

BUSINESS INNOVATION FUND



ROUND FIVE - GRANT GUIDANCE



West of England
**GROWTH
HUB** ▶▶▶

Image credits: (left to right)
National Composites Centre (NCC)
Tilly Lockey
FEED
Nathan Riley
This is Engineering



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SUMMARY

1

WHAT IS THE BUSINESS INNOVATION FUND?

The Business Innovation Fund awards grants to support small and medium sized enterprises (SMEs) to undertake research and development (R&D) activities that leads to the creation of novel/new products, processes and/or services, including through developing prototypes and proving concepts, development work, testing and trialling.

FUNDING AVAILABLE

You can apply for a grant of between £15,000 and £25,000 to cover up to 45% of your project costs. You must fund the remaining 55% of your project costs.

WHY RESEARCH AND DEVELOPMENT? (R&D)

Research and Development (R&D) are important contributors to economic growth. Businesses that undertake R&D increase competitiveness, improve resilience, create/secure jobs and have a higher propensity to exploit export opportunities.

WHAT DO WE MEAN BY RESEARCH AND DEVELOPMENT?

Research and Development (R&D) is the discovery of new knowledge that can be used to create novel/new products, processes and/or services to address an individual, group, organisational and/or societal need. It is where other solutions have not been considered, tested nor trialled, or where they have been, and a new approach is being attempted.



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SUMMARY

INNOVATING TO NET ZERO

The West of England Combined Authority is committed to tackling the climate and ecological emergencies, has an ambition to achieve net zero by 2030, and is focussing on the following priorities in doing so: accelerating the shift to low carbon transport; improving our buildings and placemaking; enabling clean smart affordable energy; fostering clean growth and innovation; protecting, preserving and enhancing the environment.

The Business Innovation Fund will make a positive contribution towards this ambition by also supporting SMEs that, via R&D, are creating new products, processes and/or services that tackle these twin emergencies.

INCLUSIVE INNOVATION

The West of England Combined Authority is also committed to encouraging a more inclusive economy, whereby the benefits of it doing well are shared amongst more of our residents and what we produce here are designed to serve as diverse a community as possible and/or is targeted at underserved communities.

For the Business Innovation Fund this means that we also want to support SMEs that are seeking to create, via R&D, products, processes and/or services that make a positive contribution in this regard. This is not an exhaustive list but examples could be the creation of a product that supports disabled people to live a more independent life, or a service that helps build a more inclusive society.



SCOPE

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WHICH STAGE OF R&D CAN BE FUNDED?

The Business Innovation Fund supports projects at the experimental development* stage (i.e. closer to commercialisation) of R&D, in order to support innovative, disruptive and ambitious ideas leading to the creation of new products, processes and/or services.

** Experimental development means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aimed at the conceptual definition, planning and documentation of new products, processes or services.*

Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real-life operating conditions. The primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is not necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes.

Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.





SCOPE

WHICH SECTORS ARE ELIGIBLE TO APPLY?

The Business Innovation Fund is able to fund SMEs from any sector, although those from the following, aligning with our regional innovation cluster strengths and technology strengths, as described in our Plan for Innovation 2024-2029, are particularly encouraged to apply:

CLUSTER STRENGTHS

- Immersive Creative
- Advance Engineering
- Health Sciences
- Sustainable Fintech

TECHNOLOGY STRENGTHS

- Artificial Intelligence (AI), Digital, and Future Communications
- Quantum
- Robotics and Smart Machines
- Advanced Materials and Manufacturing
- Energy and Environmental Technologies



ELIGIBILITY

3

COMPANY SIZE / TYPE

The Business Innovation Fund can support Small and Medium sized Enterprises (SMEs) undertaking R&D activities. This means that your business needs to:

- be an economic enterprise that sells goods or services for profit;
- meet the definitions, in terms of staff headcount, turnover and balance sheet, as follows:
 - number of employees - no more than 250
 - turnover - no more than £36 million
 - balance sheet total - no more than £18 million

If your business is in a partnership or is a linked enterprise (i.e. you have a controlling interest over another enterprise(s) or another enterprise(s) has a controlling interest over you) you must use combined numbers of employees, turnover and balance sheet of all those companies to determine if you are an SME.

