be made quarterly in arrears. Each claim form will require you to report briefly on project progress and provide evidence that you have incurred those costs that you are claiming (i.e. that payments have gone out, not simply that you have been invoiced).

Further support around the claims procedure, and evidencing for an ERDF project, will be provided for successful applicants.

## 12. Appendices

### Appendix A – Part A – Application Form

#### Section 1 – Applicant details

Please provide basic information regarding your organisation, ownership and other funding.

Please see [Section 2](#) of the Guidance for Applicants for information relating to ownership.

#### Section 2 – Applicant organisation finances

Please check that all documentation listed below can be available to submit for due diligence within 2 weeks of the announcement of result. If you are a start-up and you do not have access to some or all of the below documents this does not prohibit you from applying. Please contact the team on [innovation4growth@uwe.ac.uk](mailto:innovation4growth@uwe.ac.uk) to discuss.

- Audited profit & loss account and balance sheet for the last two years (if only abridged accounts have been filed with Companies House)
- Current year's management accounts (P&L budget, forecast and year to date results)
- Current year's cash flow forecast
- P&L financial forecasts/estimates for the next two years (including balance sheet forecast/estimates)
- Evidence of confirmed private match funds or, if not yet confirmed, evidence of eventual source of these funds

Please note the documentation listed above must (if available) be received by the I4G Team in order for due diligence to be carried out. Failure to provide documentation within two weeks of the announcement of results may result in the offer of an I4G grant being withdrawn.

#### Section 3 – Project details

##### 3.2 The project

###### Project Summary (max 300 words)

Please explain why you need the grant, what you will do with it and how you will fund your share of the project.

In this section you will need to cover:

- Aims
- Reasons for the project
- How the project fits with wider business plan
- Project deliverables

##### 3.3 The market

###### The Market Opportunity (max 300 words)

Please describe:

- The size of the market opportunity
- How you will exploit the project results/outcomes to bring about commercial success
- How this will be funded

### **Competitors (max 200 word)**

Please describe:

- Please list main competitors and describe their business with an indication of what threat you feel they pose
- Describe how you are different from/better than them

### **3.4 Delivery**

#### **Methodology (max 200 words)**

Please describe:

- The methodology and project delivery practices you will implement
- What will you put in place to ensure adequate monitoring of progress
- Who will be doing the work

#### **Milestones and Risk**

Please complete and add additional rows as necessary to the project milestones tab, and include:

- Expected achievement date/quarter
- Description of milestones
- Level of importance to project

The risk register should include:

- A description of the risk
- Likelihood and Severity of each risk
- Mitigation plan, how can the risk be avoided or minimised

Please refer to the example GANTT chart – Part B – to support your application if you so wish.

### **3.5 Experience**

#### **Organisation – Maximum 500 words**

Outline the organisation's project delivery and/or R&D track record-if applicable. Please also outline the project delivery and/or R&D track record of any individuals involved in the delivery of the proposed project (if they have been identified at this stage).

### **3.6 Additionality**

Please explain what would happen to your proposed R&D project if you did not receive I4G funding. We are keen to provide funding that makes a real difference to beneficiaries, so please provide details of where I4G funding will ensure activity goes ahead, or where it enhances intended activities, e.g.:

- an increase in the scope of the project/activity
- an increase in the total amount spent by the beneficiary on the project/activity due to the aid
- an increase in the speed of completion of the project/activity concerned

## Section 4 – Project costs and outcomes

### 4.1 Costs

#### Budget

Please use Part C – Budget and the attached guidance notes to complete this document.

### 4.2 Project Values

Please pull these figures over from Part C – budget.

### 4.3 Private Match Funding Breakdown

Please breakdown your source of private match investment. [Section 9](#) provides more information about private match funding.

## 5 Job Outcomes

List the number of jobs you will create and/or safeguard during the project, and in the 3 years following the project. Section 9 provides more information about jobs created/safeguarded.

## Appendix B – Example of Part B - Gantt chart

You are welcome to use your own format but please provide equivalent detail:

		Q1			Q2			Q3			Q4					
	TASK NAME	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1	<b>Project</b>															
2	Sourcing capital equipment															
3	Sourcing components															
4	Materials selection															
5	Design power unit															
6	Assemble power unit															
7	PCB design															
8	PCB manufacture															
9	Consultancy															
10	IPR															
11	Systems integration															
12	Testing 1															
13	Testing 2															
14	Comparison of results															
15	Build 2nd prototype															
16	Circuitry tests															
17	Software integration															
18	Testing 3															
19	Design consultancy															
20	EMC tests															
20	Market assessment															
20	Product launch															
20	<b>Project management</b>															

## Appendix C – Part C – Budget and Depreciation Calculator

Part C – Budget/Depreciation Calculator – this document has guidance notes throughout. If you have any queries about completing this document please contact the Innovation 4 Growth Team: [innovation4growth@uwe.ac.uk](mailto:innovation4growth@uwe.ac.uk).

## Appendix D - Use of Assessors

Independent assessors are appointed by UWE Bristol. All assessors are required to sign confidentiality agreements and to declare any potential conflicts of interest. They are required to treat applications in the strictest of confidence and to apply due information/data protection rules.

Assessors are engaged as individuals, not as representatives of their employment. They are required to carry out an assessment of the proposals themselves and not to ask anyone else to review an application in their place, nor to ask anyone to give another opinion of their assessment. All assessors will be briefed by UWE Bristol staff to undertake assessments according to the I4G scheme requirements.

The University preserves the anonymity of the assessors and their names will not be provided under the Freedom of Information Act 2000. All panel reports and ranking sheets are confidential and will not be available to anyone other than the UWE and its contractors without your permission.

- Applications are forwarded to assessors.
- Each application is marked by a minimum of two assessors.
- Each application is assessed against the same set of questions.
- Each assessor is required to complete and submit a score-sheet with comments for each application they are assigned to assess.