

# BE—ST

Project Support

A Guide to Applicants

## Overview

Built Environment - Smarter Transformation (BE-ST), formerly Construction Scotland Innovation Centre (CSIC), was set up in 2014 to assist in growing Scotland's construction industry through supporting the development of skills, innovation, knowledge exchange and collaboration using the skills and expertise of 13 of Scotland's Higher Education Institutes (HEIs).

Projects supported by BE-ST must be sustainable in nature or lead to sustainable solutions for the built environment. The solution could be ground-breaking or incremental and could be related to process, service or business innovation or product and technology development.

BE-ST has innovation funding to leverage into projects which are collaborative in nature, demonstrate clear economic potential and where need is demonstrated. The projects must be led by one or more industry or public sector partners who are willing to contribute cash or in-kind resource to a project and they must include at least one academic partner in the collaboration.

All innovation supported projects should create value which can be clearly specified in terms of economic impact. For example, project outputs should clearly demonstrate one or more of the following: increased turnover within the lead company and/or supply chain greater profitability; increased productivity or efficiency; job creation or safeguarding; Gross Value Added or increased exporting and internationalisation.

Support can be provided at any stage(s) throughout the innovation cycle e.g. towards research and development, technical and market feasibility studies, scoping and mapping studies, design and prototyping, demonstration projects, independent validation and verification of results.

## Who can apply?

Companies – Lead industrial partners can be any company, large or small, that is active in the built environment or which has sustainable innovation which can be targeted at the built environment as a new market. Companies headquartered outside Scotland but with operations in Scotland, either directly or through partners, are also eligible to apply as long as there will be some economic benefit for Scotland.

Companies can apply individually with their academic partner, or in a consortium. Industry partners can participate in a project whether in a supplier, contractor, developer or demonstrator role. Participating companies must be willing to contribute resource to the project, in cash and/or in kind in order to benefit from the collaborative project either in terms of the Intellectual Property created or from knowledge, results, connections, first user advantage or market access.

Public Bodies e.g. Local Authorities, Housing Associations/RSLs, NHS, water authorities – BE-ST welcome the participation of public sector agencies and bodies within the projects in lead or support partner roles, either to develop new knowledge, innovate within the construction supply chain, lend their knowledge within specifying or contracting or to provide demonstrators for projects. Public sector bodies can apply as lead partners as long as the projects lead to sustainable solutions or approaches for the built environment and will have some beneficial economic impact on Scotland.

As support partners, public bodies can contribute to the project in-cash or in-kind in order to benefit from participating in the project and to gain new knowledge, expertise and access to new solutions.

Higher Education Institutes (HEIs) – all projects must include at least one academic partner from one of 13 Scottish universities. BE-ST project funding can only go to the academic partner to support their transfer of knowledge or expertise to the industry or public sector partner(s). BE-ST can also help a company find a suitable academic partner.

## Completing the Application Form

BE-ST application forms should be completed by both the lead partner and the academic partner with input from other project partners where necessary e.g. allocated costings, their specific work programme outline.

The application form is colour coded for ease: Red for lead partner completion, blue for academic completion. BE-ST will complete the black boxes.

All partners should sign off the proposal prior to submission.

## How do I find relevant academic expertise?

You may already be engaged with a Scottish university and wish to use this connection to develop your proposal.

Alternatively, BE-ST or Interface can assist you to find (a) suitable academic partner(s) for your project. BE-ST have deep connections at a built environment sector level within Scotland's universities with many academics contributing to BE-ST activities at Board, Project Assessment Group and Thematic Group levels. BE-ST can therefore potentially direct you to the leading university centres of excellence and academics in your project area and make suitable introductions for further discussions.

Interface offer a free service to match companies up with academic expertise through posting a request outlining your search for expertise out to all the Scottish universities; interested academics may then reply.

Your allocated Business Relationship Manager at BE-ST will assist you to determine the best manner for finding a suitable academic partner.

## How much funding is available?

Projects are assessed on an individual basis with support provided dependent on commercial potential, transformation to the built environment, economic impact and need for support.

The innovation project's costs are outlined by each contributing partner in the application form to build up a picture of the overall project's costs. BE-ST funding support goes directly to the university partner towards their expert contribution, funding up to 100% of their costs but at up to 50% of the overall eligible project costs. If the university's partner's costs are greater than 50% of overall project costs, then the other partners will be expected to pay for the remainder.

