

East Midlands Development Agency

Invitation to Apply for Grant Funding

Pathfinder Grants

Technology Framework for the East Midlands

Grant funding support for pathfinder projects that will
deliver economic impact to the East Midlands.

Date: Valid from July 2009 to March 2010

East Midlands Development Agency
Apex Court
City Link
Nottingham
NG2 4LA



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1. Introduction

The East Midlands Development Agency (*emda*) is one of nine English Regional Development Agencies (RDAs) set up by Government in April 1999 to promote sustainable economic development in England. The primary focus of RDAs is to help the English regions improve their relative economic performance and reduce social and economic disparities within and between regions.

To help the region achieve its potential, *emda* is tasked with developing a Regional Economic Strategy, which is reviewed every three years to ensure it remains relevant to the changing needs of the region's economy. Our third regional economic strategy, published in July 2006, – "*A Flourishing Region*"- provides a shared vision and the route map for the region's sustainable economic success up to 2020.

Our shared vision is that by 2020 the East Midlands will be a flourishing region. A region made up of growing and innovative businesses. We want to ensure that those already in work can develop even higher level skills, working in or owning, growing and innovative businesses. We also need to overcome the barriers that prevent people from participating in the economy so that we can all be part of healthy, inclusive communities and live in thriving, attractive places. By 2020 the East Midlands will be truly a flourishing region.

The vision of a flourishing region is underpinned by three themes:

- Raising productivity
- Ensuring sustainability
- Achieving equality

For a full copy of the Regional Economic Strategy 2006-2020 (RES), please visit www.emda.org.uk/res where you can download a PDF version.

What is an Invitation to Apply for Grant Funding (IAGF)?

The Invitation to Apply for Grant Funding route is a new process being implemented by *emda* to deliver the strategic priorities from the RES through an open and competitive route of grant funding of projects that meet specific criteria. This Regional Technology Framework IAGF is one of a number of grant funding programmes that *emda* is intending to deliver in future years.

This document is an invitation for interested individuals or organisations to apply for Grant Funding to support technology projects that will deliver economic impact in the East Midlands. This document is referred to as an Invitation to Apply for Grant Funding (IAGF). This IAGF aims to target specific areas, interventions and projects relating to raising productivity against the RES Priority Area of Innovation.

2. Background and Rationale

In support of the RES, the Regional Innovation Strategy and Action Plan (RIS)¹ has also been developed. The RIS sets out our plans to focus the majority of innovation investment on support of the business and research strengths of the region. This will

¹ This is available to download at <http://www.eminnovation.org.uk/uploaddocuments/info/Strategyfinal.pdf>

be based around a business focused innovation support network. This call will support the following RIS objectives:

- Increase the number of businesses investing in innovation
- Raise the overall level of business investment in innovation
- Improve the effectiveness of ideas commercialisation
- Recognise and build on our regional strengths to ensure sustainable competitive advantage
- Increase the frequency and value of business-university interactions

Each of the strategic priority actions listed in the RIS is based on a consideration of the appropriate evidence, contained in *The East Midlands in 2006*², used to inform the development of this Invitation to Apply for Grant Funding. This call specifically supports strategy priority Action 10 of the RIS: 'Identification of emerging technologies where the region can establish a leading position.' In order to support this priority action, the Technology Framework for the East Midlands has been developed.

How was the Technology Framework developed?

Our priority technology areas have been identified through a process of research and consultation and represent those technologies that are likely to be most important to the future prosperity of the East Midlands. This Regional Technology Framework (RTF) details their importance in reflection of their current position in the region's economy or the opportunity that they represent for future exploitation by the region's businesses.

The identification of these technology areas as priorities is built on: a mapping of technology strengths in both the university and business sectors; an analysis of policy drivers for the RTF at regional, national and EU levels; and lessons drawn from good practice approaches and themes adopted by other leading regions. The process also draws on a debate of emerging priority areas facilitated through a series of workshops that encouraged participants to consider the likely trajectory of technologies important to the region.

The priority technology areas and strategic themes for the RTF that have emerged have been further validated through policy briefings with regional stakeholders and a survey of companies in the four regional priority sectors; healthcare, food and drink, construction and transport equipment. Key findings from this research are set out in the RTF.

How is the RTF structured?

