



**Bwyd a Diod Cymru
Rhwydwaith Clwstwr**
**Food & Drink Wales
Cluster Network**



**Llywodraeth Cymru
Welsh Government**

INNOVATION PARTNERSHIP IN ACTION PROGRAMME

GUIDANCE NOTES

Doc IP_WG_002

July 2018



**Bwyd a Diod Cymru
Food & Drink Wales**

INTRODUCTION

These guidance notes explain how the Innovation Partnership in Action Programme will operate and how proposals will be selected. These guidance notes should be read in conjunction with other documents associated with this programme.

STRATEGIC AND THEMATIC OBJECTIVES

All projects supported through the Innovation Partnership in Action Programme must make a contribution to the overarching Food Strategy Action Plan - Towards Sustainable Growth: An Action Plan for the Food and Drink Industry 2014 – 2020 and the following thematic objectives;

- Commitment to Brand Wales;
- Promote and develop a growing and vibrant food and drink sector in Wales;
- Commitment to developing innovation in a collaborative network;
- Commitment to the Well-Being of Future Generations (Wales) Act 2015.

WHO CAN APPLY

This programme is seeking collaborative projects which are business led and consist of at least one other partner which may include businesses, research institutions and public sector organisations.

Projects funded through the programme will retain the intellectual property generated and it is expected that outcomes from each project will be shared amongst project partners. Individual projects funded through the programme should have collaboration agreements setting out the terms of partnerships prior to the start of projects.

Lead applicants (businesses)

Lead applicants must be members of the Food and Drink Cluster Network and be a SME as defined by the European Commission. Businesses can find out if they fit the European Commission's definition of an SME by visiting the website below. The programme is open to existing businesses and new businesses, including start-up businesses wishing to join the Food and Drink Cluster Network. Businesses wishing to join the Food and Drink Cluster Network should contact FoodBIS@wales.gsi.gov.uk Lead applicants must be registered in Wales.

<http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/>

Additional business partners

Collaborative business partners can be of any size and from any industry. Consortiums can include non-UK businesses although they will not receive funding. Non-UK businesses can be included in sub-contractor costs.

Public sector organisations and research organisations

Consortiums may include public sector organisations such as Local Authorities, Health Boards, Social Care Organisations etc. Consortiums may also include research organisations such as universities, non-profit research and technology organisations and independent research organisations. Public sector organisations and research organisations can share up to 50% of the total project costs (including as sub-contractors). Consortiums with more than one public sector organisation or research organisation must share this maximum between them.

We encourage innovative and ambitious collaborations containing multiple partners from varying disciplines. This programme is particularly interested in projects which incorporate the following areas although projects are not limited to these specific areas:

- Advanced engineering capability
- AI and the Internet of Things
- Energy Efficiencies
- Health and Nutrition

Working with potential customers

Projects may also partner with customers/potential customers allowing lead businesses to work with the end user of the product or solution. Businesses should ensure that collaboration agreements allow for exploitation of the resulting intellectual property for other customers and markets.

ELIGIBLE ACTIVITIES

It is not possible to give a definitive list of activities that are, or may be, eligible under the programme because the potential scope of the fund is very broad and is designed to allow for a wide range of projects.

The following section is a guide to the type of projects that are likely to be eligible under the programme.

TYPE OF PROJECTS

This programme will support collaborative projects to develop innovative food and drink solutions which address societal and public sector challenges or common issues facing small groups of businesses within the food and drink industry. The funding will be provided to stimulate innovation in a collaborative environment allowing businesses to work with partners in industry, academia and the public sector. Applicants should describe how the proposed project will address the identified challenge or issue and demonstrate how funding a project in the selected area will benefit society and/or businesses in the food and drink industry.

This programme is designed to turn innovative processes, products or services into a commercial opportunity leading to significant and sustainable business growth. The competition is open to innovative ideas and concepts only and proposals should demonstrate how ideas and concepts will lead to new national and international markets through business growth. Projects should also demonstrate the potential for return on investment and impact.

Collaborative feasibility studies

Purpose: Analyse the potential for consortiums to work together in the development of new products, services or processes. This funding is designed to demonstrate the technical and commercial feasibility of the proposed concept. The funding will enable projects to analyse and evaluate the potential of concepts and ideas supporting the decision making process. The funding will also support businesses to build national or international networks and partnerships, explore ideas for future collaboration and identify market opportunities. Collaborative feasibility studies will allow businesses to decide which partners to work with in a larger project.

EXAMPLES OF PROJECTS

Projects should propose solutions to specific societal and public sector challenges or common issues facing small groups of businesses within the food and drink industry. The following projects are just examples of the types of projects that could be supported under this programme.