The Business Innovation Fund is not able to support large businesses.



Image credit: West of England Combined Authority



ELIGIBILITY

MATCH FUNDING

You must be in a position to provide match funding for the remaining 55% of your project costs and evidence that this is secured before your project gets underway. This means that, for example, if you were awarded £15,000 grant funding you would need to provide £18,333 in match funding, meaning your total project costs would be £33,333.

Eligible match funding can be, for example, but not limited to:

- cash reserves;
- bank loan;
- money from an investor.

You cannot use any other public funding, such as from a council, Innovate UK, or similar, as match funding.

In kind contributions are also not eligible as match funding.

Further information to help small businesses find additional sources of finance can be found at: [West of England Growth Hub](https://www.gov.uk/find-local-council)

LOCATION

Your business and the project location must be based in the council areas of Bath & North East Somerset, Bristol, or South Gloucestershire. The Business Innovation Fund is not able to support businesses based in North Somerset. Check which council area your business is based in here <https://www.gov.uk/find-local-council>





ELIGIBILITY

WHEN MUST YOUR PROJECT BE COMPLETED?

Your project must be able to complete within 12 months of a grant award.

SUBSIDY CONTROL

The Business Innovation Fund provides public financial assistance (aka subsidy) which is compliant with the Subsidy Control Act 2022 (the Act). The Act ensures that public authorities (such as the West of England Combined Authority) do not give financial advantages to enterprises in a way that could create excessive distortion of competition.

The Act allows some types of subsidy, including where it encourages particular activity such as where SMEs are progressing research, development and innovation projects and where the amount of subsidy is considered small enough to not create excessive distortion of competition. As such the Business Innovation Fund will be offered to successful applicants as either as a Streamlined Subsidy as referred to in section 10(5) of the Act, and defined in the Research, Development and Innovation Subsidy Scheme, or as Minimal Financial Assistance, as defined in Part 3, Chapter 2 of the Act.

It is also your responsibility to make sure that your organisation is eligible to receive subsidy and it is recommended that you seek independent subsidy control advice if you are unsure.





ELIGIBILITY

TYPES OF COST THAT CAN BE SUPPORTED

The Business Innovation Fund is able to support specific R&D costs. These have been broken down into individual headings below, with examples of eligible and ineligible costs.

If you are unsure if your project costs are eligible, please contact us at: wearegrowth@westofengland-ca.gov.uk.



ELIGIBILITY

LABOUR COSTS

Eligible costs

- Costs of both existing and newly employed staff (such as researchers or technicians working directly on the project), including gross salary, plus employers national insurance and pension contributions.
- Support/back-office staff directly supporting the project, such as budgeting, project reporting and recruiting.

Ineligible costs

- Contingency costs
- Costs of support/back-office staff, not engaged in activity directly related to the success of the project
- Marketing and/or sales staff
- Bonuses or performance related payments
- Time not spent working directly on the project such as sickness, training or non-productive time
- Forecasted pay increases

Note: Overheads will be automatically calculated as a flat rate 20% of labour costs and contributes towards the spend, as a result of your project being progressed, on items such as office rent, utilities, and IT.



ELIGIBILITY

MATERIALS

Eligible costs

- Materials purchased from third parties
- Materials supplied or subcontracted from other partners - these must be listed at cost, i.e. excluding profit
- Software purchases, additional licenses and associated training as necessary to complete the project.

Ineligible costs

- Contingency costs
- Costs of existing software licenses - only additional purchases are eligible
- Profit margin for materials supplied or subcontracted from other partners
- Interest charges

CAPITAL USAGE

Eligible costs

- Usage costs of new or existing capital purchases such as R&D equipment that are directly used for the project

Ineligible costs

- Usage costs of new or existing capital purchases outside of the project
- Items with a lifetime of less than 12 months.