The Regional Technology Framework identifies five priority technology areas where we will need to focus our attention if the development and exploitation of technology is to make a full contribution to achieving our overall economic objectives for the region, established in the RES. The five priority technologies are:

- Materials
- Design Engineering and Manufacturing
- Energy and Waste
- Information and Communications Technologies (ICT)
- Biotechnologies and Therapeutics

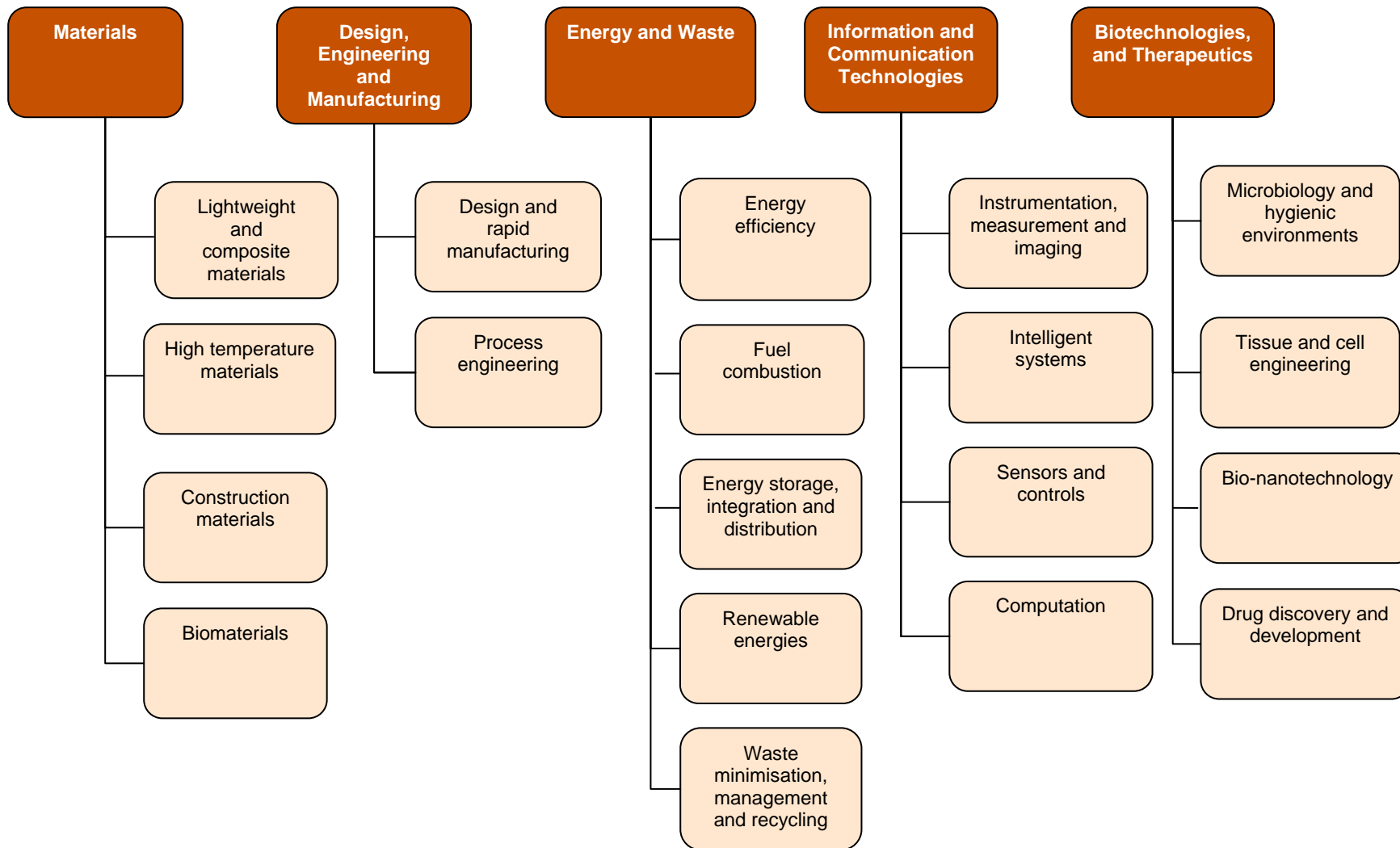
² This is available to download from www.emintelligence.com.

