



CAN DO Innovation Challenge Fund

Guidance for Public Sector Applicants

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1. Introduction

1.1 Background

The CAN DO Innovation Challenge Fund is a national fund to support Scottish public sector organisations to find innovative solutions to operational service and policy delivery challenges. Organisations are invited to come forward to access new, creative and previously untapped ideas and receive up to 100% funding to seek out and develop the most innovative solutions from the marketplace.

Allowing the public sector to identify and work with innovative organisations, the fund provides support to develop, test and access creative solutions to the problems they face.

The aims of the fund are to:

- Find solutions for service delivery issues faced by the public sector.
- Improve public services.
- Boost Scotland's economic development.

Benefits for challenge sponsors:

- Opportunity to explore creative solutions to operational challenges.
- Improved service delivery and quality from tailored solutions.
- Up to 100% funding to find and develop innovative solutions.
- Support from the fund team to build internal capability and processes to run future challenges.

1.2 How is the CAN DO Innovation Challenge Fund administered?

The CAN DO Innovation Challenge Fund is a joint project between the Scottish Government, Scottish Enterprise, Highlands and Islands Enterprise and the Scottish Funding Council. It is led by Scottish Enterprise on behalf of the partnership.

1.3 Eligibility

Only Scottish publicly funded organisations and Government departments can apply for funding to run a challenge.

Businesses are *not* eligible to sponsor challenges, only to respond to them. Open calls for individual challenges will be made twice per year.

1.4 Terms of reference

Challenge Sponsor: the public body running the challenge, having applied successfully to the fund.

Challenge Solver: A company or other organisation that has successfully applied to develop a solution to a challenge.

The Partners: Scottish Government/CivTech, Scottish Enterprise, Highlands and Islands Enterprise and the Scottish Funding Council. CivTech are a team within the Scottish Government's Digital Directorate.

2. Challenges

2.1 How do I submit a challenge?

Follow these steps to submit a challenge.

1. Make sure your challenge meets the [challenge qualification criteria](#).
2. Make sure your organisation can commit to the [challenge sponsor responsibilities](#).
3. Discuss your challenge with a member of the Fund Team candoicf@scotent.co.uk
4. Complete the application form available to download online - <https://www.scottish-enterprise.com/can-do-innovation-challenge-fund>
5. Email your application to the Can Do Fund Team candoicf@scotent.co.uk

Organisations can submit more than one challenge in each round but need to ensure they have the resources to manage any application submitted.

2.2 Qualification Criteria

Your challenge must meet the following criteria.

1. The challenge must solve a current service or policy delivery problem that you understand very well. Avoid explaining the solution you want.
2. Your challenge must require innovation to solve it – there is not a solution already available on the market.
3. Other organisations beyond yours will benefit from solving this challenge.
4. If your challenge is solved, your organisation would buy the solution or work with others to procure it.

2.3 What types of innovation challenges are of interest?

Although open to any challenges that can contribute to the aims outlined above we are particularly keen to receive challenges that contribute to the Scottish Government's agenda on inclusive growth, challenges which can address the issues of a remote and rural Scotland; and challenges that align with Scotland's key sector strengths and major opportunities;

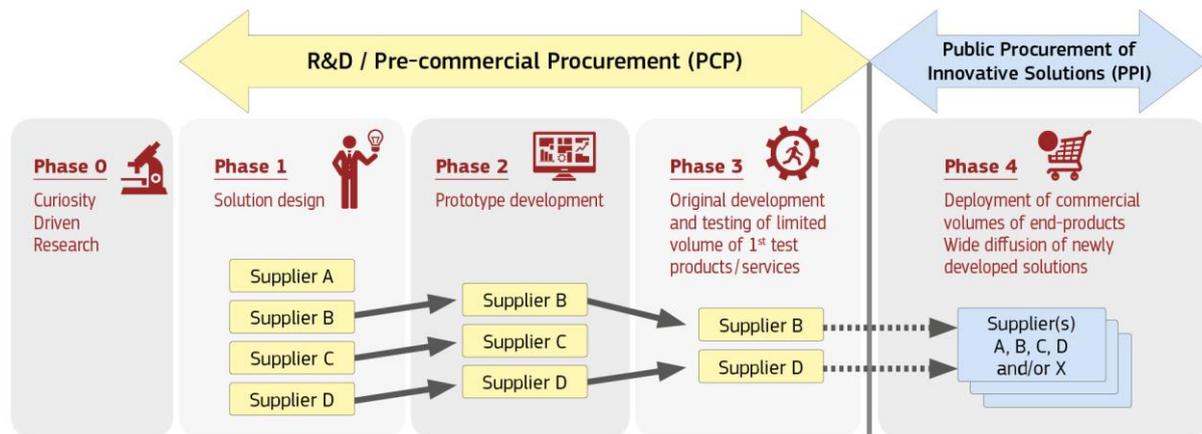
- High Value Manufacturing
- Digital economy
- Low carbon transition

