# Low Carbon Challenge Fund

### Supporting Innovation in SMEs to Tackle the Climate Change Emergency

## Monitoring Report Template Guidance

## July 2021

# Contents

### 1.0 Important Information

The 2014-2020 European Regional Development Fund (ERDF) programme is structured around specific themes known as Strategic Interventions, administered by Lead Partners. On behalf of Scottish Government, Scottish Enterprise (SE) is the Lead Partner for the Innovation Challenge Funds Strategic Intervention and the mechanism for delivery is the Scottish Programme for Research, Innovation and Technology Eco-System (SPRITE). The overall aim of SPRITE is to improve the innovation performance of Scotland's Small and Medium-sized Enterprises (SMEs) and stimulate greater coordination between stakeholders and partner organisations to help businesses capitalise on new economic and public-sector innovation opportunities. Programme activities will focus on competitive Challenge Funds and procurement of Cluster Builder Services.

The Low Carbon Challenge Fund (herein referred to as LCCF) is one of the competitive Challenge Funds being delivered through SPRITE and aims to create an innovative system and support for SME's to develop solutions to support the global climate change opportunity and in doing so accelerate efforts that will help Scotland meet its commitments to a net-zero Scotland by 2045.

This guidance will be reviewed periodically and, therefore, may be subject to change. The Grant Recipients should make sure that they refer to the most up to date guidance at all times. This guidance is available at www.scottish-enterprise.com/LCCF.

### 2.0 Data Protection

Personal data will be processed by Scottish Enterprise in accordance with Data Protection Laws and held in accordance with Scottish Enterprise's privacy notice, which can be found at https://www.scottish-enterprise.com/help/privacy-notice. Individuals can also use this link to find information on their rights in respect of the personal data we hold.

The information may be shared and used by Scottish Enterprise, The Scottish Government and other associated bodies such as local delivery organisations, consultants and agents collectively referred to as 'the Agencies'. The Agencies will use the information provided for administration and management purposes, including carrying out appropriate checks and audits. Some information may also be passed to independent auditors, the European Commission or its agents for administrative purposes.

Scottish Enterprise and the Grant Recipient shall each comply with their respective obligations under Data Protection Laws.

Where the Grant Recipient discloses personal data to Scottish Enterprise, such disclosure must be fair, transparent and lawful and not contravene Data Protection Laws.

Grant Recipients should note that the rules governing the ERDF programme require the provision of personal data to evidence staff costs and meet the eligibility criteria for a claim.

**Please note** that all links within this guidance document are considered accurate as at the date of publication but that we take no responsibility for the accuracy or compliance of third-party links.

## Version Control

| Date | Issue | Status | Author | Authorised By |
|------|-------|--------|--------|---------------|
| 8 June 2020 | 4 | Final | Jane Gallagher Jacqui Cosgrove | Alison Bennett |
| 26 February 2020 | 5 | Final | Jacqui Cosgrove | Alison Bennett |
| 5 July 2021 | 6 | Final | Jacqui Cosgrove | Alison Bennett |

### 3.0   Introduction

This Guidance document sets out the framework that will be used to monitor and evaluate the success of the LCCF.

Grant Recipients will be required to monitor the implementation of their project and report progress towards the achievement of outputs and outcomes. This guidance outlines the information that needs to be collected and how it should be reported.

### 4.0   Why undertake monitoring?

The LCCF wants to improve innovation performance of Scotland's SMEs through the provision of services focused on improving manufacturing capabilities across Scotland which will lead to long-term transformational change.

The purpose of monitoring is to provide evidence of the extent to which this has been achieved. It also allows SE to track the management of the funded Projects, the inputs, outputs and outcomes, and the impact that these make both individually and cumulatively.

As the Lead Partner delivering the Strategic Intervention, SE is expected by the EU and the Scottish Government to oversee a programme of monitoring that:

- evidences delivery of the LCCF in an efficient manner
- assesses whether the LCCF has produced the desired outcomes and what the impact has been
- informs the Scottish Government of the contribution made towards meeting the National Indicators

### 5.0   How to plan for monitoring

Grant Recipients are required to report against a selection of indicators noted in this guidance.  It is not necessary to report against all of them. Grant Agreements may include additional indicators over and above those in this guidance. Information and data for each agreed indicator will be collected by Grant Recipients for their project and reported to SE through the Monitoring Report along with the Quarterly and Final Progress Reports.

