

# GENERAL GUIDANCE FOR GRANT APPLICANTS

## Your files and their formats

File names and formats must follow these rules:

- appendices should be named Appendix and include the question number and application number as stated in the specific competition guidance. For example:  
AppendixQ7(application number)
  - If application numbers are not indicated as a requirement in the specific Application Guidance, then the proposed project title should be used in place of the application number.
- file names should only include letters or numbers and no special characters
- application or finance forms should not be converted, encrypted or zipped
- applications should be saved as word documents only
- finance forms should be saved as excel documents only
- appendices should be saved as pdf documents only

Please note: if your submitted appendices do not follow the specific competition guidance, your application will be ineligible and not sent for assessment.

## What happens after you have submitted your application

Applications must be submitted before midday on the day of the submission deadline. Late submissions will not be considered.

### How your application is assessed

After the deadline, valid applications will be sent for assessment. Only applications that meet the eligibility criteria and scope of the competition will be sent for assessment. You will be notified if your application is out of scope with full reasons as to why. DCMS reserves the right to declare applications as out of scope.

Applications are assessed by up to 5 independent assessors. The assessors are experts from both business and academia.

Applications are assessed against the same set of scoring criteria. Assessors will provide written feedback for each scored question in the application. All applications are assessed on individual merit. DCMS makes the final decision regarding funding.

DCMS reserves the right to apply a 'portfolio' approach in certain competitions. The portfolio will be spread across a range of:

- scope areas
- categories of research and development

- project durations
- project costs, including demonstrating value for money

This is to fit the spend profile of the competition. It will make sure that funds are allocated across the strategic areas identified in the scope of the competition. Successful applications are all required to meet a quality threshold.

### **You will be notified of the decision**

Once all applications have been assessed, you will be informed of the final decision by email. If you are the lead applicant you need to let the other collaborators and partners know the decision.

Assessor feedback will be provided on applications. This is usually 4 weeks after you have been notified of the decision. You will receive an email which will let you know when feedback will be ready to view.

## **What happens if you are successful**

### **Finance contact**

You must provide a finance contact. This contact is responsible for supplying any additional information we may require to complete our finance checks on your organisation. This is also the person who will submit the grant claims once your project is live.

### **Bank details**

You must supply your organisation's bank details so that we can validate them.

### **Finance checks**

We will perform viability checks on your organisation and check the eligibility of your project costs. If we have any queries around your finances we can use this section to contact you.

### **Spend profile**

Once we have confirmed your project is eligible, we will ask you to profile your costs across the duration of the project.

### **Conditional grant offer letter**

You will be sent a conditional grant offer letter that you must sign and return before the project can start.

Any additional documentation that you are asked for will need to be completed and returned within stated timelines.

## **Once you've submitted all documentation**

We will review your project costs to check that they meet our funding rules. You may be asked to provide further information on the detail in your finance forms.

Financial viability checks will be made on all industry partner organisations.

If your project is a collaboration you will be asked to provide a collaboration agreement. This is included in the competition materials.

We may choose to promote your project as part of our competition communications. If you have any queries about public relations or media coverage email [5Genquiries@culture.gov.uk](mailto:5Genquiries@culture.gov.uk).

## **Claims and auditing**

Costs are only eligible if they are incurred and paid between the project start and end dates. Claims may be subject to an independent audit.

Grants should be claimed quarterly in arrears. Once audits and reports are complete, the grants will be paid to each participant.

If you require further information please contact 5G Enquiries on 020 7211 6000 or [5Genquiries@culture.gov.uk](mailto:5Genquiries@culture.gov.uk).

## **State aid**

Some of the support we provide operates under European Commission state aid rules. An example of this is support offered by collaborative research and development (R&D) competitions.

We try to ensure that the information published in this guidance is up-to-date and accurate. However, the information given is not a substitute for taking legal or professional advice, which is the responsibility of the applicant. We cannot accept any liability for actions arising from the use of our guidance. DCMS cannot be held responsible for the contents of any pages referenced by an external link.

It is important to note that state aid policy is currently the responsibility of the European Union. The European Court of Justice holds sole competence over the presence of state aid or otherwise.

## **What is state aid?**

State aid is a term used by the European Commission. It describes assistance given by a public body or publicly-funded body to organisations on a selective basis that take part in commercial activity which could distort competition and trade within the European Union.

The state aid rules are designed to prevent unfair subsidies.

