



Scottish Funding Council  
Promoting further and higher education

Comhairle Maoineachaidh na h-Alba  
A' brosnachadh foghlam adhartach agus àrd ìre

# Circular

## Innovation Centres: call for proposals

3 April 2012

SFC/06/2012

[http://www.sfc.ac.uk/news\\_events\\_circulars/Circulars/circulars\\_page.aspx](http://www.sfc.ac.uk/news_events_circulars/Circulars/circulars_page.aspx)

This circular announces to Scottish higher education institutions (HEIs) and potential business partners a call for proposals to the Scottish Funding Council for Innovation Centres in support of the Scottish Government's economic strategy. This call will be managed by SFC in partnership with Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE).

FAO: Principals and directors of Scotland's universities

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30 March 2012

SFC/05/2012

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23 March 2012

SFC/04/2012

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## **Innovation Centres: call for proposals**

### **Purpose**

- 1 This circular announces to Scottish higher education institutions (HEIs) and potential business partners a call for proposals to the Scottish Funding Council for Innovation Centres in support of the Scottish Government's economic strategy. This call will be managed by SFC in partnership with Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE).

### **Background**

- 2 In circular SFC/05/2012, Updated Funding Allocations to Universities for Academic Year 2012-13 (30 March 2012), we announced our intention to move towards more strategic use of Knowledge Exchange (KE) support, investing in larger-scale initiatives that have the capacity to stimulate sustainable structural changes in linkages between academia and industry, rather than funding, small-scale KE projects.
- 3 Specifically, building on the success of pooling, recent experience of SFC in driving improved knowledge exchange and the development of the Technology Innovation Centre (TIC) in Energy, the SFC in partnership with SE and HIE will, over the next three years of the current spending review period seek to establish Innovation Centres (ICs) relevant to the other key sectors<sup>1</sup> and other areas of strategic importance to Scotland's economy and society.
- 4 A Memorandum of Understanding has been agreed between SFC, SE and HIE regarding how the agencies will work together to develop and support ICs.
- 5 The Government Economic Strategy (GES) and associated Frameworks for Innovation and Science for Scotland articulate the need to translate both innovation and knowledge into successful innovation that drives business competitiveness and hence economic growth. ICs provide an important opportunity for HEIs to define and strengthen their role as partners with industry in delivering business demand.
- 6 The report *Ingenious Britain*<sup>2</sup> recommended that enhanced university/industry collaboration could be realised through

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<sup>1</sup> The other key sectors within the Government's economic strategy are: Creative Industries, Financial & Business Services, Food & Drink, Life Sciences and Tourism.

<sup>2</sup> **Ingenious Britain Making the UK the leading high tech exporter in Europe**, James Dyson

Government sponsorship of ‘centres of excellence’ in particular research areas. We use the term Innovation Centre (IC) to describe such collaborations among universities, businesses and others to enhance innovation in and across Scotland’s key economic sectors. ICs will provide direct industry-academia links, foster entrepreneurship and serve as a focus for skills training at all levels.

- 7 Our preliminary survey of the Industry Leadership Groups (ILGs) has identified considerable interest across the key sectors and the opportunities that ICs would have the potential to offer. It is our intention to continue this dialogue with ILGs as we develop ICs.

### **Vision and aims and objectives**

- 8 Our overarching vision for the development of ICs is:

Using the Scottish university infrastructure, human resources and research excellence as a platform for collaborations across the whole of Scotland, Innovation Centres will create sustainable and internationally ambitious open-communities of university staff, research institutes, businesses and others to deliver economic growth and wider benefits for Scotland.

- 9 We recognise that the precise format and delivery model for ICs may vary based on specific demand-side requirements for particular industry sectors, or communities, and hence the criteria and funding remit of this call remains broad.
- 10 We would expect any successful IC to meet the criteria and funding remit of this call. This should include meeting the following high level aims and objectives:

- to offer **collaborative knowledge exchange and research** activities to help solve industry defined problems and co-create innovative opportunities for growth;
- to **enhance two way knowledge exchange** between universities, industry and others towards realising tangible benefits for businesses while also stimulating and challenging the Scottish research base;
- to **provide an environment that supports the development** of the next generation of business innovators, academics and entrepreneurs in Scotland and a culture change towards greater and more effective university/industry collaboration; and

- to **simplify the innovation landscape** in Scotland through creating conduits to the university knowledge and expertise for all businesses in Scotland and being complementary to and exploit existing initiatives such as Interface and the planned Single Knowledge Exchange Office.