### 6.0   The Monitoring Framework

This section sets out the framework of indicators that can be used to monitor and report on various aspects of the LCCF and the projects that contribute to it.

As defined by the European Commission, a small and medium-sized enterprise (SME) is an enterprise which employs fewer than 250 persons and which has an annual turnover not exceeding 50 million euro, and/or has an annual balance sheet total not exceeding 43 million euro.  More information can be found at https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

A description of these indicators and how they should be monitored and reported on is contained in Appendix 1.

The indicators include:

### 6.1 Output Indicators
- Number of Small and Medium-sized Enterprises (SMEs) attending events
- Number of SMEs supported
- Number of projects with SMEs
- Number of collaborations between SMEs and research institutes
- Value (£) of Business expenditure on research and development (BERD)

'Outputs' are the expected results of project activities, what the project aims to achieve e.g. number of R&D projects supported, number of SMEs accessing research and testing equipment.

### 6.2 Outcome Indicators
- Number of SMEs supported to introduce new to the market products
- Number of SMEs supported to introduce new to the firm products

'Outcomes' are the changes achieved as a result of the support e.g. increased productivity, adoption of new technology and processes.

### 6.3 Horizontal Theme Indicators
Horizontal Themes are not outputs or outcomes. These indicators are set by ERDF and monitored to ensure that projects are delivered in an inclusive and sustainable manner. Grant Recipients are therefore required to demonstrate and measure:

- **how they will promote sustainable development through the work of the project**
  Sustainable development is described by the European Commission as "*specific actions to consider environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management*".

  Grant Recipients should consider the impact the project may have on environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, and identify potential mitigating and net-positive actions which will be undertaken during the delivery of the project.

  For example:
  - raising awareness of the business benefits from implementing inclusive and sustainable approaches

  - helping SMEs to address resource efficiency and environmental sustainability as part of their innovation plans, including development of new products and processes

  - providing support for collaborative projects to develop new approaches to resource efficiency and exploit new market opportunities offered by the transition to a low carbon economy

- **positive approaches to equal opportunities and non-discrimination**
  The European Commission describes Equal Opportunities and Non-Discrimination as taking…"*appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation and implementation of programmes. In particular, accessibility for persons with disabilities shall be taken into account throughout the preparation and implementation of programmes*".

  Grant Recipients should consider the impact of the project activities on groups with protected characteristics under the Equalities Acts and the specific actions they will take to actively prevent discrimination.

  For example:
  - providing SMEs with information about the Scottish Business Pledge

  - encouraging more businesses to adopt fair work practices e.g. all jobs created and/or safeguarded as part of the project are paid at least the Real Living Wage (as outlined by The Living Wage Foundation, registered charity number 1107264 at www.livingwage.org.uk), encouraging transparency on gender equal pay and offering a fair and equitable policy for zero-hour contracts

- **equality between men and women**
  The principle of Equality between Men and Women is outlined by the European Commission as ensuring that "…*equality between men and women and the integration of gender perspective are taken into account and promoted throughout the preparation and implementation of programmes, including in relation to monitoring, reporting and evaluation.*"

  Grant Recipients should consider the contribution of the project activities to the promotion of equality between men and women and ensure that their application includes a description of specific actions they will take to actively support equality.

  For Example:
  - encouraging SMEs to develop a programme of activity to help develop women for leadership and encouraging more women to apply for leadership positions

  - encouraging SMEs to consider reviewing their pay and grading system

  - encouraging SMEs to consider offering a flexible approach to working hours to fit work into their lives e.g. offering part-time and school-term hours

Grant Recipients will be asked to provide qualitative narrative in the Quarterly Progress Report on how the project is contributing to the horizontal themes as noted above. In addition, <u>where possible and appropriate</u>, Grant Recipients may be asked to provide quantitive evidence in the Monitoring Report.

The Monitoring Report template can be found at [www.scottish-enterprise.com/LCCF](www.scottish-enterprise.com/LCCF).

### 7.0 Qualitative methods

The use of qualitative evidence in monitoring and reporting provides a rich source of information to demonstrate the benefits of a project and the outcomes it has achieved. Qualitative evidence can include examples, case studies, workshop outputs, art pieces, stories, activity reports, newsletters etc. The options are broad ranging and innovation and creativity is encouraged. All qualitative evidence should be submitted with the Quarterly Progress report.