The match of project costs are expected to be resourced and supported by the other project partners, although this can be in kind.

BE-ST can, on occasions, fund a higher proportion of the overall project costs through the university partner and this depends on the size of the company and the stage and impact of the project.

SFC Innovation Vouchers are available up to the value of £5K to allow initial feasibility or scoping studies to be carried out, or for the final validation of results by an academic partner.

BE-ST also support 'Quickbuild Projects', where the overall academic project support is under £20K. This is most likely to be used for feasibility, market research and scoping studies and for final validation of project results, where this would be delivered in conjunction with an academic partner. These projects are evaluated by BE-ST on an open basis and subject to a 4 week project approval process.

For Collaborative Innovation projects, BE-ST funding will primarily focus on projects where academic input is valued from £20K – £200K. There are no limits on this funding, however projects proposed at the upper levels of funding should be truly transformational. As BE-ST generally provides academic funding support at up to 50% of overall projects costs, proposals should also include significant industry contributions either in kind or through cash contributions. Collaborative Innovation projects are evaluated by BE-ST's external Project Assessment Team, comprising industry and academia, every quarter and are then submitted to the BE-ST Board for final approval.

## Is BE-ST funding considered State Aid?

State Aid, often in the form of financial assistance, given to companies from a public body, can give a competitive advantage and therefore has the potential to distort industry competition and affect trade between member states of the European Union.

BE-ST project funding is considered as State Aid for company applicants. BE-ST will determine under which form of State Aid your project will fall, De Minimus Aid or the General Block Exemption Scheme 2015-16 (GBER). However, BE-ST, as a Scottish Funding Council Innovation Centre, is registered under the General Block Exemption Scheme 2015-16 which means that the majority of its funding, whilst considered State Aid, does not fall under De Minimus and is therefore not included in De Minimus limits.

The European Commission has set out rules about State Aid given to companies, such as BE-ST's project funding and it is important that companies, as recipients of State Aid, comply with the legislation. More information can be accessed on <http://www.sfc.ac.uk/innovationcentres--stateaid>

Projects proposed by public sector bodies will be assessed early against State Aid rules. If there are no direct industry partners in the project consortium, "No State Aid" may apply and support may be eligible under Article

2.1.1 Public Funding of Non-Economic Activities as long as there is "wide dissemination of research results on a non-exclusive and non-discriminatory basis, for example, through training, open access databases, open publications or open software."

## Eligible Project Costs - Industry & Public Sector

A full breakdown and explanation of costs should be provided by each costed project partner in section 6 of the application form.

No previously incurred costs can be charged to the project; all costs must be actual costs and incurred after the project's start date.

No costs can be detailed that are already funded through other public sector means e.g. RSA, KTP, other innovation grants etc. Additionally, no costs which form match funding to other public grant funding can be included as match funded costs.

## Eligible Costs

BE-ST funding follows State Aid rules as regards to the eligible costs of a project.

1. Personnel costs – researchers, technicians and other supporting staff to the extent employed on the project (actual salary and employment costs (NI, pension) as appear in company accounts). No charge-out rates can be applied.

2. Overheads and operating expenses (e.g. consumables, supplies and other similar products) incurred directly as a result of the project
3. Small items of instruments and equipment\* - to the extent and for the period used by the project. Where such equipment is not used for the full life of the project, then only the depreciation costs corresponding to the life of the project, as calculated on the basis of normal accounting practices (GAPP), are eligible.
4. Software - new software can be bought for a project but the eligible cost is to the extent and for the period used by the project. Where the software already exists in the consortium, eligible costs is to the extent and for the period used by the project.
5. Subcontract costs - costs of contracted services bought in to assist with the development or delivery of the project
6. Costs of contractual research, knowledge and patents bought or licensed from outside sources used exclusively for the project.
7. Training where specific and necessary to the project
8. Buildings - For buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of the company's normal accounting principles, are eligible. The most straightforward method is Straight Line depreciation where you would calculate the depreciable base (i.e. the acquisition cost less residual value) by the number of years of the asset's estimated life to determine each year's depreciation expense. Under Straight Line, each year's depreciation expense is the same. If a building is being built for the sole purpose of the R&D project and will have no life thereafter, then the depreciation will be over that period.
9. Land - To the extent and for the period used by the project. For land, costs of commercial transfer or actually incurred capital costs are eligible.
10. Travel - necessary travel between partners during the project period.