As well as prioritising our technologies we also need to understand what practical actions we can take in order to implement the RTF and to support the priority technology areas appropriately. The RTF details the priority technology areas (see Figure 1), their relevance to our business sectors and the extent to which we already have strengths in our companies and universities to build on. These priority areas will be the basis for IAGF technology calls and over the next year we will focus our investment in projects that fall under these areas.

This IAGF will focus on all priority technology areas and their subsets as listed below:

- Materials
 - Lightweight and Composite Materials
 - High Temperature Materials
 - Construction Materials
 - Biomaterials
- Design, Engineering and Manufacturing
 - Design and Rapid Manufacturing
 - Process Engineering
- Energy and Waste
 - Energy Efficiency
 - Fuel Combustion
 - Energy Storage, Integration and Distribution
 - Renewable Energies
 - Waste Minimisation, Management and Recycling
- Biotechnologies and Therapeutics
 - Drug Discovery and Development
 - Bio Nanotechnology
 - Tissue and Cell Engineering
 - Microbiology and Hygienic Environments
- Information and Communication Technologies
 - Instrumentation, Measurement and Imaging
 - Intelligent Systems
 - Sensors and Controls
 - Computation

Figure 1. Priority Technology Areas for the East Midlands



Rationale

The IAGF process is the main mechanism through which the RTF will deliver investment in the region. Through this funding we aim to:

- Enhance the profile and influence of the East Midlands as a technological region
- Maximise Investment flow for technology in the East Midlands
- Enhance the East Midlands' supportive environment for technology development and exploitation
- Enhance and exploit the East Midlands' technological strengths and opportunities

Projects that are supported will be led by an East Midlands organisation and will deliver economic impact to the region. This IAGF is particularly focussed on supporting technology projects at a key commercialisation stage of development:

Translational **Pathfinder projects** should address building the business case for commercialising a technology

By supporting technology in translational projects, we aim to improve take up of new technologies into the regional economy. This will also contribute to improving the region's competitiveness and productivity to ensure high global standings. This will impact on future job creation and maintain a highly-skilled population within the region. New technologies will also play a role in ensuring sustainability.

3. Geographical Area

Grant funding is available across the East Midlands. This includes the counties of Derbyshire, Leicestershire, Lincolnshire, Northamptonshire, Nottinghamshire and Rutland.

4. Projects to be Encouraged

emda wishes to support projects that have the prime aim of furthering the commercialisation of a new technology, basic research is not supported. Support will be determined by the extent to which an application supports the aims of the RTF and the broader innovation objectives of the RIS. This pathfinder programme has been made possible with the support of the European Regional Development Fund (ERDF). For more information about ERDF, please visit www.eastmidlandserdf.org.uk.

This Invitation to Apply for Grant funding has been focussed on all five of the priority technology areas and their subsets:

- Materials
- Design, Engineering and Manufacturing
- Energy and Waste
- Biotechnologies and Therapeutics
- Information and Communication Technologies.

Projects that fall outside of this initial focus will not be considered. Specific guidance on what will be supported for each Technology Area and Technology Area Subset is detailed in the RTF. The requirement of each technology subset has been determined with respect to the opportunities for the East Midlands economy;

therefore it is important to check these details carefully as the guidance is unique for each subset.

Pathfinders (Translational Projects)

(£5,000 - £20,000 up to 6 months in length)

Direct Costs, Funding Level – 70%

Translational projects are focussed on activities that gather evidence of market validation, establish the commercial opportunity and demonstrate the regional benefit of supporting the technology. These grants will enable appropriate expertise to be secured for initial business plans to be developed and validated with a focus upon market due diligence and potential. The anticipated outcome is to facilitate future grant applications to “follow on funding” such as technology grants, Grants for Research and Development (GRD) scheme or venture capital funds. These grants will not support technology development, overheads or direct staff costs. It is expected that the applicant will provide evidence that they have taken adequate steps to secure intellectual property rights or other appropriate protection over the technology.

These grants will not support direct technology development, overheads or direct staff costs. It should be noted that the Pathfinder awards have been evolved to include to include eligible spend for intellectual property costs and prototyping builds for market research.

Small or Medium Sized Enterprises (SMEs), Research and Technology Organisations (RTOs) or individuals set up a sole traders are eligible to apply for Pathfinder grant funding. Other public sector bodies including Higher Education Institutes (HEIs) will not be eligible for this grant. We will not finance patent filing or support associated costs. Applicants will need to demonstrate that proposed projects include plans for a future business plan for take-up of the new technology.

