

# Innovate UK

## FREQUENTLY ASKED QUESTIONS

*for*  
**Innovate UK Competition:**

**Smart**

**November 2015**

## INTRO

### 1. What is Smart?

Smart is a competition for SMEs. The objective of the Smart scheme is to assist small and medium- sized businesses, including pre-start-ups and start-ups, to engage in Research & Development projects in strategically-important areas of science, engineering and technology from which successful new products, processes and services can emerge.

The Smart scheme is a competitive process. All applications will be assessed by independent assessors and, following a ranking process, the most highly-ranked applications will be offered a grant within the limits of funding available.

### 2. What kinds of project are supported under the Smart programme?

There are three types of project that you can apply for under this programme:

- i. Proof of Market (up to £25,000 grant)
- ii. Proof of Concept (up to £100,000 grant)
- iii. Development of Prototype (up to £250,000 grant)

For more details please see the Smart Guidance for Applicants available on the Smart web page : <https://www.innovateuk.org/-/smart>

### 3. How do you define an SME?

In certain competitions, such as Smart, there are requirements for SME involvement. The SME status of a business can affect the amount of grant that can be claimed. We use the EU definition of a Small to Medium-sized Enterprise (SME). Further details, including the definition of an SME and an SME test, can be found here [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm). Note that a business which is part of a larger organisation group may need to include employee/turnover/balance sheet data from that group in the eligibility, and so may not actually qualify as an SME.

## ELIGIBILITY AND SCOPE

### 4. Is my business eligible to submit an application to the Smart scheme?

This programme is only open to UK SMEs. Your business must be an SME as defined in the EU guidance at [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/smedefinition/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/smedefinition/index_en.htm). It is your responsibility to confirm that you comply with this definition.

### 5. I am a pre-start-up company, may I apply?

Yes, we encourage applications from businesses at all stages, provided they meet the SME requirement and can demonstrate that they are able to match fund their share of the project costs in order to deliver their project.

## **6. I am based at a university, may I apply?**

Academic institutions are not eligible. However, a spin out that is less than 50% owned by its academic parent may be eligible, provided it complies with the definition of an SME and can demonstrate how the results of their project are going to be deployed for the good of the UK.

## **7. My organisation is a registered charity, may I apply?**

Registered charities are eligible, provided they comply with the definition of an SME and can demonstrate that the results of their project will stimulate economic growth in the UK.

## **8. My business is registered outside the UK, may I apply?**

The scheme is only available for UK-based SMEs. A non-UK company can apply providing it has a UK-registered operation and that the work will be performed in the UK.

## **9. What do I need to consider if my Smart project is a software project?**

If you are considering submitting a software project into the Smart competition, in order for it to be eligible, you must ensure that it involves significant technical development (engineering) that produces at least a step change impact on how computers and other devices are programmed or used. The scheme is unable to support projects that, in our judgement, lead to incremental development, increased functionality or general improvements in efficiency, no matter how much merit there may be in such work. Further details are provided in the Guidance for Applicants, which can be found on the Smart competition page of the Innovate UK site.

## **10. Does my project fall into the scope of Smart?**

We are unable to advise you on whether your project fits the scope of a particular competition and refer you to the Guidance for Applicants for the Smart Competition.

## **FUNDING**

### **11. Do I have to fund part of the project myself?**

The grants are for matched funding. You will need to find private sources of funding for part of the project. The level of the match funding is dependent on your business size and on the project details. Further details are provided in the Guidance for Applicants:

<https://interact.innovateuk.org/guidance-for-applicants>

### **12. Can other public sector bodies provide funding for my project?**

Yes. You cannot, however, apply for funding from them through Innovate UK, and you must make separate arrangements for the funding with the public sector body concerned.

Details of any funding you have arranged with other public sector bodies must be included as required on your Application Form. Note that total funding from all public sector bodies cannot

exceed the grant intervention rate limits provided in the Guidance for Applicants:  
<https://interact.innovateuk.org/guidance-for-applicants>

### **13. How much funding is available?**

Levels of funding depend on the type of grant applied for and the size of your business. Please visit the Smart Guidance for Applicants: <https://interact.innovateuk.org/guidance-for-applicants> for more information.

### **14. Can I obtain investment under the Seed Enterprise Investment Scheme (SEIS) and also receive a grant from Innovate UK?**

Yes, a business can receive a grant from Innovate UK and also gain investment under the SEIS at the same time. Virtually all grant support from Innovate UK, including Smart, operates as notified State Aid. SEIS operates under de minimis rules, allowing a company to receive up to €200,000 over a three-year period fiscal period. A company can receive funding under a notified scheme and also a de minimis scheme at the same time.

More information about the Seed Enterprise Investment Scheme can be found at <http://www.hmrc.gov.uk/seedeis/index.htm>.

