



Government Office for
Technology Transfer

Incentivising Employees to Engage in Knowledge Asset Management

July 2025



1.
Introduction

2.
Rewards and
Recognition

3.
Recommended
Structure of an
Incentives Policy

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Introduction

Organisations in scope of this guidance are those headed by an Accounting Officer who is responsible for upholding Managing Public Money (MPM). These organisations are mainly those classified as central government by the Office for National Statistics, but others will be in scope. In this guidance these organisations are referred to as Public Sector Bodies (PSBs).

The Rose Book provides guidance and support for PSBs to manage their Knowledge Assets and, in turn, fulfil their asset management responsibilities as set out in **Managing Public Money**.

The Rose Book recommends that PSBs develop a **Knowledge Asset Management Strategy** (KAMS), which should include a policy to incentivise employees to engage in Knowledge Asset management, herein referred to as an Incentives Policy.

An Incentives Policy can help develop and maintain a culture of effective Knowledge Asset management. Such a policy should align with the PSB's strategic objectives for Knowledge Asset management as defined in their KAMS.

The guidance in this document sets out areas for consideration when developing or reviewing the approach to incentivisation. **Section 3** provides a recommended structure of an Incentives Policy, which can be used as a guide to assist with drafting the PSB's Incentives Policy.

Incentives and other associated policies will differ across PSBs depending on their context and objectives.

Individual employees may be eligible for different rewards based on their contracts.

The Incentives Policy should align with existing HR policies and employment terms, accommodating the unique considerations that may arise for secondees.

GOTT Guidance Hierarchy

1. **The Rose Book** establishes the concept of managing Knowledge Assets in government and the public sector. It focuses on how to identify, protect and support their commercialisation to help maximise the social, economic and financial value they generate.

The Rose Book recommends that PSBs develop a KAMS.
2. The **KAMS Guidance** helps PSBs develop a KAMS and consider what is required to put this into practice to ensure effective Knowledge Asset (KA) management within a PSB.

The KAMS Guidance recommends that PSBs develop an Incentives Policy in parallel to their KAMS.
3. This **Incentives Policy guidance** helps PSBs to develop an Incentives Policy as part of their KAMS.



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Rewards and Recognition

Financial rewards are known to act as motivators and provide positive reinforcement, sometimes, for a relatively low cost. However, non-financial rewards such as peer and organisational recognition are often more important than financial incentives for many public and civil servants.¹

Financial reward structures are often referred to as ‘Rewards to Innovators’ policies.

To incentivise effective Knowledge Asset management you should:

- Develop an Incentives Policy that ensures contributions to Knowledge Asset management are appropriately rewarded financially
- Review mechanisms for non-financial recognition and consider whether they need to be included as part of an Incentives Policy and/or incorporated into other policies and schemes

2.1. Rewards

Financial can include performance-related pay rewards, end-of-year bonuses, special in-year bonuses, share of financial returns from commercialisation activities and equity in a spin-out company.

For PSBs that are likely to have a less regular pipeline of Knowledge Asset commercialisation opportunities, incorporating explicit recognition of effective Knowledge Asset management into existing reward frameworks (e.g. performance-related in year awards) may be more appropriate.

PSBs routinely generating Knowledge Assets may benefit from a standalone formal incentive scheme, distinct from non-Knowledge Asset reward mechanisms.

In designing any framework for financial rewards, a PSB should consider the behaviour it will drive and it should align with the PSB’s overall objectives as stated in the KAMS.

For example, an Incentives Policy might reward employees for being named on a patent application. This could help promote a culture of patenting awareness or may be for defensive purposes to allow the PSB to pursue its normal business activities.

It is useful to note, that in the case of commercialisation of patented intellectual property (IP), if a patented invention is of “outstanding benefit” to the PSB then the inventor can apply for compensation, as outlined in section 40 of the **Patents Act 1977**. Any financial rewards received by the inventor under an Incentives Policy would be taken into account as part of any compensation claim.

For PSBs, any financial rewards programme should be considered within the context of the Civil Service Code’s values of integrity, honesty, objectivity and impartiality, whilst noting that there are no fundamental conflicts between the Code and financial rewards.