### 8.0 Project Reporting

Grant Recipients are required to report on all the chosen indicators on a quarterly basis. For some outputs and outcomes, Grant Recipients will be asked to produce qualitative evidence to enable the SPRITE Programme to produce a narrative on why and how the LCCF intervention has worked.

Following the final claim, the Grant Recipient will be expected to report on outputs and outcomes on an annual basis for a 3-year period from 31 December 2022 (year 1 report due by December 2023, year 2 by 31 December 2024 and year 3 due by 31 December 2025).

### 9.0 Quarterly Progress Report

Quarterly Progress Reports are required throughout the delivery period for the project. These must be provided on the template provided by Scottish Enterprise.

### 10.0 Final Report

Grant Recipients will be required to provide a Final Report at the completion of the Project. A template for this will be provided by Scottish Enterprise (following a similar format to the Quarterly Progress Reports).

For further information please visit www.scottish-enterprise.com/LCCF or for assistance please email lccf@scotent.co.uk.

**Appendix 1**
**LCCF Indicator Definitions and Evidence Requirements**

# Contents

| Description | Page |
|---|---|

**LCCF Output Indicator:**
**Number of SMEs attending events**

| Terms | Definition |
|---|---|
| **Unit of Measure:** | Number of SMEs attending an event. |
| **Count Criteria:** What can be recorded against this indicator? | This type of support includes: <br><br>• information, diagnostic advice/guidance and signposting to individual SMEs delivered in the context of a one-to-many workshop, conference or webinar over a period of 1-hour or more <br>• the event needs to be specific, focused on a market opportunity or a theme, such as innovation in a market context <br>• activities should support the project's objectives and be directed towards ultimately improving the performance of the business |
| **Count Threshold:** What is the threshold or minimum requirement for recording (one count) against this indicator? | To count one instance of this indicator you must provide evidence to demonstrate the LCCF project has provided the following: <br><br>• the one-to-many workshop, conference or webinar took place over a period of 1-hour or more <br>• SMEs can only be counted once per themed event <br>• an SME can be counted more than once if it attends more than one themed event |
| **Count Exclusion:** What activity cannot be counted against this indicator? | Any SMEs ineligible for ERDF support under the European Structural and Investment Fund National Rules on Eligibility for Expenditure (referred to as National Rules) are excluded. |
| **Verification Evidence:** | • Grant Recipients must be able to demonstrate that this activity has taken place by providing a copy of the agenda for the event activity and the attendee list to SE <br>• Grant Recipients should provide the name, date and duration of the event as well as the SME name, address (including postcode), company registration, size and the sector the SME operates in (if applicable), within the Monitoring Report Template evidence collection section. <br><br>A data collection template has been provided to assist with this process.  Please refer to the Monitoring Report Template. |

## LCCF Output Indicator:
## Number of SMEs supported

| Terms | Definition |
|---|---|
| **Unit of Measure:** | Number of unique SMEs who have been in receipt of support from LCCF projects (minimum of 7 cumulative hours of support). |
| **Count Criteria:** <br> What can be recorded against this indicator? | Support can be provided across a range of activity including: <br> • management/leadership support <br> • access to new supply chains and markets <br> • innovation and commercialisation of R&D etc.  This should not include financial support as the ERDF cannot be used for this purpose <br> • event attendance <br> • signposting and brokering relationships or projects <br> • research and evidence gathering <br> • one-to-one meetings <br><br> This list is not exhaustive any support can be counted if this complies with the National Rules. |
| **Count Threshold:** <br> What is the threshold or minimum requirement for recording (one count) against this indicator? | To count one instance of this indicator Grant Recipients must provide evidence to demonstrate the LCCF project has provided the following: <br><br> • assistance counted must have lasted a minimum of 7 cumulative hours (i.e. support could potentially be over more than one session or event) <br> • the support can be delivered face to face (one-to-one or in groups), by telephone or online <br> • travel and preparation time can be counted within the 7 hours of support but should not exceed the direct contact time with the SME <br> • follow up activities, on behalf of the SME, can also be counted <br> • to count one instance of this indicator, SMEs can only be counted once |
| **Count Exclusion:** <br> What activity cannot be counted against this indicator? | Exclusions from the count include: <br><br> • distribution of generic guidance and marketing materials and, <br> • if the SME is ineligible for ERDF support |