5. Programme

The indicative allocation for this call is to support approximately 15 pathfinder projects. *Emda* reserves the right to end this programme early as grant availability will be subject to demand and the number of awards agreed for applications approved from earlier application deadlines. In supporting Pathfinder projects, the agency is not committing itself to funding any subsequent phases.

6. Applicant Eligibility

This grant funding is available to applicants based in the East Midlands and where economic impact from the projects is to be focused in the East Midlands. This funding is not available to large enterprises. Applicants for Pathfinder grants must be based in the East Midlands. Eligible applicants include SMEs, RTOs and individuals (applications only considered individuals are able to demonstrate that adequate steps have been taken to secure intellectual property rights or other appropriate protection over the technology).

Any resulting intellectual property rights will remain with the originating regional partner, applicants will need to demonstrate the exceptional regional benefit if this requirement cannot be achieved. Applications will not be considered for enterprises in financial difficulty or for projects where activity has started before an application has been submitted.

Assistance will **not** be given to projects in the following sectors:

- The fisheries sector, the coal industry, the production of agricultural products (as listed in Annex 1 of the Treaty of Rome), the steel industry, or the synthetic fibres industry.

The working definitions for applicants are listed below:

Individuals

Applications from individual members of the public will be supported with preference given to applicants meeting the following criteria. Firstly, the applicant must demonstrate that adequate steps have been taken to secure intellectual property rights or other appropriate protection over the technology. Secondly, the applicant must be able to provide evidence that they have registered as a business entity and have a current legitimate business bank account.

Small to Medium Sized Enterprises

Please visit http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/index_en.htm for current definitions from the European Commission.

A small enterprise is defined as an enterprise which employs less than 50 persons and which has either an annual turnover not exceeding 10 million Euro or an annual balance sheet total not exceeding 10 million Euro. A medium sized enterprise is defined as an enterprise which employs less than 250 persons and which has either an annual turnover not exceeding 50 million Euro or an annual balance sheet total not exceeding 43 million Euro.

For both small and medium sized enterprises, not more than 25% of the capital or voting rights is owned by an enterprise which is not itself an SME.

Research and Technology Organisations

RTOs are predominantly active in providing research and development, technology and innovation services which are managerially independent.

7. Intervention Rates

Overview Table for Applicants

The following table provides an overview of the maximum intervention rates for lead applicants and project categories. This is the maximum available and will be capped. Please note these are the maximum intervention rates for **all public sector intervention** (including European and Lottery funding) in the project, not just for *emda*'s contribution. For full details of the intervention rates and eligibility criteria, **please refer to the relevant sections below.**

	Individuals	SMEs	Public Sector Organisations (including HEIs)	RTOs	LEs
Pathfinder Grants	70%	70%	-	70%	-

Individuals

Individuals involved in Pathfinder grants will be funded at 70%.

Small to medium sized enterprises (SMEs)

SMEs involved in Pathfinder grants will be funded at 70%.

Research and Technology Organisations (RTOs)

RTOs involved in Pathfinder grants will be funded at 70%.

8. Project Application Process

Pathfinder Grants

emda reserves the right to close this scheme early as grant availability will be subject to demand. The single stage application form and guidance can be downloaded from the East Midlands Innovation website (www.eminnovation.org.uk) or available from the Innovation Networks. Following an internal appraisal, we reserve the right to forward applications to an expert to assess the proposed technology project from a technical viewpoint. This will be done in cooperation with the applicant and under the terms of a confidentiality agreement.

Applications will be assessed as soon as they are received.

9. The Selection and Appraisal Process

Applications will be appraised against the selection criteria below to assess the suitability of the project in terms of technological innovation and value for money to the taxpayer. Your project will be assessed under the following headings:

All Full Applications will be appraised using *emda*'s internal appraisal process. An internal team consisting of between 3 and 5 *emda* employed staff will evaluate your project against the following areas:

- Eligibility for grant funding and whether Project description fits with Programme aims.
- Evidence of need.
- Initial assessment of Project Costs and Funding.
- Assessment of deliverability in proposed timescales.
- Clear adoption of sustainable development/ equality/diversity practices.
- Initial risk analysis
- Assessment of Forward Strategy and Evaluation Plan
- Assessment of strategic fit to *emda*'s aims and priorities.
- A full calculation of the eligible costs and maximum permissible intervention will be undertaken after a review of all necessary financial details relevant to the applicant status.
- What contribution the Project will make to *emda*'s aims and objectives.