### **Further information on state aid**

The state aid branch of the Department for Business, Energy & Industrial Strategy (BEIS) has lead responsibility within the UK for coordination and development of state aid policy.

The [BEIS state aid guidance](#) has further information. You can also visit the [European Commission's information on state aid](#).

The [General Block Exemption Regulation](#) (GBER) covers a range of types of state aid that, provided certain conditions are met, do not require individual approval from the European Commission in advance of being granted. Examples include aid for:

- small and medium-sized enterprises (SMEs)
- research and development
- innovation
- regional development
- training
- employment for disadvantaged and disabled workers
- risk capital
- environmental protection

Member states are encouraged to focus on aid that will benefit job creation and competitiveness. The GBER also reduces the administrative burden for the public sector, the beneficiaries and the European Commission.

### **State aid eligibility**

DCMS expects 5G Testbeds and Trials (5GTT) projects to fall within the General Block Exemption Regulations (GBER) Article 25, though your proposal should identify the correct state aid treatment for your project.

Some competitions may also invite projects to apply for de minimis aid. You should make clear in your application which regime you are applying under. Applications must use a single state aid treatment for all project partners (i.e. a single consortium cannot have some partners claiming under Article 25 and others claiming de minimis aid).

DCMS is unable to award grant funding to organisations meeting the condition known as [undertakings in difficulty](#).

State aid rules consider an undertaking to be in difficulty in a number of circumstances, as defined by GBER regulations. You should pay particular attention to the situation where more than half of an undertaking's subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered to be part of the funds owned by the company)

leads to a negative cumulative amount that exceeds half the value of subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium. This rule applies to all limited liability undertakings except an SME less than 3 years old. For more detail read about [undertakings in difficulty](#).

Before submitting an application for funding to DCMS, you must accept the terms and conditions of the grant. If you are in any doubt, you should seek independent professional advice about your eligibility.

If the European Commission considers a business or any undertaking to have been in receipt of state aid due to ineligibility for exemption under GBER, that undertaking is likely to be required to repay any aid received to the value of the gross grant equivalent.

The Innovate UK website provides information on state aid but should not be seen as a substitute for taking legal advice, which remains the responsibility of the applicant.

### **Undertakings in difficulty**

An ['undertaking in difficulty' is defined by GBER](#) (2014) as an undertaking in which at least one of the following circumstances occurs:

- a. In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium.
  
- b. In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
  
- c. Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

d. Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

e. In the case of an undertaking that is not an SME, where, for the past two years:

- 1) The undertaking's book debt to equity ratio has been greater than 7.5 and
- 2) The undertaking's EBITDA interest coverage ratio has been below 1.0.

## **Funding rules**

We support and stimulate innovation in the UK economy by encouraging businesses to work with other commercial and research organisations. We largely expect that projects are led by businesses, but please see the competition guidance to see if there are any restrictions on lead partner organisation types.

Innovation is never easy, especially if it involves multiple organisations or is in the early stages of taking a new idea to market. Sometimes numerous businesses might need to be brought together with the help of a Research and Technology Organisation (RTO) leading the project (please see project specific guidance for any restrictions on this). This can happen if:

- no business in the consortium has the capacity to lead the project
- collaborative research is to be undertaken by businesses who are at the same point in the value chain. In this instance the work must be essential to lay the foundations for the growth of an early stage industry. This type of project might lead to the development of new industry procedures or measurement standards

DCMS recognises the opportunity for innovation projects to be led by RTOs. This is subject to them being in collaboration with 2 or more companies. They need to have been developed to make sure that those with the right skills are doing the right work at the right time. This means that those in the consortium that are best placed to lead and deliver the overall project can do so. This will allow businesses (and especially SMEs) to focus on their contribution, route-to-market and exploitation.

If applying for funding under Article 25, the funding rates you can receive will depend on the size and type of your organisation and your role in the project. Organisations fall into 3 categories:

- businesses
- research organisations
- public sector organisations or charities undertaking research activity

### **Business**

A business is defined as an organisation undertaking commercial activities. Businesses can have their eligible costs funded at the following rates:

<b>Applicant Business Size</b>	<b>Experimental Development with collaboration</b>
Micro/Small	60%
Medium	50%
Large	40%

The definition of micro, small and medium-sized enterprises (SME) used by DCMS is set out in the [European Commission Recommendation of 6 May 2003](#).

A large business in this context means any enterprise which is not an SME.

