



## Lowlands and Uplands Scotland ERDF and ESF Programmes 2007 - 2013 Programme Monitoring Committee

### APPROVED PROJECTS: NOTIFICATION OF SIGNIFICANT CHANGES

#### 1. Purpose

- 1.1 To seek the Committee's agreement to proposed changes to a number of projects approved in the first round.

#### 2. Introduction

- 2.1 A limited number of projects approved in the first round and considered at the 19 March 2008 Committee meeting have requested agreement to changes in either the design, delivery arrangements or eligible costs from that presented in the original application submitted and appraised in the first round.

It is the view of the Scottish Government and Managing Authority for the European Regional Development Fund that these changes have the potential to significantly alter the original submission. As such, they require to be considered by the Programme Monitoring Committee

#### 3. Notified Changes

##### 3.1 Scottish Centre for Regenerative Medicine (SCRM)

University of Edinburgh, ERDF Priority 1

Approved Grant £6m  
No proposed change to grant request

- 3.1.1 The Scottish Centre for Regenerative Medicine (SCRM) as a consequence of its total costs (c £59m) being in excess of €50m, is categorised as a major project by the Commission, which in addition to undergoing appraisal under the LUPS Programmes selection process, must be separately assessed by the relevant services of the European Commission.

- 3.1.2 The University of Edinburgh as lead sponsor has advised the IAB and the Managing Authority that the provision of incubation space as part of the SCRM facility will no longer be housed in the SCRM building but will be provided through a dedicated multi-occupancy building co-located on the Edinburgh BioQuarter site.



3.2.1 The SIGMA project is designed to increase engagement by Scottish companies in innovation, product development and new supply chains. This will be achieved through more effective use of the University of Glasgow's research base, reducing the time to market the new products and harnessing the University of Glasgow's extensive international links in an effort to increase significantly the level of international engagement. These objectives will be realised through a three year programme of activities which will include;

- ♦ forming partnerships to help engage SMEs with major companies.
- ♦ brokering links between innovation-led SMEs, research and technology organisations and product design agencies in order to help strengthen product development capability and shorten new product development timescales.
- ♦ increasing the participation of academic staff and post-graduate researchers in a knowledge transfer agenda through the provision of enterprise training and support.
- ♦ removing the barriers to innovation for micro-enterprises through the increased use of low cost knowledge transfer mechanisms such as short-term student projects, academic consultancy and feasibility studies.
- ♦ a programme of outreach activity aimed at encouraging international collaboration using mechanisms such as Globalscot, visiting professors and academic and community networks.

3.2.2 The University of Glasgow is seeking an increase of ERDF grant following negotiations with the Scottish Government to secure SEEKIT co-funding for the SIGMA project. During discussions with the Scottish Government regarding SEEKIT co-funding the University were advised to include financial support in order to encourage the uptake of feasibility studies between SMEs and the University. The University recognised that this support would bring an extra dimension to the SIGMA project. In particular, it removed the one remaining barrier to participation by micro and small enterprises. It would also stimulate academic engagement by providing funding to buy out an academics time spent on feasibility studies thus leading to a significant increase in both the number and quality of low cost knowledge transfer projects undertaken with SMEs. Accordingly, financial support up to £5,000 per project for small knowledge transfer projects between SMEs and the University have now been included in the project. This additional due diligence activity will be modelled on the Scottish Opto-electronics Association's TTOM Awards which the University was closely involved in setting up but now having a wider sectoral focus. These feasibility studies will focus on opportunities that can either attract follow-on funding from existing sources, demonstrate a clear route to market, or indicate a step change in current processes within a company.

3.2.3 A total of 108 feasibility studies will be made available over the three year duration of the SIGMA project. To cover the additional £540,000 project expenditure that this will entail, University of Glasgow are seeking an increase in ERDF grant of £272,974. The necessary co-finance will come from the additional £75,913 which has been obtained from the SEEKIT Programme plus a re-profiling of other costs, in particular marketing. The significant saving in marketing costs has been made possible as the feasibility studies themselves, in particular the case study material that they generate, are expected to raise the profile of the project considerably, thus reducing the requirement for marketing effort to stimulate activity.

3.2.4 As a result of the incorporation of the feasibility studies, the provision of financial support for small knowledge transfer projects is expected to increase significantly the ERDF Output - 'Research Networks and Collaborations Supported'. In the original application the target for this output is 12. Implementation of the feasibility studies will raise the target to 108, representing an increase of 800%. In addition, it will improve the quality of interaction with SMEs by focusing effort on involving academics in projects that can bring commercial benefits to the SME participants. It will also strengthen the project partners ability to meet project targets fully for; (a) the number of enterprises supported, (d) the number of products and services developed by supported enterprises and research centres, (e) the increase in turnover by supported enterprises, and (g) the number of gross jobs created. Additionally, project partners anticipate greater impact on investment in R&D by SMEs and greater impact on business growth.

#### **4. Recommendations**

4.1 The Committee is invited to:

4.1.1 Consider the notified request for changes to the SCRM and SIGMA projects.

4.1.2 Note that in the event that Committee agrees the requested changes, a revised ERDF application will be duly submitted by the project applicants to the IAB.

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