3. The Challenge Process

The Fund provides challenge sponsors with funds to procure innovative solutions from companies. The fund currently supports Pre-Commercial Procurement (PCP) through the Small Business Research Initiative (SBRI) and CivTech processes. However, the Fund can support challenge sponsors run other procurement of innovation process e.g. competitive dialogue or Innovation Partnerships.

Pre-Commercial Procurement is an approach to public procurement of research and development (R&D) services. It is an important tool to stimulate innovation as it enables the public sector to steer the development of new solutions directly towards its needs.

In PCP, public procurers buy R&D from several competing suppliers in parallel to compare alternative solution approaches and identify the best value for money solutions that the market can deliver to address their needs. R&D is split into phases (solution design, prototyping, original development and validation/testing of a limited set of first products) with the number of competing R&D providers being reduced after each R&D phase. The number and duration of phases can be customised to the challenges.



PCP support process available through the Fund:

Innovate UK’s Small Business Research Initiative is a robust process supported by experienced staff who have been running the process for over 10 years.

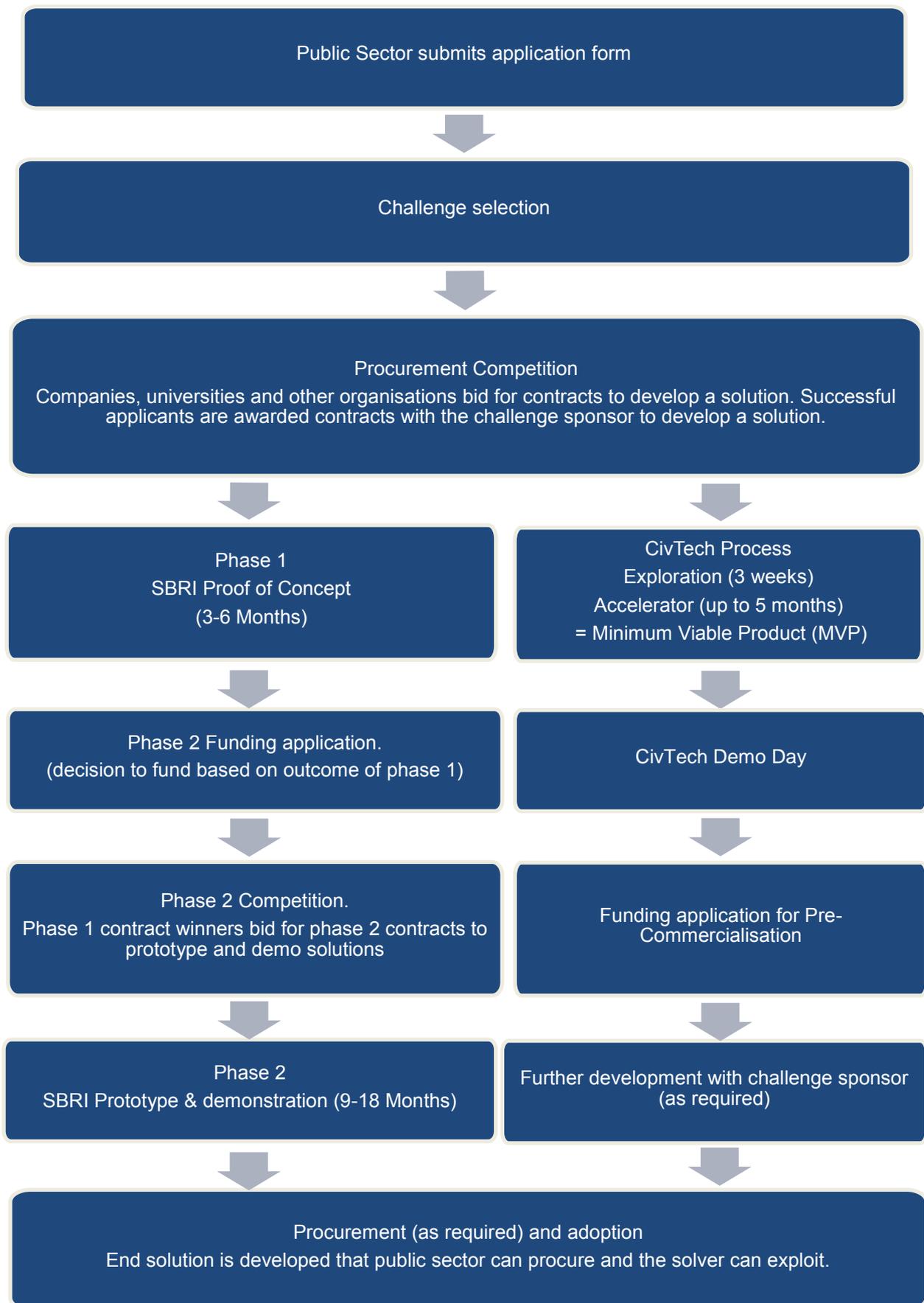
<https://www.gov.uk/government/collections/sbri-the-small-business-research-initiative> .The SBRI process operates under the EU Pre-Commercial Procurement (PCP) framework which provides detailed guidance to support public bodies to adopt this approach to improving public services and supporting innovation and economic development.