ELIGIBILITY

SUB-CONTRACTS

Eligible costs

- Contractual research, knowledge and patents bought or licensed from outside sources
- Costs of consultancy and equivalent services used exclusively for the project

Ineligible costs

- Contingency costs
- Profit margins and mark-up of third-party organisations
- Marketing costs

TRAVEL AND SUBSISTANCE

Eligible costs

- Travel and subsistence costs of individuals involved in the project
- Mileage claims over and above mileage to and from normal place of work

Ineligible costs

- Travel and subsistence costs relating to normal places of work
- Travel and subsistence costs not exclusive to the project



ELIGIBILITY

OTHER DIRECT PROJECT COSTS

Eligible costs

- Training costs, if necessary for the project's success e.g. relating to the purchase of new software licenses
- Support packages relating to new software licenses
- Workshop/laboratory usage charge outs
- Patent filing costs for new intellectual property, excluding legal costs;
- Regulatory compliance costs, if necessary for project success

Ineligible costs

- Contingency costs
- Any cost not necessary for the success of the project
- Bonuses and dividends
- Marketing costs
- Ongoing/business as usual costs not directly associated with the project



ELIGIBILITY

TYPES OF COSTS THAT CANNOT BE SUPPORTED

The grant cannot be used for:

- marketing costs;
- capital (non-revenue) costs, such as building renovations or buying land and buildings;
- VAT (if it is reclaimable from HM Revenue and Customs);
- activities that are required by law to meet a legal standard;
- retrospective applications e.g. for completed projects or those where a legal commitment has been entered into;
- consultancy charges in applying for the grant;
- interest charges;
- dividends and bonuses;
- profit earned by a subsidiary or related business in providing materials, subcontracting, consultancy, trials or testing;
- contingency costs;
- ongoing operational or business as usual costs.

This list is not exhaustive and any queries about the eligibility of costs not included in the list above should be addressed to us at:

wearegrowth@westofengland-ca.gov.uk





ELIGIBILITY

WHO CAN BE USED TO CARRY OUT THE PROJECT?

As well as using your own staff, assets etc. on the project and claiming for these costs, you can buy (i.e. procure) supplies, services and works from third parties and claim these costs also. We want to ensure that this is done in a way that achieves value for money so if your application is successful you will be required to commit, via signing a Grant Funding Agreement, to competitive procurement practices, including ensuring that conflicts of interest are avoided.

WHAT HAPPENS TO PRODUCTS, PROCESSES OR SERVICES PRODUCED AS A RESULT OF THE GRANT?

Intellectual property almost certainly plays an important role in your business, even if you don't think this is the case. It can impact on important areas in your business, for example your business name, web site, logo, the products you produce and the services you provide. It is therefore important to consider IP in relation to the Business Innovation Fund. The West of England Growth Hub website has more information and you can contact them via the website where they can help you understand this important area.



ELIGIBILITY



Consideration and management of potential IP issues at the outset of a project can help to prevent delays and avoid disputes as the project progresses. A sensible approach to IP can also involve the management of confidentiality, use of existing corporate know-how, publication of information, commercialisation and decision making.

DOES THE FREEDOM OF INFORMATION ACT APPLY?

You should note that the West of England Combined Authority is subject to the Freedom of Information Act 2000. Applicants are requested to state in a covering letter, which part, if any, of the information supplied with their application is confidential or commercially sensitive or should not be disclosed in response to a request for information and why. Applicants' statements will be considered; however, the West of England Combined Authority is unable to give any guarantee that the information in question will not be disclosed. In addition, any award of grant will be published in our transparency data which we are legally obliged to publish; as well as details of successful applicants and their projects to promote the Business Innovation Fund.



APPLICATION

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WHEN AND HOW TO APPLY?

A link to the Business Innovation Fund application form can be found on our website.

We will not accept or review incomplete and unsigned applications, nor those submitted beyond deadline.

If you have any questions about the fund or application process, please contact us by emailing wearegrowth@westofengland-ca.gov.uk.

WHAT IS THE APPLICATION PROCESS?

This competition requires the submission of an application which can be accessed via a link on our website. If you require the application in an alternative version, please get in touch with us and we will do our best to meet your needs.

Please note that supplementary documents or links will not be considered as part of your application so all essential information should be included in the application form. Please explain any acronyms and specialist/technical terms used in your application.



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APPLICATION

On receipt of an application your business will be checked for eligibility and initial due diligence will be carried out, assessing the financial health of your organisation and its on-going sustainability. As such, if you apply, your business will be subject to a credit check by a third-party reference agency. We may also request a copy of your last three years' accounts or other information to satisfy our due diligence checks.