¹ <https://www.nesta.org.uk/report/why-motivation-matters-in-public-sector-innovation/>



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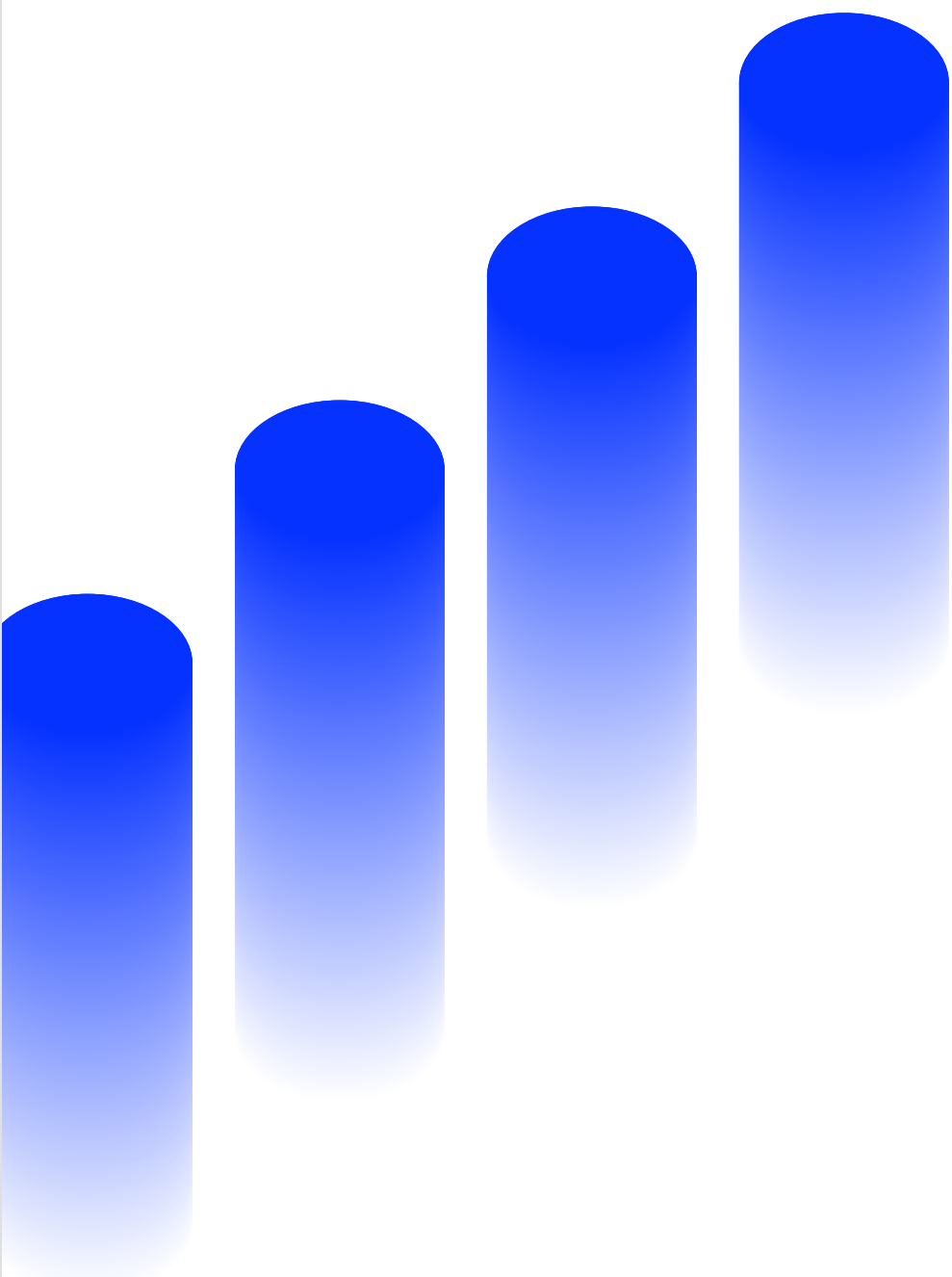
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Reward arrangements for members of the centrally managed Senior Civil Service should be within the parameters of the **Cabinet Office guidance** issued to departments each year.

An innovator that leaves the employment of a PSB (or completes their period of study) will typically continue to be entitled to revenue share under an Incentives Policy. In the case of deceased innovators, the estate of the innovator will typically be entitled to the innovator's share.

