

## Digital Innovation Fund Guidelines on Grant funding and Co-Investment

### Eligible Organisations

UK registered organisations	Demonstrators	Virtual Manufacturing Testbeds	Lighthouses
Manufacturing - SME business	Y	Y	Y*
Manufacturing - Large business	-	Y	Y*
Non-Manufacturing - Large Businesses	-	-	Y*
Universities	-	Y	Y
Research & Technology Organisations (RTOs)	-	Y	Y

\* Manufacturing or Business organisations applying for Lighthouse funding must be registered in the UK and able to provide full accounts for the previous three financial years.

DIF will provide a **Concept Development Grant** for the creation, development, and testing of IDT solutions to increase SME access to key enabling Industry 4.0 technologies.

All applications for Concept Development Grant will invite applicant(s) to detail the co-investment that they are committing to the project to enable the initial concept to be sustained over the longer term. An ideal submission will detail co-investment of at least 3 times the grant value, with this co-investment being delivered within the project lifetime.

### Concept Development Grant: Eligible Costs

Grant will be paid based on vouched evidence from the following categories (as declared in the original project proposal) up to the total value of the grant.

Category	Description	Evidence needed
Labour	This can be either: 1. Average actual across salary band for a category of staff, or 2. Individual actual salary for each member of staff This should be based on PAYE records and can include National Insurance, pension, non-discretionary costs. This cannot include bonuses/dividends, other discretionary costs.	Statement of Expenditure to be submitted by book-keeper or management accountant. Statement to indicate whether average or individual rates are being used.
Overhead	20% of Labour costs	Simple calculation based on labour costs submitted.
Materials	Materials purchased from third parties for sole use on the project	Applicant to follow own procurement procedures and provide evidence that value for money was sought. Invoices to be submitted.

Subcontractors	External expertise bought in for purpose of the project	<p>Applicant to follow own procurement procedures and provide evidence that value for money was sought. Invoices to be submitted. Applicants should follow their existing procurement procedures to ensure that value for money is sought. In the absence of an existing policy, the following thresholds should be applied.</p> <ul style="list-style-type: none"> <li>• Up to £5,000 (excluding VAT) – 2 price checks from competent suppliers should be sought and retained.</li> <li>• £5,001 to £30,000 – 3 written quotations from competent suppliers should be sought and retained. Documented evidence that the appropriate number of quotes were sought and assessed to ensure value for money.</li> <li>• Contracts in excess of £30,001 should follow a fully advertised tender process with all supporting documentation retained. Given the time scales for this funding programme, it is envisaged that subcontracting in excess of £30,001 will only be approved in exceptional circumstances and where there is a robust justification.</li> </ul> <p>Note: If a sub-contractor is a company that is linked to the grant recipient, then only the actual cost of the service can be included and no profit element.</p>
Travel	Travel required for purpose of the project	Invoices

**DIF Grant Conditions:**

- All Grant Awards will be paid retrospectively
- Grant paid on receipt & vouching of **eligible cost** evidence, along with confirmation that Co-investment is on track
- Projects <6 months will be vouched and paid at the end of the project term
- Projects >6 months may make an interim claim on completion of milestones
- Final claims to be made within 90 days of project completion or by 20<sup>th</sup> March 2025; otherwise Ulster University will not be obligated to pay
- Grant Awards >£50k require an independent audit report at the end of the project
- Grant Awards >£100k require an independent audit report at the first claim for payment and the final claim
- 10% of each Grant Award may be retained by UU until a final project report is submitted and approved and all milestones met

## Co-investment

An objective of the SMDH is to create sustainable solutions that will be available to the SME community beyond the life of this project. To support this objective, the SMDH Digital Innovation Fund will provide grant funding to Open Call projects with the expectation that additional investment (Co-Investment) will be needed to see the project through from concept build to full commercial delivery during the implementation phase. This can include additional investment to the agreed project costs and/or additional investment in R&D. The application form will enable you to detail the co-investment being committed to the initial concept so that it can be sustained over the longer term. An ideal application will include co-investment of at least 3 times the grant value and will be delivered within the project lifetime.

Evidence of the investment needed to achieve the Implementation phase will be captured as part of this project. Evidence of co-investment should be captured on a continuous basis by each organisation and shared with the Appointed Person assigned as the first point of contact for the organisation.

All co-investment will be captured via SMDH HubSpot CRM tool. It will be the responsibility of the Grant Recipient or Lead Partner as appropriate to collate and submit evidence of co-investment.

All co-investment to be collated and submitted by Grant Recipient or Lead Partner as appropriate.

## Co-Investment Costs

The co-investment required to deliver the project can be captured under the following categories.

Category	Description
Direct Labour	<p>Either: Average actual across salary band for a category of staff, or Individual actual salary for each member of staff Includes NI, pension, non-discretionary costs</p> <p>Note: Overhead at 20% can be added to <b>grant recipient labour costs</b> only.</p>
Indirect or End User Labour	<p>Confirmation from grant recipient that End-User has engaged with the project.</p> <p>Where feasible we recommend that this is evidenced via a letter/email from End-User confirming participation with the project and confirmation that the End-User has signed up to the USA (if required). Where this is not feasible, End-User participation can alternatively be evidenced through data received via MDEP.</p> <p>Note: Overhead <u>cannot</u> be added to end-user labour costs.</p> <p>For End-Users or other project participants that are not named in the project application, a daily rate of £260 (£130 half day) can be used.</p>
Materials & Consumables	Materials and consumables purchased from third parties for use on the project
Subcontractors External Consultants	<p>External expertise bought in and paid for, for purpose of the project.</p> <p>Note: If these services are to be fully or partly provided in-kind then all profit margin must be excluded from these costs</p> <p>Note: If a sub-contractor is a company that is linked to the grant recipient, then only the actual cost of the service can be included and no profit element.</p>
Travel	Travel required for purpose of the project
Business Growth Events: E.g., Workshops/ demonstration days/testing days/ factory open days	<p>In-house workshops showcasing and demonstrating the technology/solution and providing opportunity for SME testing using solutions</p> <p>Costs can include labour costs for grant recipients holding the business growth event calculated as outlined above and also End-User/Participant labour costs at the daily rate of £260</p>
Capital Equipment	Capital investment in assets required solely to facilitate project progress and completion can be included at full cost
Use of Software	<p>New licences or new software packages required to run the project</p> <p>Note: If these services are to be fully or partly provided in-kind then all profit margin must be excluded from these costs</p>
IDT Solutions	Digital Implementation plan provided to SME. This may also include hardware/software/materials needed to implement the plan

	Note: If these services are to be fully or partly provided in-kind then all profit margin must be excluded from these costs
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Other costs to be captured during Implementation phase include but are not limited to:

- Workshop or laboratory usage rates
- Preparation of technical reports
- Market assessment
- Patent filing costs for new intellectual property (IP)

All costs must be directly attributable to the work described in the Implementation phase co-investment schedule and supported by the appropriate evidence requirements.

Applicants must provide sufficient detail of co-investment costs and rationale to allow reviewers to assess project feasibility, viability, and strategic fit with the SMDH objectives.