### **15. How are R&D tax credits affected by the funding offered from the Smart scheme?**

For SMEs the whole of a company's eligible costs for the project - whether paid for by its own contribution or by Innovate UK - attract R&D tax credits at the large company rate. This means the company can claim all of its eligible R&D costs as R&D tax credits against its taxable profits, thus reducing its corporation tax bill. For further information talk to your tax office or see <http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD81670.htm> and <http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD89000.htm>. More general information on R&D tax credits is available at <http://www.hmrc.gov.uk/randd/> and <http://www.innovation.gov.uk/randd/>. For R&D outside of the project, the company can claim at the small company rate.

### **16. Do Smart grants constitute State Aid?**

Yes, these grants constitute State Aid but are offered under a notified exempt permission. Therefore, Smart grants do not count towards the de minimis allowance of companies.

You should ensure that you comply with the eligibility requirements of the State Aid notification for this scheme. Further details are provided in the Guidance for Applicants, which can be found on the Smart competition page of the Innovate UK site.

### **17. Can I work in collaboration with other businesses?**

Under the Smart scheme, grants will be awarded only to individual businesses. However, you may identify components of the work which you wish to subcontract and you may also employ specialist consultants or advisers if you believe this will increase the chances of the project being successful.

## 18. Which costs can I include in my application for funding?

The costs included should be those directly incurred as a result of delivering your project. Eligible costs are clearly defined within the Guidance for Applicants

<https://interact.innovateuk.org/documents/1524978/1866952/Smart+project+costs+-+guidance+for+applicants/672240b4-7bae-449b-b170-ac375acd7a8c>

## 19. Can I work on the project for free and claim labour costs for my time?

No. You can only claim labour costs for those working directly on the project where salary amounts are incurred and paid. All eligible labour costs are subject to Income Tax and National Insurance.

## APPLYING

### 20. How do I submit my application?

Details on the application process can be found in the Guidance for Applicants:

<https://interact.innovateuk.org/guidance-for-applicants>

Applications are submitted electronically and applicants are required to register on the Smart system in order to apply. The Smart registration and application portal can be found at:

<https://www.innovateuk.org/-/smart>

### 21. What type of project should I apply for?

There are three types of grant available as part of the Smart scheme.

Proof of Market allows companies to assess commercial viability through market research and testing, has a maximum grant amount of £25,000 and will fund up to 60% of an SME's total project costs.

Proof of Concept allows companies to explore the technical feasibility and commercial potential of a new technology, product or process. This has a maximum grant amount of £100,000 and will fund up to 60% of an SME's total project costs.

Development of Prototype allows companies to develop an innovative technology, product or process, has a maximum grant amount of £250,000 and will fund up to 35% of a Medium enterprise's costs or up to 45% of a Small/Micro enterprise's costs.

Further details are available on the Smart web page : <https://www.innovateuk.org/-/smart>

### 22. What is the deadline for applications?

Smart is 'always open' and there is no specific deadline; applications may be submitted at any time. There will be six points during the year where batches of applications will be assessed. The dates of these batch assessments is published on the website.

### **23. How will the successful applications be chosen?**

Proposals are marked by an expert group of independent assessors against the answers to the questions provided in your application form. Smart is a competitive process and all applications in a batch will be assessed against the other applications for that batch. Further details of the assessment process can be found in the Guidance for Applicants, which can be found on the Smart competition page of the Innovate UK site.

### **24. When will I find out if my application has been successful?**

Applicants will normally be informed a month after the batch assessment deadline.

### **25. Can I submit more than one application into a round?**

An individual, individual business or group of linked businesses may only submit one project application per category (e.g. proof of concept) per round. If more than one application per category is submitted in a round only the first application submitted will be considered for funding. In addition to this you may only have one live project per grant type at any one time. For example if a business has a live Development of Prototype project, they may not submit a new Development of Prototype application until the first project has completed.

### **26. Why do we have a declaration on our Smart application and what does it mean?**

When businesses apply for the SMART scheme, we ask some basic questions at the end of our online application form. We call this a Declaration – we are asking a business to declare that the information they provide is up to date and a fair and honest account of the facts.

There are three broad areas:

1. We ask you to confirm that the information provided is correct and that you agree to your company data being used as stated.
2. We also remind you that the contact details provided will be shared with other Government departments – we ask you to acknowledge that request.

Finally, we remind you that if the application is successful (subject to the conditions outlined in the conditional offer letter which includes due diligence and financial application checks), then we will follow it up by possibly asking for further information/clarification before issuing the Grant confirmation letter. Please note: the declaration questions are at the end of the application after validation. You must agree to the declaration questions in order to be able submit your application.

Further Information on the declaration questions can be found within the Smart Guidance for Applicants

### **27. If my business partner or I have been bankrupt in the past, can I still apply?**

Yes. If you are now solvent and trading normally, then please go ahead and apply. We'd ask that you do declare any bankruptcy, liquidation or receivership on your application form as we have a responsibility to ensure we have as much insight into the businesses we provide funding for as possible. Provided we have all the facts, we'd progress that application in the same way as any other application. It's rare for us to turn down an application based on financial history alone –

what is important is that your business and the partners with whom you are working with are trading normally today and plan to do so in the future.