| Verification Evidence: | Evidence of support includes:<br>• collecting the SME name, address (including postcode), company registration, size and the sector the SME operates in (if applicable).<br>• Grant Recipients must provide SE with a breakdown of the activities which make up the 7 hours with the relevant dates.  For example, 5 hours of one-to-one support followed by a 1-hour workshop.<br>• Grant Recipients must provide SE with evidence of the support provided to SMEs e.g. meeting notes/minutes, reports, emails etc.<br><br>A data collection template has been provided to assist with this process.  Please refer to the Monitoring Report Template. |
|---|---|

**LCCF Output Indicator:**
**Number of projects with SMEs**

| Terms | Definition |
|---|---|
| **Unit of Measure:** | The number of projects delivered through support from LCCF. |
| **Count Criteria:**<br>What can be recorded against this indicator? | These may be established to:<br><br>• commercialise knowledge/IP<br>• exploit a market opportunity |
| **Count Threshold:**<br>What is the threshold or minimum requirement for recording (one count) against this indicator? | To count one instance of this indicator:<br><br>• SME can be counted more than once for each distinct project undertaken as a result of support from the LCCF project<br>• the project must be completed |
| **Count Exclusion:**<br>What activity cannot be counted against this indicator? | Exclusions from the count include:<br><br>• if the SME is ineligible for ERDF support |
| **Verification Evidence:** | Evidence of support includes:<br><br>• collecting the SME name, address (including postcode), company registration, size, the sector the SME operates in (if applicable), the name of the project and the date the project was completed.<br>• an email from the SME confirming the project is complete and detailing the expected outputs.<br><br>A data collection template has been provided to assist with this process.  Please refer to the Monitoring Report Template. |

## LCCF Output Indicator:
## Number of collaborations between SMEs and research institutes

| Terms | Definition |
|---|---|
| **Unit of Measure:** | The number of new collaborations between SME(s) and research institutes formed through support from LCCF. |
| **Count Criteria:** <br> What can be recorded against this indicator? | This type of support comprises SMEs that collaborate with research institutions in research and development projects. <br> • these may be established to achieve technology transfer or commercialisation of knowledge / IP between two or more organisations, to bid for collaborative research funding through for example Innovate UK or EU framework programmes or, to exploit a market opportunity <br> • the SME must have an operating base in Scotland <br> • at least one SME and one research institution must participate in the project <br> • one or more of the collaborating parties (research institution or SME) may receive the support but it must be conditional to the collaboration <br> • the collaboration may be new or existing <br> This should not include financial support as the ERDF cannot be used for this purpose. |
| **Count Threshold:** <br> What is the threshold or minimum requirement for recording (one count) against this indicator? | To count one instance of this indicator: <br> • the collaboration must last for the duration of the R&D project between the SME and the research institute <br> • if a collaboration includes one or more SMEs, all SMEs involved in the collaboration can be claimed as their outputs will be different <br> • |
| **Count Exclusion:** <br> What activity cannot be counted against this indicator? | Exclusions from this count include: <br> • if the SME is ineligible for ERDF support |
| **Verification Evidence:** | Evidence of support includes: <br> • Grant Recipients must provide SE with evidence of the support provided to the SME and the collaborative R&D project e.g. project forms, project reports provided to the SME, emails, meeting notes/minutes etc <br> • a record of the SME name, address (including postcode), company registration, size, record of collaboration partner(s) name and address (including postcode), the sector the SME operates in (if applicable) and the name of the project. <br><br> A data collection template has been provided to assist with this process.  Please refer to the Monitoring Report Template. |

**LCCF Output Indicator:**
**Value (£) of Business expenditure on research and development (BERD)**

| Terms | Definition |
|---|---|
| **Unit of Measure:** | The total funds leveraged from SME expenditure on Research and Development. |
| **Count Criteria:**<br>What can be recorded against this indicator? | The total amount of project related expenditure incurred by SMEs, and other organisations (if applicable), on research and development (R&D) projects that have been assisted by LCCF. |
| **Count Threshold:**<br>What is the threshold or minimum requirement for recording (one count) against this indicator? | To count one instance of this indicator:<br><br>• the total value of the SME's expenditure on R&D must be verified before being counted<br>• one or more R&D projects undertaken by the SME as a result of support received from the LCCF project can be counted |
| **Count Exclusion:**<br>What activity cannot be counted against this indicator? | Exclusions from this count include:<br><br>• if the SME or other organisations are ineligible for ERDF support |
| **Verification Evidence:** | Evidence of the expenditure includes:<br><br>• an email from the SME confirming the project is complete and detailing the expenditure on research and development<br>• a record of the SME name, address (including postcode), company registration, size, sector the SME operates in (if applicable), the name of the R&D project, the date the project was completed and the BERD expenditure.<br><br>A data collection template has been provided to assist with this process. Please refer to the Monitoring Report Template. |