### High level principles (basis for assessment criteria)

- 11 We expect ICs will be bespoke to their industry sector/area. Whilst recognising the need for flexibility, and in order to create sustainable innovation communities, proposals must demonstrate clear benefits both for business and university partners.
- 12 Our assessment criteria will be guided by the following broad principles that must be addressed in proposals:
  - **impact for the Scottish economy and society** – ICs must deliver benefits to businesses, universities and other partners to deliver sustainable economic growth and wider impacts such as public policy. Proposals should provide an evidence base that demonstrates market demand – either existing or new;
  - plans for **strong leadership and governance** – to ensure that ICs are managed effectively and the priorities of businesses and other end-user stakeholders will guide the Centres’ research, applied research, technology/product development and other programmes;
  - **strong commitment from industry** – evidenced by a core membership of, and investment by, key businesses at the outset and robust plans for fast expansion;
  - how the IC will address a strategic opportunity to **develop the innovation landscape in Scotland** – including how the proposed Centre will complement existing capabilities;
  - how the Centre and its associated project activities will be made **accessible to any relevant business interests**, including SMEs, in any sector in Scotland and internationally where such participation will bring benefits to the IC and Scotland; and
  - **transition to a low carbon economy** – ICs (directly or indirectly in their operations) should contribute to Scotland’s transition to a low carbon economy.

## Funding

- 13 The SFC will make £10 million available for investment in the university infrastructure for ICs in academic year (AY) 2012/13. Subject to demand from high quality projects we plan to increase the budget to £20 million in AY 2013-14, with a further review of progress prior to setting the allocation for AY 2014-15. In this call we expect to frontload funding for successful ICs.
- 14 It is recognised that in order to create sustainable communities, core funding for successful ICs may need to be of longer duration – potentially 5-10 years. However, we envisage that the level of support required from public funding should decrease over this timescale as successful ICs establish sustainable business and funding models. We also appreciate that the required profile for support and its duration may vary from sector to sector.
- 15 ICs must draw funding and other support from various sources appropriate to each stage of their development – including SFC, business partners, strategic university investments, SE, HIE, and other public and private funding sources such as the European Commission (EC). Proposals should, therefore, demonstrate the anticipated or indicative level of investment or other support required from these sources. **Full guidance is attached at Annex A.**

## Measuring success

- 16 Robust key performance indicators and milestones will be negotiated for each year of a ICs development and successful ICs must demonstrate significant impact for the HEI and business partners in order to continue to receive support or be allocated funding.
- 17 We will adopt a staged approach to evaluating success and the following table describes the key milestones which will apply to any funded IC over the first five years - period 2012/17.

***Table one – indicative key milestones for 2012/17***

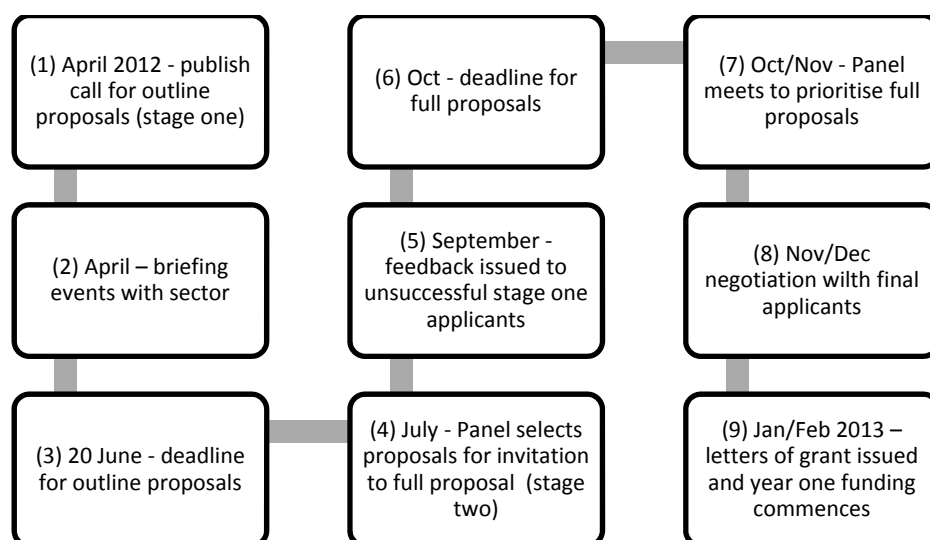
Stage	Milestones
Year one	<b>Infrastructure in place:</b> key recruitment and full governance and management arrangements including IP and other frameworks must be in place. At least one meeting of IC Board.
Year two	<b>IC in full operation:</b> full range of collaborative research