NB: \* Equipment - All new equipment to be purchased for projects must be fully itemised/costed and included as part of the Project Application. BE-ST would then advise on the best route to fund that purchase. For larger pieces of equipment that can be re-used within other BE-ST projects, BE-ST could 100% fund the purchase of that equipment for the project and retain it for use in BE-ST's future projects. This equipment should be purchased directly through BE-ST's administrative host HEI, Edinburgh Napier University to ensure BE-ST can make the equipment available at the end of the project to wider industry.

## Ineligible Costs

1. Certification costs
2. Project audit, accounting or legal costs
3. Interest charges
4. Advertising and promotion
5. Conference attendance
6. Quality control/assurance
7. Distribution, supply chain or selling costs or activities
8. Travel - cannot include travel to conferences to deliver research papers
9. Entertainment or hospitality
10. Sick days, waiting time or non-productive days
11. Bonuses, awards, profit related pay, company car expenses and any discretionary benefits to staff

## Eligible Project Costs – Academia

All Academic partners should cost projects at a maximum of 80% Full Economic Cost (f.e.c.) rate and should not charge out consultancy rates. This is the maximum permissible under the Scottish Funding Council Innovation Centre funding. HEIs are encouraged to contribute additionally in-- kind or financially to projects; the remaining 20% is considered as an in-- kind contribution to overall project costs.

Note the eligible and ineligible costs as outlined under Industry & Public Sector above.

NB: \* Equipment – Standard f.e.c. rules do not permit new equipment to be counted as an eligible cost. However, BE-ST may be able to support equipment costs. All new equipment to be purchased for projects must therefore be fully itemised/costed and included as part of the Project Application. BE-ST would then advise on the best route to fund that purchase. For larger pieces of equipment that can be re-used within other BE-ST projects, BE-ST could 100% fund the purchase of that equipment for the project and retain it for use in BE-ST's future projects. This equipment should be purchased directly through BE-ST's administrative host HEI to ensure BE-ST can make the equipment available at the end of the project to wider industry.

For smaller pieces of equipment (sensors etc.) that cannot be re-used elsewhere, BE-ST's funding contribution to the project would 100% fund the purchase of that new equipment. The equipment would be purchased through the HEI involved in that project and would be reimbursed to the HIE through the normal project payments.

## Intellectual Property

Background IP - BE-ST Standard Contract Terms:

All Background IP shall remain the property of the Party introducing it.

Each Party grants the other Parties a personal, non-exclusive, royalty free licence to use its Background IP for the sole purpose of the Project Services.

Foreground IP - BE-ST Standard Contract Terms

Deliverables and IPR therein shall be the property of the Lead Company unless the Lead Company fails to comply with any other obligation under BE-ST Contract Agreement. In those circumstances, the Deliverables will be owned by the Contracted University Partner(s).

In the case where the project results are generated jointly by one or more of the parties, the project results will be jointly owned by those parties.

BE-ST and the contracted University Partner(s) shall be entitled to keep a copy of the Deliverables for record purposes. In recognition of BE-ST's and the Contracted University Partner's charitable objectives, each Lead Company also grants BE-ST and the contracted University Partner(s) a non-exclusive, royalty free licence to use the results of the Research Services, including the Deliverables, IPRs for its further research purposes and for teaching purposes.

Any changes to these contract conditions should be discussed with BE-ST in advance of a project application and in conjunction with the Lead Partner and the University.

## Promotion and Publicity

BE-ST will publicise the non-confidential summary and award of project funding. BE-ST will use case studies and other promotional material to talk about funded projects. Any material will be subject to review by the company to ensure that any commercially sensitive material is removed. This also applies to the HEI. Should they wish to use any publicity material associated with a project, approval from the Company must be sought according to the commercial agreements in place.

## Non Disclosure Agreements

BE-ST's operations team, the Project Advisory Group and the Governance Board are all covered by a general non-disclosure agreement (NDA). This also applies to all our HEI partner universities who wish to participate with BE-ST projects. Should a company



require additional security around NDAs, or have specific clauses they require, BE-ST can facilitate this. We will always discuss in initial meetings whether specific NDAs are required.

BE-ST may also discuss project applications with other funding bodies (SE, ITF, Interface) to see whether they would wish to partner with the project, or whether other funding routes may be more appropriate. These organisations are also covered by Non Disclosure Agreements. Should you not wish any of these organisations to know about your application, inform your BRM.