- An innovative food and drink business may wish to further establish relationships between lead organisations in the UK and partner with companies/distributors to solve supply and distribution issues across other markets such as Europe or America.
- A food manufacturer may collaborate with an innovate technology company and University to explore the use of Artificial Intelligence to improve sorting and detection of anomalies of food products conducting market research and developing further partnerships/collaborations.
- A meat /poultry processing company could work with another business and University to develop an innovative process for more refined sustainable and environmentally friendly packaging and improvement of effluent treatment systems.
- A consortium made up of a food and drink business, a University and a Health Board may wish to work on a project to develop an innovative nutritional product to promote the recovery of patients post operation.
- Experts from businesses and universities could form and test the feasibility of a specialist interest group for the development and promotion of innovative supply chain processes within the food and drink retail trade.

INELIGIBLE ACTIVITIES

Solutions requiring substantial regulatory approval (applicants should check with the competition team to check if their solution would be eligible for grant funding).

GRANT RATE AND GRANT THRESHOLD

- The grant is supported by the Welsh Government.
- Projects could receive up to 75% of eligible costs towards projects. The maximum grant contribution per project is £75,000 (**inc. VAT**).
- The lead organisation must claim funding through this competition.
- If other EU or UK public funds are obtained to support the costs of a project they may be included in addition to the grant awarded.
- Projects are expected to last up to a maximum of 4 months and must conclude by 1st March 2019. The deadline for final claims is 15th March 2019.

MATCH FUNDING

Projects must secure 25% of total eligible project costs. This additional funding is defined as match funding within the context of the programme.

Match funding must be provided in the form of cash contributions from the public, private or third sectors.

Worked example:

Total project costs	£100,000
Intervention rate	75%
The Programme will contribute	£75,000
Match funding required	£25,000

When budgeting, keeping records or making a financial claim for payment, the full £100,000 costs will need to be evidenced.

Cash match funding can be a lump sum of money given to a project but can also refer to cash given through payment of wages of project staff or buying of equipment etc. It is therefore crucial to record the total cost of the project. Using the example above if project staff were paid a salary they would effectively be paid 75% from the Innovation Partnership in Action Programme and 25% from the match funding contribution. In order to receive the 75% contribution, 100% of the person's time must be spent and recorded against the project.

Projects must ensure that they provide a full audit trail for match funding and any organisation or person who is providing such a contribution must also provide and keep the necessary records.

ELIGIBLE COSTS

- Labour costs for all those contributing to the project
- Material costs including consumables specific to the project
- Capital equipment costs
- Sub-contract costs limited to 20% of total project costs
- Travel and subsistence, which may include travelling throughout the UK and internationally to meet partners and attend events to understand different market opportunities
- Due diligence activities on potential partners and markets
- Indirect costs (Consumables, overheads etc.)

Projects must follow Public sector procurement guidelines which involve approaching a minimum of three companies to supply written quotations for all contracts with a value over £5000 (ex VAT).

INELIGIBLE COSTS

- Any work relating to the agreed project before the authorised start of work date
- purchase of trading stock
- working capital
- insurance charges
- payments for activity of a religious and/or political nature
- costs of arranging overdraft facilities, loans or other financial support instruments including any associated fees or other charges
- depreciation, amortisation & impairment of assets purchased with help of a grant
- contingent liabilities
- contingencies / provisions
- profit made by the applicant
- dividends
- interest charges (unless under an approved State Aid scheme)
- costs resulting from the deferral of payments to creditors
- costs involved in winding up a company
- payments for unfair dismissal
- payments into private pension schemes
- payments for unfunded pensions
- compensation for loss of office
- payments for gifts and donations
- entertainments
- statutory fines and penalties
- statutory taxes (excluding irrecoverable VAT)
- criminal fines and damages
- legal expenses in respect of litigation

STATE AID

Grants provided under this scheme are not subject to state aid.

SELECTING SUCCESSFUL PROJECTS

To be selected a project must as necessary, demonstrate how they meet the strategic and thematic objectives for the programme.

Projects must also demonstrate:

Need for activity:

- the outputs are required and will deliver against the Measure outputs
- it adds to and does not displace/unnecessarily duplicate existing activity

Need for funding:

- it cannot proceed now without support
- the costs are not excessive for the nature of the activity involved
- there is a funding gap, where applicable.