	and KE activities for prioritised themes should be underway.
Year three	<b>Initial impacts and identified routes for sustainability:</b> early impacts realised and disseminated. Collaboration expanded. Interim review.
Years four to five	<b>Impact and sustainability:</b> economic and wider impacts realised and plans for future sustainability finalised. Full review.

## Assessment process

- 18 We will use a two stage application and assessment process for this call. In stage one we are inviting outline proposals which must be co-authored by both university and business partners. At stage two we will invite full proposals where, based on the information provided, the potential for impact and sustainability is highest. **Full details of the application process are attached at Annex A. The application form is attached at Annex B.**
- 19 Both outline and full proposals will be reviewed by an assessment panel which will draw its membership from the SFC, SE, HIE, research and KE experts and business representatives based in Scotland and elsewhere working in relevant fields.
- 20 The indicative assessment timeline is shown in diagram one below.

## Diagram one– indicative assessment timeline



## Events

- 21 Both SE and HIE will run business-focussed meetings/events primarily to raise awareness of this call.
- 22 Details of the events are provided below. Representatives from businesses and HEIs are invited to attend these events and places will be reserved on a first come first served basis.

Date	Event	Registration details available from
26 April	HIE, Inverness	<a href="http://www.hie.co.uk">www.hie.co.uk</a>
27 April	SE, Glasgow	<a href="http://www.scottish-enterprise.com/events">www.scottish-enterprise.com/events</a> <sup>3</sup>

## State-aid

- 23 Standard rules regarding State-Aid will apply to any funded IC.

## Equalities impact assessment

- 24 Successful ICs will be required to satisfy that they meet equalities and diversity legislation.

## Further information

- 25 For further information please contact Keith McDonald, Policy Officer, Research & Innovation, Tel: 0131 313 6674, email: [kmcdonald@sfc.ac.uk](mailto:kmcdonald@sfc.ac.uk).



**MTS Batho**  
Chief Executive

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<sup>3</sup> Direct link is: <http://www.scottish-enterprise.com/events/2012/04/innovation-centres-briefing.aspx>



**Application process**

- 1 We will run a two stage application and assessment process for this call for proposals.

***Stage one – outline proposals***

- 2 This outline stage is intended to reduce the burden on partners in developing full proposals. We will only invite fully developed proposals where, based on the information provided, the potential for impact and sustainability is highest.
- 3 Outline proposals should be submitted to SFC by the lead-HEI using the template attached at Annex B by **5 pm, Wednesday, 20 June 2012**. The application must be co-authored by the university and business partners at this stage. The lead university partner should sign the application on behalf of all university partners. A single business partner may sign the application on behalf of all business partners – alternatively the application should be signed by all partners or on their behalf by, for example, the relevant trade association or other representative body.
- 4 Proposals should provide a full work programme and, as far as possible, be fully costed for the initial five year period.
- 5 The Assessment Panel (the Panel) will prioritise proposals for invitation to stage two using assessment criteria based on the Vision and Principles covered in the call. The Panel may seek external advice if required to help inform their decisions.

***Stage two – full proposals (business plans)***

- 6 Following stage one, the SFC will write to the lead-HEIs to invite submission of full proposals/business plans and will provide full guidance. We expect this to be in July 2012.
- 7 The Panel will, on the basis of available funds and using assessment criteria based on the Vision and Principles covered in this call, prioritise proposals for potential funding.
- 8 Before an offer of award can be made we will invite each selected proposal team (university and business partners) to SFC's offices to negotiate funding, outcomes and any specific feedback raised by the Panel.

