

Questions and Answers for the Technology Strategy Board's January 2011 Feasibility Studies Competitions

The following questions were captured over the course of several briefing events and webinars held over the 19 and 20 January 2011. You may find them of use regardless of the competition or competition scope you intend to apply under.

- 1. Can start-ups apply?**
 - a. Yes. If your application is successful, the Technology Strategy Board will need to conduct Due Diligence to provide reassurance that public money is being spent wisely. Your application will be subject to independent assessment, and in your application you will need to demonstrate to the assessors how you will be able to deliver the proposed project, with access to required resources etc.

- 2. Can small companies include dividends as salary?**
 - a. No – dividends are considered as investment income, and cannot be treated as salary.

- 3. Can I apply as a sole trader or partnership if I'm not VAT registered?**
 - a. If you are not VAT registered but feel you are eligible to apply, then please contact competitions@tsb.gov.uk about this

- 4. Where can I find the EU definition of small and micro organisations?**
 - a. This is defined as part of the EU SME definitions. A link to the EU definition is shown here: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm with further information around ownership etc in the SME User Guide pdf on the same page.

- 5. Can I partner with companies outside the UK?**
 - a. Yes, where you can demonstrate the benefit to the project and to the UK. Non-UK partners cannot receive funding.

- 6. We are considering a service which would dramatically reduce the cost of cooling data centre cooling. Would this be in scope?**
 - o It's hard to tell with this little information. Even if the service you are considering is a digital service (i.e. delivered digitally), cooling as a service is not one of the 4 challenge area – unless you make the case that cooling / low energy is one of the complex adoption challenges in some sector or for some applications. However it may be borderline.

- 7. What outputs do the TSB wish to see at the end of the feasibility study e.g. a report, beta technology etc?**
 - o You will have to state what you expect to achieve at the outset in your application but it will vary widely from study to study. As a minimum however, we are requesting a report, made up of an public abstract (a page and a half) and up to four pages of free form report. For some studies it will be natural to have some form of demonstrator or prototype, for others perhaps not. Remember however that the output of your project should be useful to you as a company first and foremost!

- 8. The use of Public data sources can be beneficial to equip communities with skills that they need in order to cope with change and remain active in society - would this type of inter generational learning within scope**
 - o Hard to tell from such a short description – but as long the project contains the element of a digital service, it may be in scope for challenge area 2.

- 9. Do you know what further competitions in this sector are expected this year?**
- There are intentions to explore the business case for investment in the area of Internet of Things. Another investment we are planning is the second round of the “Collaboration Across Digital Industries” competition.
- 10. Does data include meta-data?**
- Yes, metadata is data. Remember though that proposals have to contain a strong digital services angle to be in scope.
- 11. You say that we can apply for both this and the Technology Inspired call. Can I also submit more than one application to this call if they are addressing different challenges? That is to say we have a couple of distinct challenges to study under digital services and also a challenge relevant to the technology inspired call, so can we make three applications: 2 distinct applications to DS and one to TI?**
- Though technically possible, you are strongly advised NOT to apply to both competitions for the same piece of work. If you have a project that spans both scopes, then you could consider splitting the project in two but you will have to declare which parts are in common.
- 12. Normally when we submit an invoice for work done we add VAT. So if we submitted and invoice for £20,000 it was in addition have £4,000 VAT. Are you saying we have to absorb the VAT or that this work is somehow zero rated?**
- Successful applicants in these competitions are receiving a VAT exempt grant rather than being contracted to undertake specific work/services. Therefore the applicant should not raise a sales invoice in order to receive payment but should submit a ‘grant claim’ into our system for reimbursement of eligible expenses incurred and defrayed. No VAT should be added to the expenses as VAT can be claimed in the usual way.
- 2. Relating to ICT Can we subcontract to University for specialist technical expertise?**
- YES
- 3. Is it allowed to put the costs obtaining a market report on the expenses incurred during the project?**
- YES if vital to the project but this is not a commercial feasibility study
- 4. If there is a risk associated with both the hardware and the software may we make two separate grant applications for each strand?**
- YES if they can be viewed as stand alone deliverables – there should be no overlap of funding.
- 5. Is there a limit on the amount that can be subcontracted - we want to access a National Measurement Facility to do testing/trials? Typically 25% - 30 % is acceptable.**
- More than this may be acceptable but should be justified in your application.
- 6. Can the total project cost exceed £33k but we claim only £25k from the TSB?**
- Unfortunately, we are unable to fund projects where the total project cost is higher than £33k even if the grant requested is within the £25k limit.
- 7. If applying multiple applications and can more than one be successful for the same SME?**
- It will be for the SME to evidence and assure the TSB that they can manage and deliver the additional.
- 8. Can separate projects be entered into the same area?**
- Yes if they are different projects
- 9. Do we include the costs for travel and subsistence to the Collaboration Nation event in the proposal?**

- No as this is post project

10. Does Nanotech cover antibody based technologies?

- If the project idea is solely looking at antibody based technologies where scale is the only factor, the answer is no. For a technology to be considered within scope of our nanoscale technologies strategy there needs to be a clear link with how that technology relates to developments in nanoscale materials, manufacturing, measurement and integration, addressing the novel properties found at the nanoscale (not just scale alone) and how they are being exploited into new products and processes.

