



General Conditions

1. Title

The English Research, Development and Innovation State Aid Scheme (the “Scheme”)

2. Member State

United Kingdom

3. Regions

East Midlands;
Eastern;
London;
North East;
North West;
South East;
South West;
West Midlands; and
Yorkshire and the Humber

4. Organisations permitted to award aid under the Scheme

The Department for Communities and Local Government

5. Legal Basis

Aid under the Scheme may be awarded in accordance with the relevant terms and conditions of the General Block Exemption Regulation 2014-2020 (“GBER”). Each award must comply with the General Conditions of the Scheme and the relevant Specific Condition(s).

6. UK legal authority to award aid

The Department for Communities and Local Government is authorised to award aid under domestic law, including:

1. The European Communities Act 1972;
2. The Local Government, Planning and Land Act 1980;
3. The Leasehold Reform, Housing and Urban Development Act 1993;
4. The Local Government Act 2000;
5. The Public Contracts Regulations SI 2006 No 5;
6. The Local Government Act 2007;
7. The Housing and Regeneration Act 2008; and
8. The European Communities (Finance) Act 2008

7. Duration

From 1.7.2014 to 31.12.2020

8. Forms of aid

Awards under the Scheme may take the form of:-

- Grants;

- Loans below the reference rate; and
- Repayable advances.

9. Incentive Effect

All awards under the Scheme must demonstrate the 'incentive effect' in accordance with the requirements of the GBER.

This may involve the submission of documents to the funder prior to the award of funding.

10. Reporting

All awards are conditional upon the recipient providing suitable information to meet GBER reporting requirements set out in the GBER.

11. Cumulation

Aid awarded under the Scheme may only be cumulated with other awards of State Aid where these relate to different eligible costs.

12. Budget

In any calendar year the Scheme shall not be used to provide awards which cumulatively exceed €125 million (around £99m). This sum is provided for State Aid purposes only and does not reflect a committed government budget.

13. Funding

The awards of aid provided under the Scheme may come from EU structured funds and state funds.

All awards of funding must identify the relevant regulation used to award funding, these are listed under specific conditions.

14. Primacy

In the event that any part of this scheme is inconsistent with the GBER, the provisions of GBER shall prevail.

15. Contact

Questions about this scheme should be directed to the State Aid Policy Network, c/o ERDF Policy Unit, The Department for Communities and Local Government, Fry Building, 2 Marsham Street, London, SW1P 4DF.

Specific Conditions

1. Name

Aid for research and development projects

2. Eligible costs

The eligible costs of research and development projects shall be allocated to a specific category of research and development (as outlined in GBER Article 25, point 2) and shall be the following:-

- (a) Personnel costs (researchers, technicians and other supporting staff to the extent employed on the project);
- (b) Costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible;
- (c) Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible;
- (d) Costs of contractual research, technical knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- (e) Additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project.

The eligible costs of the feasibility studies shall be the costs of the study.

3. Aid intensity

Aid Measure	Maximum % aid intensity levels for:			Notification thresholds (€)
	Large Enterprises	Medium Enterprises	Small Enterprises	
<u>GBER Article 25:</u> Aid for research and development projects	Fundamental research 100% Industrial research 50% Experimental research 25% Feasibility studies 50%	Fundamental research 100% Industrial research 50% Experimental research 25% Feasibility studies 50% The aid intensities for feasibility studies, industrial research and experimental development may be increased up to a maximum aid intensity of 80% of the eligible costs by 10%	Fundamental research 100% Industrial research 50% Experimental research 25% Feasibility studies 50% The aid intensities for feasibility studies, industrial research and experimental development may be increased up to a maximum aid intensity of 80% of the eligible costs by 20%	Fundamental Research €40m* Industrial Research €20m* Experimental Research €15m* Feasibility studies €7.5m per study *per undertaking, per project. If the project is a Eureka project or is implemented by a Joint Undertaking established on the basis of Articles 185 or 187 of the Treaty, amounts for fundamental, industrial or experimental research are doubled. If aid is granted in the form of repayable advances with interest at least equal to discount rate applicable at the time of the grant, amounts are increased by 50%.

