

State Aid and Collaborative Innovation Projects

What is State Aid?

State aid is any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the European Union.

Why is the project funding by The Data Lab classed as State Aid?

The Innovation Centers, including The Data Lab, are funded by the Scottish Funding Council, who are in turn funded by the Scottish Government. Therefore any project funding provided by The Data Lab is state aid.

What are the implications of State Aid?

As funding provided by The Data Lab is state aid, The Data Lab is required to follow regulations that set out both how these funds may be awarded and the maximum level of funds that may be awarded.

In general terms, the awarding of state aid is not permissible unless there is an ***exemption*** allowing such state aid. The two key exemptions for The Data Lab funding are outlined below.

1. General Block Exemption Regulations Scheme

- As part of the SFC Innovation Centre Programme, projects funded by The Data Lab fall under the General Block Exemption Regulations Scheme 2014-2020 (Scheme Reference Number SA.43342): **GBER**.
- The Data Lab can only fund up to a certain percentage of the overall project costs, known as the **Aid Intensity Level**. The percentage% of funding for a project which can be provided by The Data Lab depends on a) the size of company, b) the [type of work the project is doing](#), and c) what publicity/publication arrangements are agreed. For typical SME projects, The Data Lab can fund up to maximum of 80% of the total project costs - **please note that the maximum intensity we can fund is calculated on an application by application basis**.
- As The Data Lab cannot fund 100% of the project, this requires the other parties (primarily the industrial partner, but also the academic partner) to make contribution to the project. The contribution can either be the form of cash (which is preferable) or eligible in-kind contributions. Examples of in-kind contributions include staff time, the provision of equipment, or by providing datasets (which will need to be valued by the participants/providers). The Data Lab can work with applicants to identify eligible in-kind contributions.

- For academic partners, The Data Lab usually funds the FEC rate (i.e. 80% of academic costs). The balance of the academic costs incurred by the academic partner are included in the aid intensity calculations for the project.
- Provided the GBER criteria are met and the project is approved by The Data Lab, then the funding can be provided without any further action by the industry party.

2. De Minimis Aid

- It is lawful for public sector organisations to cumulatively provide aid to an organisation of up to €200,000 (the £ equivalent taken at the date of offer of the funding) over 3 fiscal years.
- To provide the funding on this basis, the industry party will be required to **make a declaration about any other *de minimis* aid they have received from all sources during the current and previous 2 fiscal years.**
- The industry party will need to do their own checks to establish if they want to receive the aid on a *de minimis* basis. **This is particular relevant if the industry party is the recipient of funding from other public bodies.**
- An industry party is unable “top up” from other exemptions: this means ***de minimis* aid can be cannot be used in combination with a GBER award.**
- The Data Lab will provide participants with an appropriate agreement specifying that the funding is being provided as *de minimis* aid.

What The Data Lab needs from applicants?

During the project application phase, The Data Lab will ask for information from the industrial applicant(s). This will include information about the company (including revenue, employee numbers and other source of funding received). The type of information required by The Data Lab is further detailed on the Project Application Form.

Where can applicants find further information?

For further information please contact us. Alternatively, there are various source of information on state aid, including the Scottish Government, please use the following link <http://www.gov.scot/Topics/Government/State-Aid>