### **Research organisation**

When referring to research organisations, DCMS uses the definition from the Framework for State aid for Research and Development and Innovation which states:

research and knowledge dissemination organisation' or 'research organisation' means an entity (such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities), irrespective of its legal status (organised under public or private law) or way of financing, whose primary goal is to independently conduct fundamental research, industrial research or experimental development or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer. Where such entity also pursues economic activities, the financing, the costs and the revenues of those economic activities must be accounted for separately. Undertakings that can exert a decisive influence upon such an entity, for example in the quality of shareholders or members, may not enjoy a preferential access to the results generated by it.

Within DCMS competitions, this means:

- universities (higher education institutions)
- non-profit research and technology organisations (RTOs) including catapults
- public sector research establishments (PSRE)
- research council institutes

Research organisations undertaking non-economic activity will be funded as follows:

- universities: 80% of full economic costs

- all other research organisations: 100% of eligible costs

Research organisations should be non-profit distributing to qualify. They should explain how they will disseminate the output of their project research as outlined in the application.

Research organisations which are engaged in economic activity as part of the project, will be treated as business enterprises for the purposes of funding.

### **Public sector organisation or charity**

Public sector organisations and charities can work with businesses to achieve innovation through knowledge, skills and resources. These organisations must not take part in any economic activity or gain economic benefit from a project. They can apply for 100% of grant funding for their eligible costs under the following conditions:

- they are undertaking research (this may be experimental, theoretical or critical investigation work to gain knowledge, skills or understanding vital to the project)
- they meet requirements for dissemination of their project results and
- they state in the application how they will do this
- they include their eligible costs for research purposes in the total research organisation involvement
- they make sure they are not applying for a grant towards costs which are already being paid by the public purse such as labour and overheads

### **De minimis aid**

If applying for de minimis aid, rather than under Article 25, then up to 100% of eligible costs may be claimed.

Please see chapter 4 of the [state aid manual](#) for a summary of the restrictions on de minimis aid. Some of the key restrictions to be aware of are:

- The maximum de minimis any individual recipient can receive is €200,000 over a 3 year fiscal period
- This limit includes de minimis aid from all sources, not just DCMS
- Separate de minimis restrictions apply to agriculture and fishery activities

As receiving de minimis aid from DCMS will limit the amount of de minimis aid a recipient can receive from other organisations, the 5GTT Programme recommends applying for funding under Article 25 where possible.

## **Categories of research and development**



DCMS expects the projects funded under the 5GTT Programme to be experimental development with collaboration.

## **Experimental development**

‘Experimental development’ means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aimed at the conceptual definition, planning and documentation of new products, processes or services.

Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions. The primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes.

Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.

## **Participation in a project**

DCMS encourages businesses to work with other commercial and research organisations. As such we have the following requirements:

- at least 70% of total eligible project costs should be incurred by commercial organisations
- a maximum of 30% of total eligible project costs are available to research participants. If there is more than one research participant, this amount will be shared between them

If businesses choose to directly fund higher levels of involvement in research organisations then those additional costs:

- will be considered to be outside the project
- should not be included as eligible costs in the project
- should not appear on any finance forms
- will not be funded by a grant

The project consortium should agree to the level of involvement any research organisations have in the project. The involvement should, however, fit with the business share of eligible costs that are detailed above.

Where funding levels are more specific, these will be detailed in the competition scope.

As with business, the level of research participation is a maximum of 30% of total eligible costs. Where there is more than one research organisation the eligible costs will be shared between them.

Research done by charities and public sector organisations should have a work and dissemination plan. This plan should be included in the application. Eligible costs should be counted towards the participation levels of the research organisation. These will be set by the competition.

## **Collaboration**

DCMS plans to help industry, research communities and other organisations to work together on R&D projects. This is primarily in science, engineering and technology. Within a collaborative project there must be:

- at least 2 collaborators
- a consortium which can involve business, public sector, third sector and research participants
- evidence of effective collaboration
- the lead partner of the project and at least one other partner must be a grant recipient

This would mean that no single partner has more than 70% of the eligible costs. We would also expect to see the workings of the collaboration that you have described in the application.

## **Additional information**

### **Assessor confidentiality and potential conflicts of interest**

Assessors must accept confidentiality agreements and declare any potential conflicts of interest. All applications must be treated in the strictest of confidence. Independent assessors must assess all applications themselves and should not allow any other person to assess the application on their behalf. Assessor identities are kept confidential including under any Freedom of Information request.