IPIA GUIDE: FINDING INNOVATION FUNDING IN THE UK

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OVERVIEW

The information within this guide has been generated following a project undertaken by the IPIA to identify sources of funding both from Government and private enterprise for research and development, product innovation, and carbon reduction.

Each section of the resource guide below has been vetted and checked by the IPIA – and the providers researched – in order to ensure they can provide members with high-quality support, information and consultancy to access grants, subsidies and tax relief.

RESOURCES

1. THINK INCENTIVES
2. AZETS
3. RANDD
4. INNOVATE UK KTN
5. UK RESEARCH AND INNOVATION
6. GOVERNMENT FUNDING OPPORTUNITIES

INDEPENDENT PRINT INDUSTRIES ASSOCIATION

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1. THINK INCENTIVES

Think Incentives specialises in innovation-focused consultancy, offering support in government grants, tax incentives, and IP protection. With a background in science, engineering, and Big4 consulting, Think Incentives assist businesses of all sizes across sectors, including the print industry. Aiding multinational clients in grant funding for energy efficiency, R&D tax incentives, and manufacturing process optimisation.

Think Incentives aims to expand print sector access to innovation grants and incentives, offering support in project funding, tax incentives, and innovation protection.

Think Incentives provides free webinars tailored to the print sector, speaking engagements at networking events, and personalized sessions for IPIA members. Its flexible approach ensures valuable support in the most convenient way for members.

Think Incentives, for example, is assisting IPIA Members with accessing the Government's new **Industrial Energy Transformation Fund (IETF)** grant programme.

The grants provided by the fund are designed to help manufacturing businesses with high energy use to cut their energy bills and carbon emissions – through facilitating investment in energy efficiency and technology that will lower their carbon emissions.

Find out more: thinkincentives.co.uk

2. AZETS

The Research and Development (R&D) tax relief scheme is designed to incentivise innovation within the UK and reward companies undertaking R&D. There are two schemes: the Small or Medium-sized Enterprise (SME) scheme and the Research and Development Expenditure Credit (RDEC) scheme.

SME Scheme:

- SME criteria for R&D tax relief purposes: Fewer than 500 Full-Time Employees (FTEs) & Annual turnover not exceeding £100m or balance sheet not exceeding £86m.
- SME R&D tax relief is an enhanced additional deduction and is a notified state aid.
- The benefit of the claim goes below the line in the accounts (in the P&L tax charge).

RDEC Scheme:

- Applicable to companies breaching SME thresholds for R&D tax relief purposes.
- RDEC is a taxable credit.
- RDEC goes above the line in the accounts (e.g., as other income or against staff costs).

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Benefit of R&D Tax Relief:

Example: £50k of Qualifying R&D Spend	SME Scheme Pre-1 April 2023	SME Scheme Post-1 April 2023	RDEC Scheme Pre-1 April 2023	RDEC Scheme Post-1 April 2023
Benefit	130% additional tax deduction	86% additional tax deduction	13% RDEC	20% RDEC
Impact on Tax Paying Company	£12,350 of tax saved	£10,750 of tax saved	£5,265 net credit (used as a deemed tax payment)	£7,500 net credit (used as a deemed tax payment)
Impact on Tax Loss Making Company	Future tax saving of £16,250*	Future tax saving of £10,750*	£5,265 of a net credit (can be taken as a cash repayment)***	£7,500 of a net credit (can be taken as a cash repayment)***
Impact on Loss Making R&D Intensive SME	-	-	£13,485 tax credit (cash repayment)**	-

*Assume additional tax losses are carried forward to be relieved against taxable profits at 25%.
**Assume the tax credit is calculated using the enhanced additional deduction.
***Assume the company has incurred PAYE and NIC on R&D workers in excess of the credit amount.

Changes Coming into Effect:

R&D Tax Relief Reforms:

- Claim notification:
  -For periods beginning on or after 1 April 2023, a pre-claim notification is required for first-time claimants or those who haven't claimed in the previous 3 calendar years.
  -The notification should be made within 6 months of the end of the accounting period.
- Additional information:
  -From 1 August 2023, additional information forms are required in the CT600 for an R&D claim.
- Overseas Expenditure:
  -From 1 April 2024, payments to overseas subcontractors or externally provided workers will no longer qualify.
- Data Licenses and Cloud Computing Services:
  -For periods beginning on or after 1 April 2023, data license and cloud computing service costs can be qualifying expenditure.