Ability to deliver:

- viability of the lead business and partners
- legal compliance
- financial viability of the project
- support and commitment of key stakeholders
- project management, monitoring and evaluation arrangements

Other key requirements

- Projects are business led and consist of at least one other partner which may include businesses, research institutions and public sector organisations.
- Projects must address societal and public sector challenges or common issues facing small groups of businesses within the food and drink industry.
- Projects must demonstrate how ideas and concepts will lead to new national and international markets through business growth.
- Projects must demonstrate the potential for return on investment and impact.
- Projects must make a contribution to the overarching Food Strategy Action Plan - Towards Sustainable Growth: An Action Plan for the Food and Drink Industry 2014 – 2020 and the thematic objectives for the programme.
- An executive within each organisation must attend network and cluster meetings throughout the project duration.

HOW TO APPLY

Projects will be selected by an open competition process and applicants will be in direct competition with one another.

The application process for the Innovation Partnership in Action Programme will be in two stages. The first stage will be submission of the Application Form (IP_WG_003). Applicants meeting a minimum quality threshold of 70% will be invited for interviews to provide further information to the panel.

First stage applications must be made using the Application Form (IP_WG_003). The application form should be submitted via email to FoodBIS@wales.qsi.gov.uk clearly marked as **INNOVATION PARTNERSHIP IN ACTION SUBMISSION**.

The deadline for applications is **1200 noon on 28th September 2018**. All entries must be submitted in accordance with the directions outlined in the Application Form Guidance Notes (IP_WG_004).

Applications will be reviewed by a selected panel of experts. Applications will be scored and ranked in order according to the selection criteria within the Application Form Guidance Notes (IP_WG_004).

Second stage interviews will include organisations undertaking a presentation about the innovation, showing how it can assist with the identified challenge or issue and describing the project plan that will be followed. Interviews will allow the panel to ask the consortium questions about the proposal and assess their ability to meet the objectives of the programme.

Scores from the initial assessment will be verified according to responses made during the interview process. At the end of this stage, organisations will be awarded grants. Feedback to applicants will be available after grants are awarded.

The application and interview will be appraised in accordance with the programme guidance and eligibility rules. They will be subject to full due diligence appraisal and eligibility checks and only at that point will a final decision be taken to offer a grant or reject the application. There is no guarantee that a project proposal will be approved for a grant.

You must not start any work until you have received written confirmation from the Welsh Government. Any projects which breach this rule will not be considered for a grant.

Subject to the requirements of the Welsh Government's Code of Practice on Public Access to Information, the Freedom of Information Act 2000 and the Environmental Information Regulations 2004: all information given to the Welsh Government will be treated in strict confidence. You should be aware that if successful, the Welsh Government have the right to publish the name of your company, the amount of grant you were awarded and a summary of your project.

You may use a consultant to prepare your application if you wish but the application form must be signed by you and not by the consultant. It is your responsibility to ensure that the application is correctly completed and that the information provided in support of your project is accurate.

Successful applicants will be advised according to the published key dates and consortiums will be expected to mobilise rapidly to start the project. It is important that Projects start soon after the grant has been issued and in line with the project plan detailed in the application form submission.

Menter a Busnes will not evaluate applications and will be solely responsible for the administration and management of the Programme. The Welsh Government Food and Drink Division will be responsible for providing policy comments to ensure projects meet policy objectives.

CONDITIONS OF GRANT

The offer of a grant through the Innovation Partnership in Action Programme is made subject to the terms and conditions contained within the Grant Agreement, including those set out below. Failure to meet the terms and conditions of the award could result in the cancellation of your award and/or the recovery of sums already paid, or a reduction of the amount of grant payable.

Conditions:

- Acceptance of the grant awarded must be made within fourteen (14) working days of the date on the approval letter.
- Projects must start on 29th October 2018 and complete by 1st March 2019 (All claims for defrayment of expenditure must be made by 15th March 2019).
- Projects must have collaboration agreements in place prior to the commencement of projects.
- The award is made on the basis of statements made by you or your representatives in the application form and subsequent correspondence.
- The making of false or misleading statements is an offence.
- You must not begin any work on the project without first obtaining written authority to do so from Welsh Government.
- No alterations may be made to the project, including the location of the activity, without the written approval of Welsh Government.
- The applicant is required to comply with the rules on eligible expenditure as detailed in these Guidance Notes.
- Claims must be submitted in the correct format and accompanied by all necessary documentation. If not, they will not be accepted and will be returned to the claimant.
- Claims must be submitted in accordance with the agreed timetable. You cannot change the agreed timing and value of your claims without written agreement from Welsh Government.
- The first claim must be submitted no later than three months from the date on the approval letter.
- If the first claim is not made within this period the grant offer will be automatically terminated.
- You must confirm that none of the items covered by the application are replacements under an insurance claim.