## LCCF Outcome Indicator:
## Number of SMEs supported to introduce new to the market products

| Terms | Definition |
|---|---|
| **Unit of Measure:** | This indicator measures if an SME receives support to develop a 'new to the market' product in any of its markets. |
| **Count Criteria:**<br>What can be recorded against this indicator? | Support must be for a SME to introduce one of the following: a product, process or service. It includes process innovation if the process contributes to the development of the product.<br><br>A product is new to the market if there is no other product available on a market that offers the same functionality, or the technology that the new product uses is fundamentally different from the technology of already existing products.<br><br>Products can be tangible or intangible (incl. services).<br><br>Note: It is not necessary to have brought the product and/or service to market but, the process must be started with the intention of bringing the product and/or service to market. |
| **Count Threshold:**<br>What is the threshold or minimum requirement for recording (one count) against this indicator? | To count one instance of this indicator:<br>• if an SME introduces several products or receives support for several projects, it is still counted as one support<br>• in the case of collaboration projects, the indicator measures all participating SMEs<br>• supported projects that aim to introduce new to the market products but did not succeed are still counted<br>• if a product is new both to the market and to the firm, the SME should be counted in both relevant indicators |
| **Count Exclusion:**<br>What activity cannot be counted against this indicator? | Exclusions from this count include:<br>• projects without the aim of developing a product, process and/or service<br>• if the SMEs are ineligible for ERDF support |
| **Verification Evidence:** | Evidence includes:<br>• the Grant Recipient must provide an email from the SME confirming their intention to bring a product and/or service to the market<br>• collecting a record of the SME name, address (including postcode), company registration, size, sector the SME operates in (if applicable), the name of the project, the date the project was/will be completed and the date the product, process and/or service is or will be launched<br>• if applicable and where available, photographic evidence should be provided<br><br>A data collection template has been provided to assist with this process.  Please refer to the Monitoring Report Template. |

**LCCF Outcome Indicator:**
**Number of SMEs supported to introduce new to the firm products**

| Terms | Definition |
|---|---|
| **Unit of Measure:** | This indicator measures if an SME receives support to develop a 'new to the business' product in any of its markets. |
| **Count Criteria:** What can be recorded against this indicator? | Support must be for an SME to introduce one of the following: a product, process or service. It includes process innovation if the process contributes to the development of the product.<br><br>A product is new to the SME if there is no other product within the business that offers the same functionality, design or the technology that the new product uses is fundamentally different from the design or technology of already existing products.<br><br>Products can be tangible or intangible (incl. services). |
| **Count Threshold:** What is the threshold or minimum requirement for recording (one count) against this indicator? | To count one instance of this indicator:<br><br>• if an SME introduces several products or receives support for several projects, it is still counted as one support<br>• in the case of collaboration projects, the indicator measures all participating SMEs<br>• supported projects that aim to introduce new to the SME products but did not succeed are still counted<br>• if a product is new both to the market and to the firm, the SME should be counted in both relevant indicators |
| **Count Exclusion:** What activity cannot be counted against this indicator? | Exclusions from this count include:<br><br>• projects without the aim of developing a product, process and/or service<br>• if the SMEs are ineligible for ERDF support |
| **Verification Evidence:** | Evidence includes:<br>• the Grant Recipient must provide an email from the SME confirming their intention to introduce a product and/or service which is new to the SME<br>• collecting a record of the SME name, address (including postcode), company registration, size, sector the SME operates in (if applicable), the name of the project, the date the project was/will be completed and the date the product, process and/or service is or will be launched<br>• if applicable and where available, photographic evidence should be provided<br><br>A data collection template has been provided to assist with this process. Please refer to the Monitoring Report Template. |