Eligibility:

- Evidence of a scientific or technological advance sought.
- Scientific or technological uncertainties demonstrated.
- Evidence of non-readily deducible work done to try and overcome the uncertainties.

Qualifying Costs:

- Costs can be claimed from the point the company realises the need for an R&D project to where the uncertainties are resolved or the project is ended.
- Qualifying R&D cost categories: Staff costs, Subcontractors (SME), Externally provided workers, Clinical trial volunteers, Utilities, Software licenses, Consumables.
- Costs not eligible: Patent process, Commercialisation, Marketing.

Find out more: azets.co.uk

Case study:

Azets supports growth journey of web, print, and digital creative agency, Creator. Creator, based in Durham, covers a broad range of full-service digital. They create bespoke, fast, scalable, user-friendly applications and headless websites using popular content management systems, like WordPress, Contentful and Shopify paired with front-end frameworks like NextJS and NuxtJS.

After outgrowing their existing accountant, they went looking for an advisor who could support them on their growth journey, and they were subsequently referred to Azets in 2020 by an existing technology client of the firm.

Creator rented offices within premises at Castle Eden Studios. When they found out the whole site was for sale, they had a big decision to make. Azets looked at funding options, presenting a funding proposal to the bank on behalf of Creator.

HSBC approved the commercial loan facility which enabled Creator to acquire the premises and move to a larger space within the unique building and then become a landlord to the rest of the site. This will enable Creator to expand and grow their team further as the business moves forward with new hiring plans.

3. RANDD

randd
rewarding innovation

Randd is an R&D Tax Credits specialist based in Derby, East Midlands, with 15 years of experience helping thousands of UK businesses successfully claim back millions of pounds using the R&D Tax Credits incentive.

R&D Tax Relief:
- SMEs (small and medium-sized enterprises) can deduct an additional 86% of their qualifying costs from yearly profit.
- Loss-making SMEs classified as R&D intensive can claim a higher payable tax credit rate of 14.5%.
- Large companies covered by the RDEC scheme can claim an expenditure credit calculated at a rate of 20%.

Future Changes:
- From April 1, 2024, RDEC and SME schemes will be merged into one, except for loss-making R&D intensive SMEs, which will qualify for a new SME intensive scheme.
- R&D tax credit rate for merged scheme: 20%, and loss-making R&D intensive SMEs will receive a 27% tax credit.

Randd can also assist with:
- Examples provided for profitable SMEs, loss-making SMEs, loss-making R&D intensive SMEs, and large companies under the RDEC scheme.
- Information on the impact of future changes to R&D tax credit rates
- Provide detailed information on the R&D tax credits being continually reviewed by the government to ensure effectiveness
- Information on the changes in rates and qualifying expenditure

Find out more: randduk.com

Case studies:

Example 1:

This group of companies combine to design, fabricate, and install bespoke display products for the point-of-sale (POS) industry. They create product display equipment with their firms working primarily within the cosmetic industry and on the behalf of tobacco companies.

As the business has expanded, they have employed greater numbers of staff which have allowed them to take on more technically challenging work.

The group gained access to £319,899 of grant funding to invest in machinery to accelerate development work, such as a laser machining facility. The company continues to develop its software and CAD/CAM enabling a closer integration with suppliers and customers and improved reporting systems. Their innovation has focused on installation and updates, maintenance, logistics, and storage to ensure they can fit and repair their work in the quickest and most cost-effective time.

The company has used the research and development grants to develop their physical prototypes which determine their later manufacturing processes. This process includes bespoke work where processes change constantly.

Example 2:

Craftsman Tools Limited, a supplier of precision toolholding, worked with Randd to successfully claim back R&D tax credits from HMRC. The original claim was submitted in 2020 but was held by HMRC while they further investigated. Subsequently further funds from the company's 2021 R&D claim which HMRC had been holding whilst their earlier enquiries were being completed was also released.

Craftsman Tools has been at the forefront of work holding and tool-holding technology for over 50 years, expanding their site several times over the years to accommodate the growth. The company are regularly tasked to develop and manufacture bespoke applications for the manufacture of complex or difficult to machine components, advancing the process technology in several engineering areas.

