



CASTS – London-wide ERDF consortium

Project Update I

Title of Project	City University London joining CASTS project as Underwriter and Delivery Partner “Capital Accelerate & Scale Tech Superstars”		
Business Sponsor	Pro Vice-Chancellor (Research and Enterprise), Professor Andrew Jones		
Project Manager	Andrew Huddart (R&E) via Dr Karen Shaw, Director	Update	11 May, 2016

OVERVIEW –

City is the Underwriting Delivery Partner in CASTS, a London-based European grant-funded economic development project (from the ERDF fund), set to be among the biggest of its kind in London.

The focus of project, to run from 2016 to 2019, is on “*strengthening the growth environment for SMEs (Small and Medium-sized Enterprises) in London, to raise investment funds and create jobs, especially in new and emerging sectors*”.

The approach, to anticipate and support new knowledge-intensive business areas, aligns well with City’s anchor role in London, especially for the business community in EC1 and Tech City environs, and in the wider economy. CASTS offers a new way for City to demonstrate its bridging role creating academic impact with business and the professions, through enlarged impact roles for SMCSE and potentially Cass’s Centre for Entrepreneurship.

CASTS is one of London’s largest grant-funded economic development programmes funded through the Greater London Authority (GLA), and City joined the consortium in early 2016 after the proposal, developed in 2015 by London membership body Capital Enterprise (CE), with close support from University College London (UCL), had secured preliminary funding approval. As a trusted member of CE, and endorsed by UCL, City came on board just before CASTS completed funding arrangements with the GLA, and signature has been delayed by Mayoral change.

Overall, the project intends to draw down about £3.68 million in ERDF grant through 2016-19, as performance targets are met. Partners and sub-partners would apply a further £3.68 million in match funding over this time.

The consortium will be managed by CE, under City’s supervision. The project plan sets out to create a means by which “*over 660 ambitious and able tech companies in London can receive the support to build up their team and capability, develop and test their world class technology/product, achieve market traction, raise seed investment and prove their business models*”.

The project design and output plan extends a recently-completed, and highly-successful, shorter project led by a similar consortium in 2014-15, called CAP. City was a sub-partner in this. In total, CAP drew down £1.9 million in ERDF grant and CE was the project manager, underwritten by UCL.

CASTS will see City supported to deliver services to SMEs funded at a 50% grant rate. This is technical service work, delivered by the Interaction Lab in SMCSE’s Department of Computer Science, and ought to add to academic impact activity and increase the visibility of both the Lab and its supervising team of academics. Service delivery will be in partnership with UCL, where the Computer Science faculty has a similar but not identical offering.

Key figures for City are a grant draw-down of about £168,000, with net new investment by SMCSE of £78,600 over the three years. Projections show the Interaction Lab generating this entire new match funding from its operations.

Full details of City’s participation are contained in the Business Case approved in February 2016 by Exco, SMCSE’s Dean, Council and its SIPCo sub-committee.

DELIVERABLES SUMMARISED	Estimated Date (From)	Estimated Date (To)	Gross financial support
Underwriting services and financial management to comply with ERDF funder’s regulations	Feb 2016	August 2019	£196,000 (Management Fee)
Delivery of expanded SME services by the Interaction Lab	Feb 2016	Feb 2019	£135,445 (Grant, matched)
Supporting executive time/advice (Enterprise and Finance)	Feb 2016	Feb 2019	£32,557 (Grant, matched)

PROGRESS UPDATE – May 2016

City joining CASTS comprises two parts: as Underwriting Partner, and Delivery Partner.

The University is to be reimbursed for these activities via a 100% Management Fee (for underwriting) and a 50% grant (for the delivery).

Both involve relatively small commitments of financial and human resource, although the Underwriting responsibility has added to the University's overall financial risk management profile, hence the need for Council Approval and ongoing oversight by the University Research & Enterprise Committee.

a) Underwriting (led by Finance and Research & Enterprise)

The GLA funder, on behalf of the European Commission (EC), requires one organisation to be Underwriter of the full grant alongside CE. The role of the Underwriter underpins all the constituent delivery partners' and sub-partners' grant claims and receipts (see diagram overleaf). At the start of the grant, due to the design of activities, the identities of some of the sub-partners to be involved later in the project will not be known, as they are to be procured. So City, supporting CE, will put in place contractual and funding/performance arrangements across all the relationships, as well as with the funder, to ensure and show that financial performance meets all EC regulations. These are to be Service Level Agreements (SLAs), as is standard practice for grants of the ERDF type.

City will be able to claim a Management Fee to discharge this supervisory responsibility, ensuring CE manages all the claims and payments over the course of the grant which match to performance.

The fee would cover pay for part-time project staff (or contractors), with £56,000 per annum budgeted for this, extending for 6 months beyond the end of project activity to 'mop up' claims. The total management fee grant funded to City is therefore set to be £196,000 (for 3.5 years).

Additionally, a small co-funded contribution to City's management time, and incurred costs of professional advice (e.g. legal or insurance), are included in the grant element. The total for this is set to be £12,500 grant over the life of the project, serving to offset such actual, qualifying, expenditure that related to CASTS.

Status as at May 2016 – CE and City are awaiting a Grant Funding Agreement from the GLA which will incorporate these elements to the satisfaction of City Finance (Marion O'Hara's team involved).

b) Delivery (Interaction Lab, SMCSE, and Research & Enterprise)

As a Delivery Partner, the Interaction Lab in the Centre for Human Computer Interaction Design (HCID) will receive grant funding to add a team member to work on project deliverables for the life of the grant, to develop and then sell new research-informed services to London SMEs. This kind of customer-facing activity may also involve academics from teams in Psychology (from Cass and SASS) and Innovation/Creativity (from Cass), as the Lab's service offer brings together many disciplines to help clients design new products and services. The grant will allow a new FTE to join the Lab, to build up new client leads and deliver services, increase invoiced sales, and make fuller use of the Lab's existing technical resources (eye tracking, visualisation and design support equipment), while co-funding some minor upgrades.

The planned grant funding arrangement to support delivery and expand the Interaction Lab is detailed in the Business Case. Key figures are: new FTE staff cost support of £96,550, support for equipment and events of £9,900, support for Lab management time of £10,995 and advertising £15,000.

This delivery activity would therefore attract a total grant of £135,445.

In support, some Research and Enterprise management time would be grant funded at £20,050 in total.

Status as at May 2016 – City and UCL's teams have made contact, intending to coordinate service offerings and prepare some joint events and outreach activity. HCID has preparations are under way for a job advertisement, supervised by Dr Simone Stumpf, with the aim of bringing on board the new team member in the middle of 2016. HR and SMCSE finance are involved.

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