Incentive schemes can be linked to a variety of Knowledge Asset management activities. Below are some examples of Knowledge Asset management activities and how employees may receive rewards for them:



2.1.1. Patent Payments

- One-off cash payments as a reward for having a patent filed, granted, or both
- Additional payments might be given if additional patent applications are filed or granted in different jurisdictions
- If a patent application is subject to a national security classification, it may not progress to full grant until it is declassified. PSBs should consider in this instance when the reward is granted
- More than one inventor may be given a share of the same payment if they are named on the patent application

2.1.2. Revenue Share from Licensing

- This is when a percentage of revenue generated, by commercialisation through licensing of a Knowledge Asset, is given to the employee as a reward
- The employee may be an inventor on a patent application, or they may be a significant contributor to the Knowledge Asset, whether or not it is related to a patent
- Revenue is typically related to royalties received by the PSB but may also be related to other licensing revenue such as upfront or milestone payments
- Typically, the percentage decreases as revenue increases

An example structure of how a patent payment scheme may look. The PSB should make its own decisions on the monetary value and conditions of their own scheme based on its objectives.

Basis of Reward	Total Reward		
	1 Inventor	2 Inventors	3+ Inventors
Patent Application Submitted	£200	£300	£400
Patent Granted	£800	£1,400	£1,700

- The revenue share may be split between employees if multiple employees have contributed
- The Incentives Policy should clearly define who within the PSB decides how the revenue is split
- In cases of joint IP ownership the PSB may get a portion of royalties, this should be considered in the Incentives Policy
- The PSB may wish to consider recovering sunk costs prior to rewarding employee as part of calculating net revenue, such costs are typically direct costs of patenting or other forms of IP registration and any third party legal expenses

An example structure of how a revenue share scheme may look. The PSB should make its own decisions on the monetary value and conditions of their own scheme based on its objectives.

Net Income Tranche	Percentage Reward of Tranche (split between innovators)
£0 - £1,000	100%
>£1,000 - £10,000	40%
>£10,000 - £50,000	25%
>£50,000 - £200,000	15%
>£200,000 - £1,000,000	7.5%
£1,000,000+	1%

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2.1.3. Equity in a Spinout Company

- A spinout is when a PSB has Knowledge Assets of potential commercial value that are ‘spun-out’ into a new company (the [Knowledge Asset Spinouts Guide](#) has more detail on spinouts and equity)
- When an employee has contributed significantly to the creation of the company and typically if they will take up a full or part-time role in the company, they may be offered equity in the spinout in the form of shares
- It is usual for any IP to be licensed into the spinout. The PSB should consider if it wishes to grant a share of revenue to innovators who also have equity in the spinout
- Multiple employees might be offered this as a reward depending on the role they played in developing the spinout
- The PSB will retain its own equity share in the spinout company

It is conventional for PSBs to license Knowledge Assets to a spinout and take shares (equity) in the new company. Visit the [Knowledge Asset Spinouts Guide](#) for more information on spinouts and equity.

There is no set formula for equity distribution in a spinout company, however, it is usual that the recipients of shares on investment may include:

- Founders from the PSB
- Investors
- The PSB
- Innovators that do not join the spinout (but have made a significant contribution to establishing the company, to be agreed on a case-by-case basis)
- Managers from outside of the PSB (e.g. CEO)

An Incentives Policy should set out the circumstances in which innovators may receive equity in a spinout and the conditions that apply (including any requirements to waive rights to other forms of revenue share).

The PSB's Incentives Policy will set out the approach to equity that the PSB, founders and non-joining innovators may take.

This exact equity distribution will be determined on a case-by-case basis due. Detailed advice on this can be found in the [Knowledge Assets Spinouts Guide](#).

2.2. Recognition

Being able to ‘make a difference’ and have their impact recognised is a key motivation for employees in the public sector.