When the issue was first raised by HMRC, Randd uk helped Craftsman Tools understand the appeal process and the R&D tax credit requirements, whilst also making sure that they also understood technical aspects and innovation in each part of the application. From this they submitted a full appeal which was successful.

The R&D Tax Credit scheme was designed to reward innovative UK companies such as Craftsman Tools Ltd. HMRC often select some applications for screening and double-check that the claim is made within the legislation and BEIS guidelines, and that the costs attributable to the projects are eligible R&D-qualifying costs. The Tax Inspector agreed that all projects at Craftsman Tools were R&D-qualifying and the claim was completely valid.

Example 3:

Olympus Technologies specialises in Industrial and Collaborative Robotics, Automation and Welding Technologies. Based in Huddersfield, West Yorkshire, the firm has excelled in producing first class robotics for their wide spread customer base. By working with Randd uk, the firm has received £106,271 in R&D tax credits over the span of 5 years.

R&D tax credits have given the business confidence to build off the shelf solutions when creating their automation solutions as the incentive works as a “fallback position...because if we put time and money into R&D then we know we are getting some of our costs covered, hence reducing the risk of the investment.”

In a collaboration with Colchester Machine Tool Solutions, they have also produced a solution to tend a laser marking machine with a robot. This enables faster and more consistent automation of the laser marking process. They have also launched an interface to the Igus Linear Track which extends the reach and flexibility of the Universal Robot. The track has configurable lengths from 1-6 metres, infinite programmable positions and integrated safety, making it the perfect cost-effective solution to add reach and flexibility to new projects or existing cells.

4. INNOVATE UK KTN

Innovate UK
Knowledge Transfer Network

The world we live in faces ever-changing societal, environmental and economic challenges, which are felt regionally, nationally and also globally. Innovate UK KTN’s mission is to connect ideas, people and communities to respond to these challenges and drive positive change through innovation.

Innovate UK KTN connects innovators with new partners and opportunities, aiming to accelerate ambitious ideas into real-world solutions. The organisation spans business, government, funders, research, and the third sector.

Connecting for Positive Change:
- Mission to connect ideas, people, and communities to respond to challenges and drive positive change through innovation.
- Diverse connections across sectors.
- Expertise in various skill sets and disciplines.

Services:
- Support for early-stage innovators and established companies.
- Online resources to identify help and support for innovation journey.
- Business support, funding, and connections to partner organisations.

Find out more: iuk.ktn-uk.org

Case study:

Johnstons of Elgin collaborated with the National Physical Laboratory (NPL) on an Innovate UK project to enhance fabric quality control. Facing challenges of inconsistent finishes and high reworking rates, they aimed to improve efficiency and sustainability.

NPL's dimensional metrology experts worked with artisans to develop a high-speed sensor system, correlating subjective fabric grading with objective parameters. This system, now ready for integration into the manufacturing line, promises to streamline quality control, reduce waste, and increase efficiency.

5. UK RESEARCH AND INNOVATION (UKRI)

UKRI invests in research and innovation to enrich lives, drive economic growth, and create jobs and high-quality public services across the UK.

Key points:
- UKRI provides funding and support across all academic disciplines and industrial areas.
- There are different eligibility criteria for each funding opportunity and eligibility is dependent on whether you are a business or technology developer.

How Proposals are Assessed:
- Businesses apply for funding to Innovate UK.
- Independent expert assessors review applications.
- Final assessment by Innovate UK funders panel.
- Funding allocations are based on a portfolio approach to ensure strategic coverage.
- There are quality thresholds for applications that must be met to ensure they are put forward for funding consideration.

Find out more: ukri.org

6. GOVERNMENT FUNDING OPPORTUNITIES

The Government has developed a range of funding opportunities for innovation in the manufacturing sector and has created a portal that facilitates searching and applying for competitions. This can be accessed at the **link here.**

Examples include:
1. Resource-efficient or bio-based materials and manufacturing, FS 2

- UK registered organisations can apply for a share of up to £1 million for innovative feasibility studies in advanced low carbon manufacturing. This funding is from Innovate UK and BBSRC.
- The aim of this competition is that UK materials and manufacturing will be net zero and resource efficient. Your project must relate to one or both of the following themes: resource efficient materials and manufacturing; sustainable bio-based materials and biomanufacturing.
- Opens: 2nd April 2024, Closes: 29th May 2024