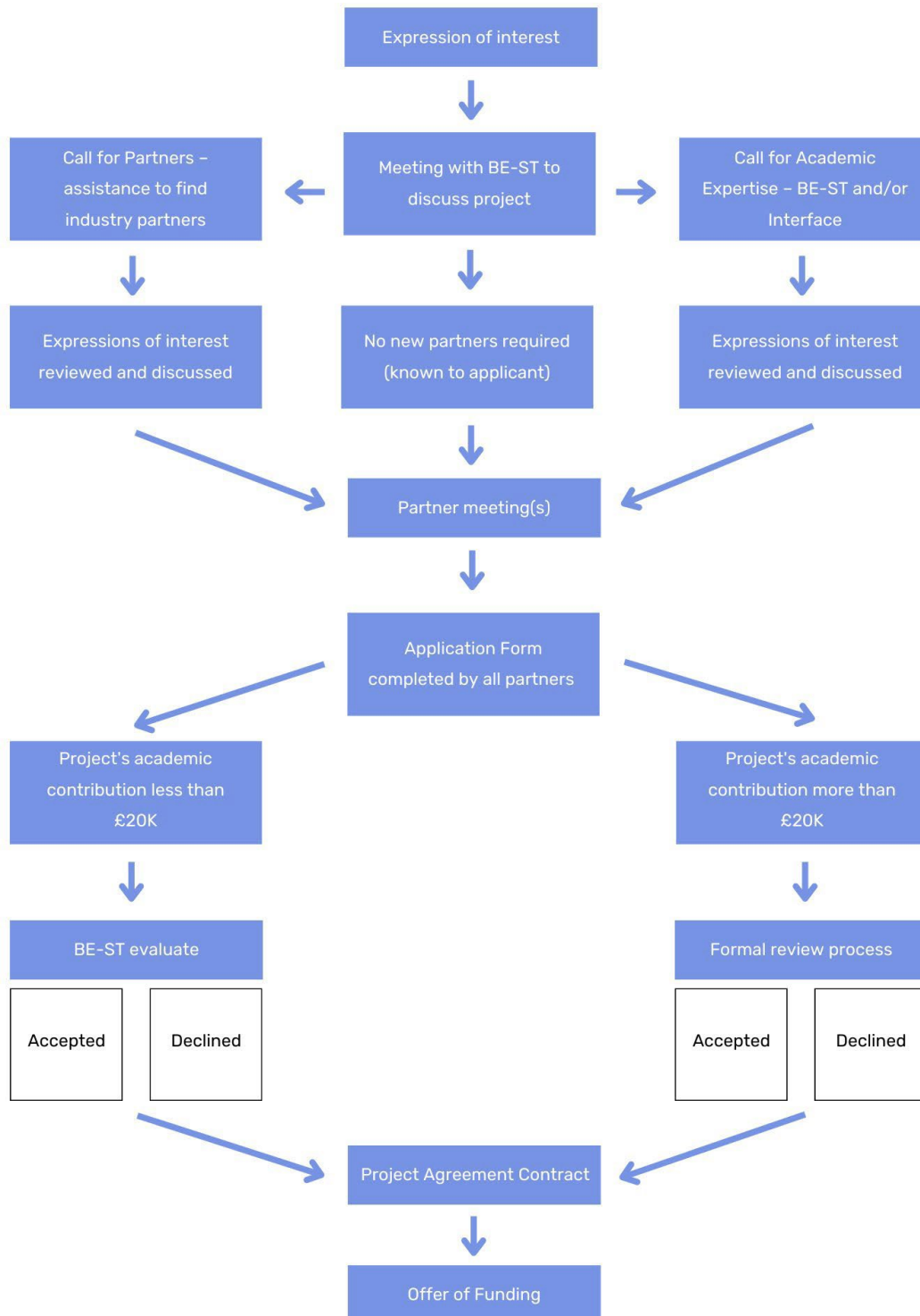
## When to Apply

Unless subject to an Innovation Call, you can apply for BE-ST funding at any time.

Quickbuild projects are evaluated by BE-ST on an open basis and subject to a 4 week project approval process.

Collaborative projects with over £20K of academic costs are submitted to our Project Assessment Group (PAG) on a quarterly basis, with final approval by BE-ST Board within 3 weeks of PAG recommendation to fund.

# Application Process



## Access to Other Funding

BE-ST will always try to help a company achieve its innovation goals. This may mean that it makes sense to involve other funding bodies or connect with potential partners for leveraged funding. The BE-ST BRM will be able to advise and assist with other funding applications.