## **UNSUCCESSFUL APPLICATIONS AND REAPPLYING**

### **28. If my application is unsuccessful can I resubmit it in a future competition?**

In the case of Smart, only one resubmission per project, regardless of grant type, is allowed. You may be able to resubmit your application into different competitions, provided that the project addresses the technology priorities, competition scope and eligibility criteria for that competition.

### **29. Can I edit my existing application and resubmit it into a future round of Smart?**

No. Unfortunately you are unable to edit an application that has previously been submitted to Smart. If you wish to resubmit an application you will have to create a new application.

### **30. How should I address the assessor feedback?**

The feedback from the assessors is intended to be constructive. Contradiction in feedback will reflect different views and opinions of the assessors who may have different backgrounds of experience (both business and academia). The comments and scores are not a check list of points which **must** be answered or argued in a resubmitted application. It is your decision as to whether you act on the suggestions made. Please note that as assessors are allocated randomly, resubmissions will not get reviewed by the same assessors

### **31. What classifies as a resubmitted application?**

Unless the contents of an application are significantly different in both content and scope from all previous applications, it will be treated as a resubmission. As previously stated, you may only submit one resubmission regardless of grant type.

### **32. Will a resubmitted application guarantee success?**

No. Smart is a highly competitive scheme so the resubmitted application will need to meet the quality threshold for the round into which it is being submitted. The quality threshold varies across rounds and is dependent upon the volume and quality of applications received.

### **33. What is the pass rate for Smart?**

The pass rate for Smart will vary across rounds. The total number of applications received and the quality of those applications will determine the funding threshold for each round.

## SUCCESSFUL APPLICATIONS

### 34. How soon can I start my project?

If your application is successful, you will be sent a Conditional Grant Offer Letter following the email notification. You will be asked to accept and return all required documentation within the stated timeframes. Innovate UK will also be reviewing your project costs to check that they are compliant with the funding rules, and be conducting a financial health check to ensure that your business can manage the cash flow of delivering the project.

Upon completion of these checks and the receipt of the requested documentation described in your offer letter, Innovate UK will send you a Grant Confirmation Letter. You will be asked to enter your project start and end dates, sign the letter and return it to Innovate UK.

Please note that you cannot start your project before you sign and return the Grant Confirmation Letter and that the start date cannot pre-date the letter. Any costs incurred prior to the signing of the Grant Confirmation Offer letter will not be eligible for claiming grant.

### 35. Where and by when am I required to exploit the results of the project?

The grant offer requires that exploitation of the results of the project must be within the UK or wider European Economic Area (EEA) within a period starting on the Offer Letter date and ending five years after the date on which final payment of grant is made.

If you are able to demonstrate that it would be of major positive economic benefit to the UK and strengthen UK GDP to also exploit the results outside of the European Economic Area, Innovate UK may grant an ascent to vary the Offer Letter. However, this will be in exceptional circumstances only and will be considered by Innovate UK on a case- by-case basis.

### 36. How will projects be monitored?

Projects will be monitored in accordance with the terms of your Conditional Offer Letter. Monitoring is likely to be undertaken by specialist contractors and involve quarterly reporting and progress meetings attended by the appointed Monitoring Officer.

### 37. How will projects be audited?

In most cases, each project partner is required to appoint an independent auditor to audit their project costs in accordance with the terms of the Offer Letter, and produce an accountant's report. The size of audit will depend upon the size of the grant being claimed by each partner in your project.

### 38. What happens if there are any changes during the project?

Any proposed changes to your project must be discussed and agreed with Innovate UK before being implemented.



### **39. Who owns the Intellectual Property generated by the project?**

Intellectual Property (IP) developed within the project remains the property of the applicant/consortium. Where collaborative, the allocation of rights to this IP should be covered by the project's collaboration agreement.

### **40. How much information about my application will Innovate UK make public?**

All applications for funding are treated in confidence and no information will be made public during the application and assessment process. All assessors and co-funders are required to sign confidentiality agreements.

In your application form, you will be asked to provide a public summary description of your project for use in publicity material should your project be successful.

At the end of the application and assessment process, Innovate UK will usually issue a press release or publish a notice on its website. These may, for example, outline the overall results of funding competitions and describe some of the projects to be funded. The titles of projects and names of consortium members may also be listed. Innovate UK will respect the wishes of partners if they do not want information about their project to be made public at this stage.

Information about successful projects will be placed on Innovate UK's project database, which is publicly accessible. This will usually include: project title, description of your project for public dissemination, names of the project partners, project cost, amount of grant and contact details of the lead partner. Information about unsuccessful project applications will remain confidential and will not be made public.

Any successful applicant that wishes to publicise their project, at any stage, must contact the Media Relations Manager ([pressoffice@innovateuk.gov.uk](mailto:pressoffice@innovateuk.gov.uk)) at Innovate UK before doing so.

Innovate UK also compiles project case studies, which are used to help publicise Innovate UK's activities and the benefits of its programmes. Such material will be agreed with projects before it is disclosed.