CivTech® is part of the Scottish Government’s Digital Directorate and focuses on facilitating the public sector and industry to collaborate on solving innovation challenges within the digital/Internet of things sector. CivTech® operates on a cohort basis taking groups of 9-12 challenge sponsors and solvers through a rapid development and testing PCP process of around 4 months. This Innovation Flow, designed to go from problem to solution to product as quickly and effectively as possible, using a combination of best public and private sector practices. A full explanation of the Innovation Flow can be reviewed [here](#). Both challenge sponsors and solvers have access to a suite of innovation and business development training modules and a collaborative development environment based in Edinburgh.

CivTech are part of Scotland’s Can Do Innovation Challenge support offering and any challenge of a digital nature will be reviewed to see if CivTech is appropriate.

<https://civtech.atlassian.net/wiki/spaces/CIV/overview>

This diagram shows the challenge fund process. Further description on stages on next page.



1. Challenge submission

Public sector bodies can submit operational service and policy delivery challenges during the challenge submission window. [Read how to submit a challenge.](#)

2. Challenge selection

Challenges are selected based on the challenge selection criteria. Read about the application process.

3. Procurement Competition

The Can Do Innovation Challenge Fund currently offers two procurement support processes - Innovate UK's SBRI competition process and CivTech Accelerator process. Businesses are invited to pitch innovative solutions to the challenge via the respective websites and the winning proposals receives funding from the Fund to develop their solutions.

The Project Team (challenge sponsor and member of the fund team) selects the winning solutions from a shortlist created by Innovate UK and CivTech.

SBRI competition is open for applications for 6 weeks and the CivTech competition is open for applications for 4 weeks.

Further information on the CivTech process can be viewed [here](#).

[SBRI competition process](#) is explained below.

4. SBRI Phase 1

The challenge owner supports 3-5 competition winners to develop and prove concepts.

Phase 1 solutions focus on proving the technical and commercial feasibility of the project, showing how a solution can meet a well-understood set of user needs.

Phase 1 lasts from 3 to 6 months after the agreed start date of phase 1, which will happen after the challenge sponsor agrees research and development services contracts with the competition winners.