4. Excluded undertakings

See GBER Article 1.

5. Other conditions

Aid Measure	Condition
<u>GBER Article 25, point 2</u>	The aided part of the research and development project shall completely fall within one or more of the following categories: (a) fundamental research; (b) industrial research; (c) experimental development; (d) feasibility studies.
<u>GBER Article 25, point 6</u>	The aid intensities for industrial research and experimental development may be increased up to a maximum aid intensity of 80 % of the eligible costs by 15 percentage points if one of the following conditions is fulfilled: i. the project involves effective collaboration: - between undertakings among which at least one is an SME, or is carried out in at least two Member States, or in a Member State and in a Contracting Party of the EEA Agreement, and no single undertaking bears more than 70 % of the eligible costs, or

	<ul style="list-style-type: none">- between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10 % of the eligible costs and have the right to publish their own research results; <p>ii. the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open source software.</p>
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Specific Conditions

1. Name

Investment aid for research infrastructures

2. Eligible costs

The investment costs in intangible and tangible assets.

3. Aid intensity

Aid Measure	Maximum % aid intensity levels for:			Notification thresholds (€)
	Large Enterprises	Medium Enterprises	Small Enterprises	
<u>GBER Article 26:</u> Investment aid for research infrastructures and <u>GBER Article 4</u>	50% of eligible costs.			€20m per infrastructure.

4. Excluded undertakings

See GBER Article 1.

5. Other conditions

Aid Measure	Condition
<u>GBER Article 26, point 2</u>	Where a research infrastructure pursues both economic and non-economic activities, the financing, costs and revenues of each type of activity shall be accounted for separately on the basis of consistently applied and objectively justifiable cost accounting principles.
<u>GBER Article 26, point 3</u>	The price charged for the operation or use of the infrastructure shall correspond to a market price.
<u>GBER Article 26, point 4</u>	Access to the infrastructure shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10 % of the investment costs of the infrastructure may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.
<u>GBER Article 26, point 7</u>	Where a research infrastructure receives public funding for both economic and non-economic activities, Member States shall put in place a monitoring and claw-back mechanism in order to ensure that the applicable aid intensity is not exceeded as a result of an increase in the share of economic activities compared to the situation envisaged at the time of awarding the aid.

Specific Conditions

1. Name

Aid for innovation clusters

2. Eligible costs

Personnel and administrative costs (including overhead costs) relating to:-

- (a) Animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services;
- (b) Marketing of the cluster to increase participation of new undertakings or organisations and to increase visibility;
- (c) Management of the cluster's facilities; organisation of training programmes, workshops and conferences to support knowledge sharing and networking and transnational cooperation.

3. Aid intensity

Aid Measure	Maximum % aid intensity levels for:			Notification thresholds (€)
	Large Enterprises	Medium Enterprises	Small Enterprises	
<u>GBER Article 27:</u> Aid for innovation clusters and <u>GBER Article 4</u>	Investment aid - 50% of eligible costs. Operating aid – 50% of eligible costs during the period over which the aid is granted.			€7.5m per cluster

4. Excluded undertakings

See GBER Article 1.

5. Other conditions

Aid Measure	Condition
<u>GBER Article 27, point 2</u>	Aid for innovation clusters shall be granted exclusively to the legal entity operating the innovation cluster (cluster organisation).
<u>GBER Article 27, point 3</u>	Access to the cluster's premises, facilities and activities shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10 % of the investment costs of the innovation cluster may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.
<u>GBER Article 27, point 4</u>	The fees charged for using the cluster's facilities and for participating in the cluster's activities shall correspond to the market price or reflect their costs.

<u>GBER Article 27, point 5</u>	Investment aid may be granted for the construction or upgrade of innovation clusters.
<u>GBER Article 27, point 6</u>	The aid intensity may be increased by 15 percentage points for innovation clusters located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for innovation clusters located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.
<u>GBER Article 27, point 7</u>	Operating aid may be granted for the operation of innovation clusters. It shall not exceed 10 years.