11. If a project was to include aspects of applied research or demonstrators would this attract a lower level of funding than the 75% for basic research?

- No as long as the overall project sat within the feasibility definition/area

12. A company can submit any number of applications but differentiated – not the same. Should a different form be required for each application or can be used the same word file with different content?

- Separate forms MUST be used

13. Are there any financial accounts needed at the end of the project?

- Accounts will be signed by a director with financial responsibility

14. Does Page 5 - Financial Summary Table have to be justified in the 'Feasibility Study Details' section (Pg 3/4)?

- It may help your application to justify some of the costs

15. Are you allowed to sub-contract to sole-traders?

- YES

16. Is there a minimum threshold of turnover that would be acceptable to satisfy your requirements for financial security

- There is no minimum threshold for turnover however as Sole Traders and Partnerships should have been trading for 12 months and be registered for VAT. Micro Organisations must show additional trading activity or sources of additional finance to support their participation in the project of at least the same value as their total project costs.

17. Are the labour costs for Ltds based on the previous year salary costs or current (during the project) salary costs?

- Labour costs that are specific to the project are based on those incurred & defrayed (paid) between the start and end of the project.

18. Can you clarify the audit situation - will an independent audit NOT be required?

- It will not – a director will verify and sign claims

19. Are we allowed to design and build a prototype within the feasibility study?

- A proof of concept or an early stage demonstrator or prototype can in some cases support and validate the feasibility study so it can be included.

20. ICT: Do you need a project plan?

- This may be required with the conditional offer but is not a formal requirement for application

21. Are sole traders eligible to apply?

- YES see guidance

22. ICT: Can we subcontract to European establishment

- Yes but they cannot receive grant and the capability should not be available in the UK

- 23. My lab is based in a spin-off from a research council. How do the costs incurred be included on the financials? Is it the same for a Uni spin-out?**
- This question is difficult to answer without further detail. The organisation would need to be a legal entity in their own right & a truly commercial undertaking (rather than set up in order to receive grant). They would need to make their contribution from commercially generated revenues. All costs must be incurred and defrayed (paid) through the spin-out to be classed as eligible expenses. The size of industrial partners is judged through the EU definition of SME's, this includes parent organisation headcount etc.
- 24. My draft application devotes more space to qns 1 & 2. Should I be expanding qns 3&4 as they are scored equally?**
- It's up to you how you decide to respond against each question.
- 25. I believe your slide said that IP costs were ineligible as overhead costs. This is different to the project costs**
- The slides said that IP maintainance costs were Eligible as part of overhead calculation but that new IP filing costs were ineligible unless you were an SME and then limited to £5000 max
- 26. I am assisting a part-time inventor to find funding to develop his idea. Please could you clarify if he eligible to apply to the call as a sole trader, or is the call restricted to Limited micro/small companies?**
- See the application guidance and earlier question
- 27. If a company want submit different application, should the form be different or we can use the same form for different project?**
- As above - It must be different
- 28. VAT ineligible - can you clarify this -- eg is the grant zero rated then?**
- Successful applicants in these competitions are receiving a VAT exempt grant rather than being contracted to undertake specific work/services. Therefore the applicant should not raise a sales invoice in order to receive payment but should submit a 'grant claim' into our system for reimbursement of eligible expenses incurred and defrayed. No VAT should be added to the expenses as VAT can be claimed in the usual way.
- 29. If a project is funded, is it still eligible for R&D tax credit?**
- Yes as we understand current legislation. If in any doubt consult your tax adviser or For further information talk to your tax office or see www.hmrc.gov.uk/manuals/cirdmanual/CIRD81670.htm; and www.hmrc.gov.uk/manuals/cirdmanual/CIRD89000.htm; more general information on R&D tax credits is available from www.hmrc.gov.uk/randd/ and www.innovation.gov.uk/randd/.
- 30. Can HEIs be a 30% partner and if so does this impact on the overall grant to the SME?**
- Yes unless they are excluded from applying
- 31. What sort of audit requirements fall on Micro organisations?**
- Audit of cost eligibility is covered by a director's declaration. Audit of company viability will be looked into by our due diligence process
- 32. Can we add Annexes? How long and how many? Can we include a Gantt chart?**
- No
- 33. Can we subcontract to University for speciliast technical expertise?**
- As above - yes