Non-financial recognition has the power to do this. Ways in which people can be recognised for effective Knowledge Asset management include:

- As part of appraisal and career progression. For example, formal appraisals may include contributions towards Knowledge Assets recognised as an explicit objective
- Ensure that employees who have contributed to an invention are named in employee communications or through displaying the grant letter received upon a patent being granted
- Recognition at team or organisational level, for example, highlighting Knowledge Asset stories and the employees behind them through departmental intranet blogs, articles and verbal communications
- Formal internal awards e.g. as part of an annual innovation awards event or inclusion in Civil Service-wide awards programmes

It is unlikely that recognition will form a significant portion of an Incentives Policy document, since recognition will usually be incorporated into existing schemes.



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This section contains a recommended structure and content to consider when drafting, or reviewing, an Incentives Policy within your PSB.

1. Strategic Context

The strategic aims of the Incentives Policy

Potential content to include:

- Explain the objectives of the policy and how it aligns with organisational strategy and objectives for Knowledge Asset management e.g. how does commercialisation align with your organisations goals
- Identify key related organisational policy documents or other associated documents e.g. the PSB's KAMS, IP policy, HR policies, employment terms and conditions, finance policies, existing reward and recognition policies, conflict of interest policies

2. Scope

Who the policy applies to and any restrictions or considerations

Potential content to include:

- State who the policy applies to
- The policy should clearly state whether employees on temporary contracts or those seconded to the PSB will be eligible for rewards. This ensures that there is transparency and clarity for all employees about their potential entitlements

3. Ownership and Review

Who owns and is accountable for the policy and its maintenance

Potential content to include:

- Who is accountable for the policy e.g. the PSB's Knowledge Asset SRO could have oversight and decision-making power over the policy
- State who is responsible for drafting the policy e.g. the IP manager or Knowledge Asset manager within the PSB
- Who within the PSB manages the ongoing implementation of the Incentives Policy and who can employees contact with questions regarding the policy
- If there will be defined timescales for reviewing the policy e.g. reviewing its efficacy every 3 years
- The accountability for overseeing the incentives for any secondees should be clearly defined within the Incentives Policy



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4. Knowledge Asset Management Activities for Incentivisation

Activities that will be incentivised under the policy

Potential content to include:

- Describe the behaviours that the PSB wants to promote and explain how this relates to organisational objectives and culture
- Define the specific Knowledge Asset management and commercialisation activities that will be rewarded
- Visit sections 4.1 and 4.2 for more detailed examples of the activities that could be rewarded
- Be clear about the contribution expected in order to be eligible for the incentive e.g. how to define if an employee has contributed enough to the Knowledge Asset to be eligible for the incentive
- Ensure the policy lends itself to transparent and objective decision-making on rewards to be given

4.1. IP Protection

How protection will be incentivised (for PSBs that consider IP protection as strategically important)

Potential content to include:

- If protection activities will be incentivised, e.g. patenting and/or some other form of IP registration such as design rights
- What stage of the protection will be rewarded e.g. is reward given at point of filing or successful grant of right or both
- How the protection activity will be incentivised e.g. one-off payments as part of a patent reward scheme or as part of an existing PSBs reward scheme
- The amount of the reward e.g. patenting is costly and doesn't result in an immediate financial return, so a one-off payment to an employee of less than £1,000 when a patent is granted might be appropriate
- How multiple employees named as inventors on one patent are incentivised
- The PSB might want to incentivise protecting the Knowledge Asset internationally e.g. offering payment when a patent is granted in different jurisdictions
- Any Incentives Policy should be linked to the organisational policy for IP and commercialisation which will set out how decisions are made to pursue patenting and commercialisation, and by whom
- The PSB should consider the impact of incentivising patenting e.g. setting employee expectations to file and maintain patents, the size of the patent portfolio and the costs of managing that portfolio (both direct and staff time)

4.2 Commercialisation

How commercialisation activities will be incentivised

Potential content to include:

- Commercialisation may generate financial returns and therefore may be most appropriate for a financial reward such as revenue sharing
- What commercialisation activities will be rewarded e.g. licences, spinout formation
- How the activities will be rewarded e.g. revenue share from licensing, equity in a spinout
- Defining direct costs that will be deducted from gross revenue prior to revenue sharing e.g. what deductions are made by the PSB from gross revenue before determining net revenue and employees' revenue share, such as IP protection costs, external legal advice etc
- How the reward will be split when there are multiple inventors and/or contributors
- How to reward for multiple Knowledge Assets that underpin a single commercialisation outcome



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