5. SBRI Phase 2 Application

Depending on the success of phase 1 challenges may qualify for additional funding to further develop and demonstrate prototypes. The challenge sponsor will apply to the Fund for Phase 2 support.

6. SBRI Phase 2 competition

The challenge owner must intend to procure or support implementation and procurement of any successful phase 2 solutions.

Phase 2 competitions will be launched between 1 and 3 months after the end of phase 1.

6. SBRI Phase 2

Phase 2 should result in a prototype that the challenge owner has tested in an operational environment and is confident will help to address the underlying service needs.

The challenge owner will support the competition winners to develop Phase 1 concepts based on ongoing research and testing with users into a complete proposition. Competition winners and challenge owners will report on the success of each solution at the end of phase 2. Phase 2 challenges can last between 6 and 18 months, including development and testing with the challenge owner.

7. Procurement and adoption

Challenge owners will follow their own procurement process to procure solutions at scale
The Fund Team can provide support to companies to commercialise and exploit solutions.

4. Application Process

The Can Do Innovation Challenge Fund (CDICF) Team works with organisations that submit challenges (called challenge sponsors) to make sure the challenge is clearly defined, appropriately scoped and scalable. The fund team may recommend combining similar challenges. Read how to submit a challenge.

4.1 Challenge Selection

All challenges are submitted to the CDICF Team mailbox (candoicf@scotent.co.uk) where they are initially assessed by the fund team's due diligence supplier. If the challenge meets the criteria it is the assessed by an assessment group made up of individuals from the partnership organisations whom have expertise in innovation, policy area or the topic challenge addresses. Challenges may also have input from innovation centres.

A shortlist is drawn up and the shortlisted challenge sponsors are interviewed by the partners panel. Competition slots are scheduled after challenge selection.

All challenge sponsors will get feedback on their proposals, even if they are not selected for funding in the current round. Some may be encouraged to apply for the next round of funding, or alternative approaches to solving challenges may be more appropriate

4.2 Assessment scoring

Challenge submissions are reviewed by:

- experts on innovation challenges
- experts on the policy area or the topic the challenge addresses

This is how your challenge will be scored.

Criteria	Total Available Points
Potential level of Innovation	10
Resources to support and manage the challenge	10
Alignment with Fund Priorities	10
Public Sector Impact	
• Impact on public sector service/policy delivery.	10
• likelihood of implementation/procurement	10
Economic Development Impact	
• Market potential	10
• Scottish supply chain capability	10
TOTAL	70

Qualifying Criteria:

The challenge sponsor must have described:

- **Potential level of Innovation** (in terms of the outcomes they are seeking rather than defining a specific technical solution) - there is some evidence of previous efforts to identify a solution
- **Resources to support and manage the challenge** - organisation has identified suitable skills, capabilities and experience to deliver the project and consideration as to what match funding they may be able to offer.
- **Alignment with Fund Priorities.** The extent to which the challenge is aligned with the priorities (listed 2.3)

Evaluation Criteria:

Benefit to the Public Sector

- **Impact on service/ policy delivery**
The extent to which solving the challenge will result in benefits to the organisation's ability to deliver improved services or policy and result in improvements for citizens/service users. It could also relate to delivering the same level of services or implementing policy more efficiently.
- **Likelihood of procurement implementation**
The extent to which the challenge sponsor has the power, commitment and financial resources to procure a successful solution (and/or influence decision makers in the buying process) and whether they have described a convincing plan for this. The scoring will also be influenced by the degree to which there are barriers to making this happen (e.g. lengthy timescales due to regulatory approvals of new products, the need to interact with legacy IT systems, etc.)

Economic Development Potential

- **Market potential**
The scale of additional customers/markets potentially open to the challenge solver after they have successfully demonstrated the solution with the challenge sponsor (i.e. to what extent do others in the public and private sector face the same challenge as the challenge sponsor). The scores awarded will relate to the size of the potential market for solutions.
- **Scottish company potential**
The extent and strength of Scottish supply chain capable in responding to this challenge.

4.3 Challenge submission questions

To submit a challenge for consideration, download an application form from our website – www.scottish-enterprise/can-do-innovation-challenge-fund - and answer these questions as clearly and specifically as you can.