- You must provide confirmation that no other public funding (whether from EU or UK sources) has been sought for the activity funded through this grant.
- Any publicity given to the project must make reference to the part played by Welsh Government in funding it.
- Records concerning the activity and the delivery of the project, including all original invoices and other related documents such as competitive tenders or quotes, must be retained for at least seven years after the project end date as stated in the grant approval letter.
- You must allow representatives of Welsh Government, the Auditor General for Wales, Audit Commission to inspect the project. On request, you must provide them with information and/or access to original documentation in relation to the project.
- The information provided in the application and any supporting documentation is subject to the requirements of the Welsh Government's Code of Practice on Public Access to Information, the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.
- You should be aware that if successful, Welsh Government reserve the right to publish the name of your business or company, the amount of grant you were awarded and a summary of your project.
- The information provided in the Application Form (IP_WG_003) is subject to the Privacy Notice. The [Privacy Notice](#) explains the Welsh Government's processing and use of your personal data and your rights under the General Data Protection Regulation (GDPR).

PAYMENT OF GRANT

- You may make interim claims during the period of your project. Guidance notes on how to claim will be issued when the award is confirmed and subsequently the claim is invited. Claims will only be paid when the Welsh Government and Menter a Busnes are satisfied the relevant expenditure has taken place and that the work has been completed according to plan. Payment will be made by electronic transfer to your bank account.
- Final claims for payment of grant should be submitted as soon as possible after the physical work on the project has been completed. All final claims must be received no later than 15th March 2019 in order for Welsh Government to be able to meet the payment. Failure to submit claims may result in the grant paid to date being recovered.
- During the lifetime of the grant, when claims are submitted, they may be scrutinised to ensure expenditure is eligible and in line with that approved in the original application. The release of grant will be conditional upon adequate progress having been made.
- You have a responsibility to make sure that each claim submitted is arithmetically correct; that it is only for defrayed expenditure (the money has gone from your bank account); that all the items and costs are eligible and that the claim is on time.
- If the claim is incorrect then your claim will be reduced to the amount that is eligible and the grant to be paid will be calculated accordingly. However, if the error is more than 10% of the total amount claimed then a financial penalty will be applied as described below.

- The amount of eligible expenditure will be reduced by the amount of the error and so the final amount of grant to be paid will be lower than expected. You will have to make up the difference because the lost grant cannot be included in later claims.
- If you have any doubts about the eligibility of any expenditure you must check before you incur the costs.
- On completion of the project, the project site may be visited, and a detailed assessment of the project undertaken. The information that may be required at the visit may include original invoices and serial numbers of equipment.

MONITORING OF PROJECTS

It is a requirement of the grant that the progress of your project is monitored, and its success evaluated following completion. You will be asked to provide regular updates on its progress through submitting highlight reports and attending stage review meetings. Following completion projects must submit a final report on its performance, when the project will be evaluated against the objectives and milestones set out in the approved application. If the project should fail to meet the milestones and, on the basis of progress actually made, would not have qualified for grant aid under the scheme, action may be taken to recover the grant paid.

Throughout the project the overall risk of the project will be monitored using a RAG status. Any projects identified as an Amber category will be subject to closer monitoring by Welsh Government and Menter a Busnes. Any projects categorised as a Red category will require an action plan meeting with Welsh Government and Menter a Busnes and may include a project site visit to mitigate the identified risk.

You must allow officials from Welsh Government and Menter a Busnes, or their representatives, to inspect the project at any reasonable time within the period of the project or upon conclusion.

END OF THE INNOVATION PARTNERSHIP IN ACTION PROGRAMME

All claims must be submitted to the Welsh Government by no later than 15th March 2019. All project activity must be completed in time for accounts and records to be audited and claims to be prepared and submitted by this date.

This programme is designed to initiate and stimulate innovation in a collaborative environment. The programme will run for one phase, although there might be further phases in the future depending on policy objectives. Funding through this phase of the programme does not guarantee any further funding for future research and development. Feasibility projects are intended to demonstrate the feasibility of concepts to support the decision for future investment.

DOCUMENTS ASSOCIATED WITH THIS PROGRAMME

- Programme Brief (IP_WG_001)
- Guidance Notes (IP_WG_002)
- Application Form (IP_WG_003)
- Application Form Guidance Notes (IP_WG_004)

KEY DATES

Programme launch	July 2018
Briefing events	11 th & 12 th September 2018
Deadline for applications	28 th September 2018
Assessment day	15 th October 2018
Contracts awarded	October 2018
Projects commence	29 th October 2018
Projects conclude	1 st March 2019

Please note dates are subject to change

CONTACT POINTS

Questions are welcome while the competition is open. Questions on the challenge and scope of this programme should be addressed to FoodBIS@wales.gsi.gov.uk. The deadline for questions about this competition is Friday 28th September 2018.