## **Guidance on submitting outline proposals**

- 9      The following information is intended as additional guidance for completing the outline proposal template and should be read in conjunction with all information supplied with the call.

### ***Collaboration and business demand***

- 10     We expect proposals to be both demand-driven by and collaborative with industry and other partners across the relevant sector areas. We do not anticipate a large number of proposals from any one industry sector.
- 11     We will only consider proposals where there is evidence of strong industry engagement at the outset. This will be evidenced primarily by the track record of previous collaborations and the proposed level of cash investment from the business partners.
- 12     We hope that this call will provide an opportunity for the establishment of new collaborations. In such cases the founding partners will need to satisfy the Panel that their proposed IC has the capacity to achieve early impacts and the ability to attract new partners.
- 13     We will consider proposals from established Research Pools and other funded collaborations for example, SPIRIT or SEEKIT funded projects. In these cases proposals must demonstrate that the IC model will represent a significant step change for these collaborations.

### ***KE and research activities***

- 14     The types of research and KE activities supported will largely be determined by demand-side requirements.
- 15     Proposals should provide a full work schedule for the initial five year period.

### ***Governance and leadership arrangements***

- 16     The Panel will need to be satisfied that individual ICs will have robust governance arrangements to ensure effective leadership and also the management of IP and other legal frameworks, recruitment, setting of research themes and other priorities, and monitoring and evaluation etc.

## **Funding and other support**

- 17 Outline proposals should estimate the funding and other support required for the first five years of operation.
- 18 In order to be sustainable ICs will need to draw funding from various sources appropriate to each stage of their development. Proposals should, therefore, demonstrate the anticipated or indicative level of investment or other support required from the following sources.

### ***SFC core funding for university infrastructure***

- 19 It is envisaged that in order to create sustainable communities core funding for the university infrastructure may need to be of longer duration – potentially 5-10 years. However, the level of support required from public funding should decrease over this timescale as successful ICs establish sustainable business and funding models.
- 20 The SFC will make £10 million available for investment in the university infrastructure for ICs in the current academic year (AY 2012/13). Subject to demand from high quality projects we plan to increase the budget to £20 million in AY 2013-14, with a further review of progress prior to setting the allocation for AY 2014-15. In this call we expect to frontload funding for successful ICs.
- 21 Given the diversity of the sectors covered by this call we have deliberately not set a lower or upper limit for SFC investment in any individual IC. The level of SFC investment available for any single IC during this period will vary depending on the scope of the proposed collaborations and activities and available resources following negotiation with successful applicants.
- 22 Funding will be allocated to the nominated lead HEI(s) and it will be the responsibility of the lead HEI(s) to ensure timely allocation of the grant to partner institutions for HEI based activities.
- 23 It is envisaged that SFC funding will be required primarily to facilitate the university human resource and student infrastructure to deliver projects. Enhancements to university facilities will be considered but it is not expected that significant levels of SFC support will be made available for this specific purpose.
- 24 While the details have not been finalised for the release of this call, applicants should note the recent UK budget announcement of the potential availability of additional research capital for HEIs. The

release of this funding will be dependant in part on co-investment from private sector and/or charities.

### ***Funding from business and other partners***

- 25 Business partners must contribute cash resources, relative to their scale and also the activities they will be engaged in, to be eligible to collaborate in ICs.
- 26 Other partners such as Main Research Providers (MRPs) may be participants in an IC but will not be eligible for direct funding under this call. Therefore, any funding required for their participation must be agreed in principle with the relevant authority prior to submission of a proposal.

### ***Strategic university investments***

- 27 Any specific strategic investments by the institution(s) in direct support of the proposal should be clearly identified as costed cash contributions and the source of the contribution identified (for example, general funds, knowledge transfer grant or combination) where possible.

### ***Support from the enterprise agencies***

- 28 Both SE and HIE will participate in the assessment process for prioritising proposals and engage with each funded IC as they come online through strong engagement with the business base. SE and HIE funding support, if required, will be committed at appropriate times and scales relative to the level of investment from business partners and the potential economic impact of the proposed activity.

### ***Other sources***

- 29 Successful ICs should be able to qualify for EC funding and/or other relevant sources of public and/or private funding.

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