1. Can you summarise your challenge proposal in the form of 'How might we ___?'
2. What are you seeking to address and what are the key requirements?
3. How does your challenge align with the fund priorities?
4. What would a successful outcome and impact look like for your organisation, the wider public sector and for citizens?
5. Are there any potential barriers to implementing an innovative solution?
6. What are your future procurement/implementation routes and plans for successful solutions?
7. What additional customers/markets could there be for any developed solution?
8. Are you aware of any Scottish organisations (academic or supply chain) who could respond to your challenge?
9. What previous efforts have been made to find a market solution?
10. What support can you offer to successful companies in developing a solution?
11. Can you estimate the costs and outline whether your organisation could contribute funds?
12. Have you secured project management resource?
13. Do you have sign off from senior management?
14. When are you able to launch your challenge?

4.4 Funding rules

Scottish Enterprise (on behalf of the Fund) will contract with the successful challenge sponsor organisations and will provide a funding contribution to support the costs of procuring the research and development of innovative solutions from the supply chain. Up to 100% funding can be provided, but in your application, consider what funds your organisation could contribute. Match funding will be considered when evaluating against the resource criteria.

The challenge sponsor will lead and run the procurement of innovation process, contracting with solvers successful in securing Phase 1 funding. The Fund Team will be on hand to support the challenge sponsor through this process.

The following elements will be eligible for funding:

1. Funding for R&D Services Contracts for the winning bidders
2. Costs of external experts or assessors for Phase 1.

The following elements will not be eligible for funding:

1. Internal staff costs
2. Staff travel and subsistence

4.5 Maximum contract amount and length

Research and development contracts are awarded at SBRI phase 1/ phase 2 and CivTech contracts at Exploration and Acceleration stages.

This is the amount of funding available and expected time for solution development duration for each phase.

Phase	R & D funding per winner	Phase Duration
SBRI Phase 1: Feasibility (Proof of Concept)	£10,000 - £40,000 per contractor Between 3-5 suppliers	3-6 months
SBRI Phase 2: Prototype development and demonstration	£50,000 - £200,000 per contractor Between 1-2 suppliers	6-18 months
CivTech Exploration Stage	£3,000 per supplier. Up to 3 suppliers	3 weeks
CivTech Acceleration Stage	£20,000 to 1 supplier	Up to 5 months

The range is because it is likely that there will be a mixture of smaller scale digital based and large physical based technologies developed through calls. Larger projects will also be considered. Funding for each stage will be approved by the fund management team.

5.0 Challenge Sponsor Responsibilities

Challenge owners must:

- actively engage with each stage of the process
- be responsible for their actions in the process
- strongly intend to procure or support others to procure any successful solution

Whilst the fund partner organisations are setting up, coordinating and overseeing the fund, challenges will be run and project managed by the challenge sponsor organisation. It will be the responsibility of the challenge sponsor to arrange a dedicated project management resource and any other resources identified to deliver the project.

The Fund team will support the challenge sponsor through the process specifically during the definition of challenges and competition assessment stages and will look to build internal capability through this process. As this project is a form of innovation procurement, all challenge sponsors must have a strong intent to procure or can support other to procure any successful end solution.

5.1 Responsibilities in each phase

The Can Do Fund Team will support challenge owners throughout the process but it will be the responsibility of the challenge owner to do the following at each stage;

Phase	Responsibility
Challenge scoping and submission	<ul style="list-style-type: none"> • define their challenge, including the users, user needs, outcomes and impacts • check no market ready solution • identify other public sector partners who could collaborate with on the challenges identify the team needed to support the delivery of the solution • get senior and stakeholder approval of the challenge • send the challenge submission questions on time
Challenge selection	<ul style="list-style-type: none"> • work with the assessment team (fund team and due diligence supplier) when they evaluate your challenge • make sure you're available to answer any questions from the assessment team related to your challenge - any delay in responding to information requests may impact your application • if shortlisted, attend a session with the partners panel so they can understand the challenge - you will need to deliver a presentation detailing information about the challenge, outcomes, impacts, funding and organisational environment
Successful challenges	<ul style="list-style-type: none"> • sign a standard contract agreeing to administer CDICF funding responsibly • manage receipt of funding with your finance department

If using SBRI the following responsibilities apply.