If your application passes eligibility checks and initial due diligence it will thereafter be assessed/scored. Applications will be competitively assessed with all other submissions at the end of the grant application window in which an applicant applies.

Recommendations to approve or decline applications will then be presented to the West of England Combined Authority Chief Executive Officer (CEO), and in consultation with the CEOs of the 4 West of England councils, will ultimately decide which projects to fund.

High risk projects and/or applicants may not be funded. There is no obligation on the West of England Combined Authority to fund eligible applications. If you are unsuccessful, you will be able to re-submit a revised application in a future application window.



APPLICATION

A man and a woman are standing in a workshop, looking at a white robot arm. The man is pointing at the robot, and the woman is looking at it with interest. There are cardboard boxes and other equipment in the background.

GRANT FUNDING AGREEMENT

Awards of funding will be formalised in a Grant Funding Agreement, which will reflect the information provided in your Application, and which, upon finalisation, you will be asked to sign.

HOW WILL THE GRANT BE PAID?

After we have finalised a Grant Funding Agreement with you, your project can start. Funding can then be claimed by you every 3 months. We will provide a standard claim form and instructions.

Funding will be paid in arrears. You must therefore be in a position to cash-flow your project.

We aim to pay 28 days after the submission of a valid claim, supported by evidence of defrayed expenditure (i.e. actual money spent) such as copy invoices, payroll summaries and/or bank statements.

All grant must be claimed within 12 months from the date of grant award. The Grant Funding Agreement will contain a 'Project Completion Date' beyond which no entitlement to further payments will exist. Expenditure must be claimed within the financial year in which it is spent. You will be required to provide a quarterly report on finance and project progress.



APPENDIX 1

Application guidance notes

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1 - LEAD APPLICANT DETAILS

Details of the person within your business that is responsible for the submission of the application and with whom the West of England Combined Authority will liaise.

2 - COMPANY DETAILS

This section is where details of the business that is applying for support from the fund, and on which due diligence will be conducted, should be provided. These details should mirror those that are recorded for the business in statutory returns, such as those for Companies House and/or His Majesty's Revenue and Customs (HMRC).

Please also tell us (see section 2.2) about the ways in which your business is and/or is planning to manage/reduce the environmental impact of its activities, such as via the adoption and implementation of an environmental management system/achieving associated key performance indicators (KPIs).

Please also tell us (see section 2.3) about the ways in which your business is and/or is planning to contribute to increasing Equality, Diversity and Inclusion via its activities, such as by introducing fair and inclusive recruitment practices or job flexibility.



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APPENDIX 1

Application guidance notes

3 - PROJECT DETAILS

Questions in this section seek an insight into why you are seeking funding and the project for you are seeking to progress, including the type of R&D being undertaken and what you are hoping to achieve. It should also explain how it fits with the scope of the Business Innovation Fund. Some further pointers are as follows:

Why does your project need public funding and what will happen if your application is not successful?

- How will funding bring about additional and/or additional progress on your project to that which has happened to date?
- If your project is not funded, will it stall or be reduced in scope?

What research and development (R&D) activities will take place? What will you be testing, trialling and developing that has not been thought of or tried previously, within your business or elsewhere?

- Tell us about the R&D that is required and how this goes beyond routine product or general business development.

What will the end result be if the R&D is successful? What product, process and/or service are you seeking to create?

- What are you ultimately seeking achieve by the end of the project?
- What will success look like?



APPENDIX 1

Application guidance notes

3 - PROJECT DETAILS CONT...

How will your project be managed and who will be the Senior Responsible Owner (SRO)?

- How will you manage the project?
- Who is responsible for leading key tasks/work packages of the project?
- Who is ultimately responsible for project delivery?
- Do you need any permissions to deliver the project? If so, are these in place?
- How will you monitor the progress of the project and ensure remedial action is taken if it is not on track?

Who are the delivery team and what experience/skill/knowledge will they bring to the project?

- Who will deliver the project and what are their specific role(s) / job title(s)?
- What relevant experience does your project team, and the organisation applying, bring to the project?
- Do you have a track record of delivering R&D, or are you new to R&D?
- How will you access other expertise needed to deliver the project, such as from sub-contractors?