This appraisal process will also include a more detailed assessment of the following:

- **Commercial.** These considerations include whether there is a market for the work, the size of the market and whether there is a route to market plan
- **Applicant and business.** These include experience and skills, whether the project and business are viable, track record, and whether there is a good business case for support.
- **Need for the grant.** Grants will only be given if essential for the project. These selection criteria help us assess the suitability of projects in terms of technological innovation and commercial potential and estimate the potential value for money.

Emda reserves the right to forward applications to an expert to assess the proposed technology project from a technical viewpoint. The following questions will be considered for this review:

- **Is the proposed technology development likely to create a product or process that incorporates or represents an increase in capability in a field of science or technology?**
- **Would the proposed technology appreciably improve an existing product or process through scientific or technological changes?**

- Are there any other state of the art developments in this area that would impinge of the novelty of this work?
- Will the project lead to a technological advance over existing products or processes?
- Does the work have any 'strategic importance' for industry in the UK?
- Is there a clear need or driver for the work?
- Will the proposed development support a new or emerging technology and move it closer to market?

10. Outputs

Pathfinder Expected Outcomes

The anticipated outcomes for these projects are focused on the support of business and research strengths of the region. The number of regional businesses investing in innovation and amounts of regional investment will be increased. We will increase the frequency and value of business:university interactions. Overall, we aim to build on our regional strengths to ensure sustainable competitive advantage.

11. Ineligible Costs

Where appropriate no payments will be made by *emda* in respect of the following items:

- expenditure incurred before Commencement Date of the Agreement;
- overhead costs;
- specifically for Pathfinders: staff costs for wages, salaries or drawings for business owners;
- costs incurred prior to the date of the offer letter;
- notional expenditure;
- payments for activity of a political nature;
- depreciation, amortisation and impairment of assets purchased with the help of the Grant;
- provisions;
- contingent liabilities;
- contingencies;
- profit made by the Recipient;
- dividends;
- interest charges unless under an approved State Aid scheme;
- service charges arising on finance leases, hire purchase and credit arrangements;
- costs resulting from the deferral of payments to creditors;
- costs involved in winding up a company;
- payments for unfair dismissal;
- payments into private pension schemes;
- payments for un-funded pensions;
- compensation for loss of office;

- bad debts arising from loans to employees, proprietors, partners, directors, guarantors, shareholders or a person connected with any of these;
- payments for gifts and donations;
- entertainments;
- reclaimable VAT;
- statutory fines and penalties;
- criminal fines and damages;
- legal expenses in respect of litigation;
- expenditure on activities of a political or exclusively religious nature;
- expenditure supported from other government sources, local authority Grants, charges paid by leaseholders, or EC structural funds, to the extent that the combined Grants and other support total more than 100% of the Project or scheme costs;
- expenditure on works or activities which any person has a statutory duty to undertake, except where there is strong justification in terms of the regeneration outputs or impacts that will result, e.g. in the case of beneficial activity brought forward, or carried out in a way which best promotes sustainable regeneration as a result of Grant support;
- any liability arising out of negligence;
- payments made in advance of need.

12. Timescales

Pathfinder projects

The application process for Pathfinder projects is a one stage application. These forms are available (www.eminnovation.org.uk).

Applications will be assessed as soon as they are received. Funds, however, are limited and therefore *emda* reserves the right to end this programme early as grant availability will be subject to demand. Applications will only be accepted if a signed hard copy of application form and project proposal is submitted to the following address:

Pathfinder Application
Innovation Team
East Midlands Development Agency (*emda*)
Apex Court, City Link
Nottingham NG2 4LA

13. Conditions of Grant Funding

If your application is successful, we will prepare a Grant Confirmation Document for you to sign. The document will set out how much funding we can offer you, what the project is about, and what conditions apply.