Should a project application not meet BE-ST funding criteria, BE-ST may also suggest other funding routes and introduce the Company to other funding bodies who may be better placed to help.

## Selection Criteria

The review will look at 5 assessment categories and provide a score in each category. Categories are weighted based on criteria set by the Governance Board:

1. Potential Economic Benefits for Scotland
2. Sustainable Elements
3. Commercial Impact
4. Fit with BE-ST's Aims & Objectives
5. Ability to Execute / Resourcing Efficiency

## Project Advisory Group (PAG)

For projects where the academic contribution is valued at over £20K, once a project application is received, the project will be submitted to the Project Advisory Group (PAG) which meets every 3 months. The PAG consists of industry and academic leads from each of BE-ST's 4 thematic areas who will review the project application and score it against the selection criteria. Following on from these, recommendations will be made to the Governance Board for final approval. The recommendations will be collated by the BRM, and the outcome communicated to the company. Should the company be successful, the proposed project can move to the project agreement stage.

Should the company be unsuccessful and the project application is turned down by the PAG or Governance Board, then BE-ST will explain the reasons why and will advise on other funding avenues or what amendments may be possible to increase the chance of the project being accepted.

## Offer of Funding

Once final approval is received from the Board, BE-ST will issue an informal offer of funding to the Company and HEI(s), subject to completion of commercial negotiations within a specified timescale, typically within 4 to 6 weeks of submitting an application to PAG if successful.

## Commercial Agreements

Once the formal offer letter is issued, the HEI and company will be required to complete commercial negotiations within a short timescale to enable the project to commence.

BE-ST has a standard contract agreement that has been agreed with all 13 partner HEI's to make it easier to negotiate with industry and keep legal costs to a minimum.

## Timelines

BE-ST wants to provide a quick and agile service to industry and as such, the timelines from receiving a project application to start of commercial negotiations are intended to be quick. BE-ST recognises this may be challenging for companies and HEIs to meet. Any adjustment to timings should therefore be by mutual agreement. Where possible, the BE-ST BRM will provide support to a company and HEIs to help expedite the process.

## Project Delivery

Each project is expected to have a steering committee of at least one representative from the lead HEI, one representative from the company and the BE-ST BRM who will meet on an agreed frequency throughout the course of the project.

At minimum, 1 month before the project is due to start (likely sooner), the BE-ST BRM will arrange a kick-off meeting with all parties to agree meeting frequency, reporting mechanisms, project scope and timeline to make sure everyone is clear what expectations are.

The project will be managed through regular progress reporting provided by project meetings. Any performance issues should be raised either in the project meeting or directly with the BE-ST BRM. In the rare event that it should not be possible to resolve any issues that arise, then escalation will be via BE-ST CEO and then to relevant individuals in each participating organisation.

## Scope Change

With any innovative research, there may be deviations from original scope or intended route for the project to take. So long as there is clear communication and agreement between BE-ST, the HEI and the company scope changes should be managed through the project meeting.

However, where a scope change will have an impact on project cost, timeline or research is taking an entirely different direction, BE-ST will be required to take a view on whether this is significant enough to have an impact on funding.

## Payment of Fees

The lead HEI will invoice BE-ST (and the company if it is making a cash contribution to the academic element of the project) as per the agreed funding schedule and this will be by achieving key milestones triggering payment in arrears. Invoices are to be paid within the agreed terms as per the commercial agreement.

## Concluding a Project

No Follow On - where a project is moving towards conclusion and there is no need for any next stage activities then the close down of the project covers the following activities:

- The BE-ST BRM will facilitate a close out meeting which will cover outputs and impacts achieved, knowledge sharing and dissemination, lessons learned, any outstanding documentation required and next steps. In addition, any IP registration required will need to take place and final costs calculated and any surplus funds repaid. The proportion repaid will match the proportion of funding from BE-ST and the company.
- Industry or public sector partners who had costs allocated to the project, should provide evidence of this expenditure.
- The lead HEI will be expected to produce a final report, including project expenditure and evidence of project expenditure. This should be submitted to BE-ST and the company.
- Finally, any publicity should be agreed and any publishable material will be subject to the terms in the commercial agreements.

With Follow On - Where it is apparent that to develop further the project will require a further stage e.g. field trials, or building a full prototype, and further funding sources would be required to enable this to happen, this should be raised as soon as it becomes clear that a further stage is desired by the company.