What is the market size/demand and what route to market plans does your business have for the new/novel product, process and/or or service(s) you are seeking to create?

- What is the size and geographical range of your target market?
- What is the eventual route to market?
- How will you exploit the results, outcomes and commercialisation opportunities?
- How will it grow your business?



APPENDIX 1

Application guidance notes

3 - PROJECT DETAILS CONT...

Who are you competitors and how will you ensure your new/novel product, process and/or service is distinct from their offering(s)?

- Who are your competitors and how will your new/novel product, process or service(s) differ from what they offer?
- How will you achieve competitive advantage?

At your anticipated project start and completion dates, what Technology Readiness Level (TRL) will your product, process or service be at?

- We are seeking projects that conduct R&D on products, processes or services that are near to being realised, but haven't yet been commercialised. Technology Readiness Levels are broadly defined as follows:
 - TRL0: No prior research
 - TRL1: Basic principles observed and reported
 - TRL2: Technology concept and/or application formulated
 - TRL3: Analytical and experimental critical function and/or characteristic proof of concept
 - TRL4: Technology basic validation in a laboratory environment
 - TRL5: Technology basic validation in a relevant environment
 - TRL6: Element of technology model or prototype demonstration in an operational environment
 - TRL7: Full technology prototype demonstration in an operational environment
 - TRL8: Actual technology completed and qualified through test and demonstration
 - TRL9: Actual technology qualified through successful operation



APPENDIX 1

Application guidance notes

3 - PROJECT DETAILS CONT...

Please describe your approach to Intellectual Property (IP) within your business, and in relation to this project?

- How will the IP be managed?
- Please outline the important intellectual property your business has, how it is recorded, protected and in which geographic territories? What do you plan to do to ensure you have fully considered IP management?

4 - OUTPUTS, OUTCOMES AND IMPACTS

How many new to market products, processes or services is the project seeking to create?

A product, process or service is new to the market if there is no other available that offers the same functionality, or the design or technology that it uses is fundamentally different from the design or technology that already exists on the market.

How many new to your business products, processes or services is the project seeking to create?

A product, process or service is new to your business if there is no other available to the business that offers the same functionality, or the design or technology that it uses is fundamentally different from the design or technology that is available to your business. For this output, you would be seeking to create a novel/new product, process and/or service that only your business would utilise in its operations.



APPENDIX 1

Application guidance notes

4 - OUTPUTS, OUTCOMES AND IMPACTS CONT...

How much increase (£s) in revenue/sales over the 5 years from your Project Completion Date do you anticipate will be achieved?

If your R&D is successful and a new/novel product, process or service is realised and then commercialised, what benefit (£s) will this have on your business in terms of growth?

If your R&D project is successful (where applicable) how will it contribute to tackling the climate emergency?

Tell us, if this is an anticipated long-term impact of your project and the product, process and/or service you are seeking to create, how it will be environmentally beneficial. If you have forecasted them, include figures to quantify this benefit, such as tonnes of carbon dioxide equivalent (tCO₂e) greenhouse gas emissions saved, and tell us your methodology in arriving at this figure.

If your R&D project is successful (where applicable) how will it contribute to tackling the ecological emergency?

Tell us, if this is an anticipated long-term impact of your project and the product, process and/or service you are seeking to create, how it will be ecologically beneficial. If you have forecasted them, include figures to quantify this benefit, such biodiversity net gain, and tell us your methodology in forecasting them.



APPENDIX 1

Application guidance notes

4 - OUTPUTS, OUTCOMES AND IMPACTS CONT...

If your R&D project is successful (where applicable) how will it contribute to inclusive innovation?

Tell us, if this is integral to the project, how it will contribute to improving Equality, Diversity and Inclusion.

5 - COSTS

Confirm your total project cost, the grant funding you are applying for, and how you expect your costs to be split by cost type (per those in section 3 above). For the latter, this is just an early estimate. If your application is successful, the split can be updated as your Grant Funding Agreement is finalised.

Please also tell us your anticipated source(s) of match funding and the stage you are at in securing these.



CONTACT US



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