Each Project has special features, but in general the Grant Confirmation document will cover issues such as:

- The name of the body the grant is being paid to, how much grant is being made available and how long the Project is expected to last
- How to claim your funding, what you can and cannot claim for and what financial monitoring you will be subject to

- How you keep us updated on the progress of your project and what evidence Outputs we will ask you for
- Our Standard Terms and Conditions (these cover basic issues like where we write to you 'officially', how we will try to sort out any disputes between us etc)
- Our agreed forecasts of when the funding will be used.

In addition there might be special terms depending on the type of Project, such as:

- That you agree that you will occupy the site yourself for the Project purpose or that if you sell or lease the site the buyer or lessee will do the same
- That you declare that you are solvent and capable of funding your share of the cost;
- That you have begun the project before the application for funding has been submitted. You are only allowed to carry out survey and design work, urgent remedial or health and safety works, obtain consents and estimates, and started to market the project. If you carry out any additional works (including entering into contracts for major works or entered an agreement to lease or sell the completed project) we may not be able to provide you with funding for this.
- Where the Applicant owns the site you will be asked to obtain valuations from an outside valuer who is independent of both yourself and *emda*

“Polluter pays” principle

In accordance with the “polluter pays” principle grant funding will not be provided to any person or company, including holding and subsidiary companies, to assist with the costs of meeting their liabilities with respect to polluted land. These liabilities may fall on the developer because the developer is the polluter or because the developer has acquired or is to acquire the liability with the land. This means that, where the developer has such liabilities, the land should be valued taking account of those liabilities and the costs of bringing the land back up to the appropriate standard for its existing use must be excluded from the amount of grant being requested.

14. Monitoring, Audit and Evaluation

As part of the implementation of the Project, we have to be sure that you have effective monitoring and financial control systems in place so that as the Project proceeds its progress and costs can be clearly identified. *emda* is providing you with public funds, and we too are subject to audit and scrutiny. This will require us to collect beneficiary data from the project.

We will ask you to complete a standard Grant Claim and Monitoring Form on a quarterly or monthly basis and submit it to us. Failure to comply may result in funding being suspended.

All the original documents relating to the implementation of the Project and its costs should be retained by the Recipient for seven years after payment of the final amount of funding.

If you need to make a significant change to the Project (i.e., more than a 10% change in Project outputs and/or cost; any change to the Project financing plan, any change in ownership of the Project or its assets; any change or prospective change in the proposed use of any asset or facility created) you must ask for our permission first.

We will also agree an Evaluation Plan with you so that at the end of your Project we can assess how successful it was. Commonly this contains questions like:

- What was the project seeking to achieve and how much has it achieved?
- What improvements in the target group or area can be attributed to the project's activities?

- Were there any unexpected effects?
- Was the approach the most cost-effective way to achieve the results?
- What factors contributed to success and/ or failure?
- What lessons are there for future projects?

We will ask you to consider at the Full Application Stage how you think your Project could be evaluated. This might include your views on:

- **when your evaluation will take place.**
In order to correctly measure the impact of a project, we will require baseline information about the grant beneficiary. This will allow us to measure the additional impact resulting from funding the project. Common information gathering will rely on questionnaires, surveys, financial information. A final evaluation will be carried out at the end of the project and at relevant milestones. For projects which have a long duration, or ones that will take time to achieve impacts, an interim evaluation should be conducted. This can allow you to understand how the project is proceeding and allow you to make changes to it to ensure a better outcome.
- **what evaluation methodologies you will use in order to answer the above questions.**
Some typical elements you should consider when designing your project evaluation methodology are:
 - Review of key project documentation (e.g. appraisal and approval documentation, funding agreement, exit/succession strategies, evidence of market failure/opportunity)
 - Analysis of financial, output and outcome monitoring data and other key project management documentation;
 - Interviews with key project staff;
 - Key stakeholder consultations - including strategic and delivery partners as well as other key stakeholders (e.g. via workshops, focus groups, individual consultations or surveys);
 - Beneficiary surveys (actual, potential and unintended beneficiaries);
 - Analysis of secondary trend data – ie. regional GVA, employment stats, land use, etc.
 - Benchmarking against similar project activities
- **whether you will require external consultants to undertake any part or all of the evaluation**

15. Sources of Help and Support for Applicants

For further information and guidance on the application process or any other issue concerning this IAGF please contact:

Innovation Team
East Midlands Development Agency (*emda*)
Apex Court, City Link
Nottingham NG2 4LA

Email: eminnovation@emd.org.uk
Direct: +44 (0) 115 988 8300