Specific Conditions

1. Name

Innovation aid for SMEs

2. Eligible costs

The following costs shall be eligible:-

- (a) Costs for obtaining, validating and defending patents and other intangible assets;
- (b) Costs for secondment of highly qualified personnel from a research and knowledge-dissemination organisation or a large enterprise, working on research, development and innovation activities in a newly created function within the beneficiary and not replacing other personnel;
- (c) Costs for innovation advisory and support services.

3. Aid intensity

Aid Measure	Maximum % aid intensity levels for:			Notification thresholds (€)
	Large Enterprises	Medium Enterprises	Small Enterprises	
<u>GBER Article 28:</u> Innovation aid for SMEs and <u>GBER Article 4</u>	Not applicable.	50% of eligible costs. 100% of eligible costs in the case of innovation advisory and support services provided total aid does not exceed €200k per undertaking within any three year period.	50% of eligible costs. 100% of eligible costs in the case of innovation advisory and support services provided total aid does not exceed €200k per undertaking within any three year period.	€5m per undertaking, per project.

4. Excluded undertakings

See GBER Article 1.

5. Other conditions

None.

Specific Conditions

1. Name

Aid for process and organisational innovation

2. Eligible costs

The following costs shall be eligible:-

- (a) Personnel costs;
- (b) Costs of instruments, equipment, buildings and land to the extent and for the period used for the project;
- (c) Costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions;
- (d) Additional overheads and other operating costs, including costs of materials, supplies and similar products, incurred directly as a result of the project.

3. Aid intensity

Aid Measure	Maximum % aid intensity levels for:			Notification thresholds (€)
	Large Enterprises	Medium Enterprises	Small Enterprises	
<u>Article 29:</u> Aid for process and organisational innovation	15% of eligible costs.	50% of eligible costs.	50% of eligible costs.	7.5m per beneficiary, per project.

4. Excluded undertakings

See GBER Article 1.

5. Other conditions

Aid Measure	Condition
<u>GBER Article 29, point 2</u>	Aid to large undertakings shall only be compatible if they effectively collaborate with SMEs in the aided activity and the collaborating SMEs incur at least 30 % of the total eligible costs.

Specific Conditions

1. Name

Aid for research and development in the fishing and aquaculture sector

2. Eligible costs

The following costs shall be eligible:-

- (a) Personnel costs (researchers, technicians and other supporting staff to the extent employed on the project;
- (b) Costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible;
- (c) Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible;
- (d) Costs of contractual research, technical knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;
- (e) Additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project.

3. Aid intensity

Aid Measure	Maximum % aid intensity levels for:			Notification thresholds (€)
	Large Enterprises	Medium Enterprises	Small Enterprises	
<u>Article 30:</u> Aid for research and development in the fishing and aquaculture sector and <u>GBER Article 4</u>	100% of eligible costs.			None.

4. Excluded undertakings

See GBER Article 1.

5. Other conditions

Aid Measure	Condition
<u>GBER Article 30, point 2</u>	The aided project shall be of interest to all undertakings in the particular sector or sub-sector concerned.
<u>GBER Article 30, point 3</u>	Prior to the date of the start of the aided project the following information shall be published on the internet: (a) that the aided project will be carried out;

	<p>(b) the goals of the aided project;</p> <p>(c) the approximate date for the publication of the results expected from the aided project and its place of publication on the internet;</p> <p>(d) a reference that the results of the aided project will be available to all undertakings active in the particular sector or sub-sector concerned at no cost.</p>
<u>GBER Article 30, point 4</u>	The results of the aided project shall be made available on internet from the end date of the aided project or the date on which any information concerning those results is given to members of any particular organisation, whatever comes first. The results shall remain available on internet for a period of at least 5 years starting from the end date of the aided project.
<u>GBER Article 30, point 5</u>	Aid shall be granted directly to the research and knowledge-dissemination organisation and shall not involve the direct granting of non-research related aid to an undertaking producing, processing or marketing fishery or aquaculture products.