Phase	Responsibility
SBRI Phase 1 competition	<ul style="list-style-type: none"> • complete the SBRI documents required to launch to industry, including coordinating with other parts of your organisation like procurement – required 3 weeks before deadline. • organise at least 1 competition launch event to explain your challenge to interested potential suppliers and include the details in the SBRI documents. The fund team can support you with this. • Promote the competition launch to potential suppliers • make sure you're available to answer any questions about your completed SBRI documentation - any delays in responding to questions can impact the launch date • run the competition launch event • make sure you're available to answer any questions from potential suppliers during the competition • attend a moderation panel meeting to assess and agree scores - the panel will produce a ranked ordered list which includes a threshold which determine which applications will be funded • manage the signing of contracts between your procurement team and phase 1 suppliers • produce a 1 page overview detailing companies you have awarded contracts to and brief description of the project.
SBRI Phase 1 Projects	<ul style="list-style-type: none"> • run and support the winning projects: work with them on day to day basis, help them with access to users for user research purposes and

	<ul style="list-style-type: none"> • make sure suppliers meet their contracted delivery and payment milestones – challenge sponsors responsibility to ensure the payments are justifiable and are made on time to challenge solvers. • attend monthly meeting with CDICF Project Manager to update on projects and flag any risks • collect end of challenge reports from solution providers and share with CDICF Team • review and give feedback on the solution providers' reports • provide an end of phase report to CDICF Team, including recommendations and next steps
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If using CivTech the following responsibilities apply.

Phase	Responsibility
Challenge Stage	<ul style="list-style-type: none"> • participate in challenge definition workshops with CivTech team • engage with the CivTech® Team in the publicising of the Challenge by the CivTech® Team (including attending any Challenge Engagement Day, video filming, Hackathon, engagement as may be organised by the CivTech® Team)
Exploration Stage	<ul style="list-style-type: none"> • provide potential solvers your subject matter expertise and sector knowledge in relation to the Challenge Problem • contribute to workshops / meetings / other activities forming part of the Exploration Stage (for example, the Challenge Sponsor may act as judge in relation to pitches, assess business cases) • provide, and / or conduct interviews with potential challenge solvers • be available to meet and discuss projects with challenge solvers • discuss and approve to CivTech that payment to suppliers can be made.
Acceleration Stage	<ul style="list-style-type: none"> • to be an active member of the team working with the Accelerator Participant during the Accelerator Stage to progress, develop and test the Solution, made up of: (i) the CivTech® Team (ii) the Challenge Sponsor; (iii) the Citizens; and (iv) the Accelerator Participant, throughout a four to five month period. • the Challenge Sponsor agrees to commit resources at several stages during the Accelerator Stage (which shall include a minimum a day of input each week, though there may be periods where the input required is more). • assist the Accelerator Participant with the development of their solution, including providing any further advice or insight that may be requested by the Accelerator Participant or the Citizens. • facilitate access to all relevant stakeholders that would be involved in the CivTech® Programme and that the Accelerator Participant would require access to. • participate in the demonstration day organised by the CivTech® Team (including providing details of any Heads of Terms or agreements that have already been agreed between the Challenge Sponsor and the Accelerator Participant).

6.0 Key Dates

We aim to evaluate and provide a funding decision on applications within a 30-working day period. All applications will be assessed within 4 weeks of the submission deadline and the top-ranking challenges will be taken forward to a workshop session to refine the challenge. The challenge sponsor will then be required to present their challenge to fund panel where a decision on funding will be assessed. If submitting a challenge please keep the workshop and panel dates free as these are mandatory sessions.

Downloadable guidance and application forms and the dates for the next call can be found at <https://www.scottish-enterprise.com/can-do-innovation-challenge-fund>

Completed forms should be emailed to the CAN DO Innovation Challenge Fund team – candoicf@scotent.co.uk

Contact Details

All queries should be directed to candoicf@scotent.co.uk