Guidance for Public Sector Applicants

V5
Contents

1. Introduction ................................................................................................................................. 3
   1.1 Background ............................................................................................................................. 3
   1.2 How is the CAN DO Innovation Challenge Fund administered? ........................................ 3
   1.3 Eligibility ............................................................................................................................... 3
   1.4 Terms of reference ................................................................................................................ 3
2. Challenges .................................................................................................................................. 4
   2.1 How do I submit a challenge? ............................................................................................... 4
   2.2 Qualification Criteria ........................................................................................................... 4
   2.3 What types of innovation challenges are of interest? ......................................................... 4
3. The Challenge Process ................................................................................................................. 4
4. Application Assessment Process .................................................................................................. 8
   4.1 Challenge Selection ................................................................................................................ 8
   4.2 Assessment scoring ............................................................................................................. 8
   4.3 Challenge submission questions ........................................................................................ 9
   4.4 Funding rules ....................................................................................................................... 10
   4.5 Typical contract value and length ...................................................................................... 10
5. Challenge Sponsor Responsibilities ............................................................................................ 11
   5.1 Responsibilities in each phase .......................................................................................... 11
6. Key Dates ..................................................................................................................................... 12
Appendices ....................................................................................................................................... 13
   Appendix 1 .................................................................................................................................... 13
   Appendix 2 .................................................................................................................................... 13
1. Introduction

1.1 Background

The CAN DO Innovation Challenge Fund (CDICF) 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 CDICF 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 CDICF team - candoicf@scotent.co.uk
4. Complete the application form which will be provided by the CDICF team.
5. Email your application to the CDICF 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. Focus on the problem and 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 relevant national economic opportunities:

- Low Carbon Transition
- Health and Wellbeing
- Digital and Data

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.
PCP 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.

The Fund also supports challenge sponsors to run other Public Procurement of Innovation processes (PPI), e.g. open/negotiated procedure, competitive dialogue or Innovation Partnerships.

**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. The SBRI process operates under the EU 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, uses 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.

**PPI support process available through the Fund:**

In PPI, the public sector uses its purchasing power to act as an early adopter of innovative solutions which are not yet available on a commercial basis. The aim is to form a critical mass of purchasing power on the demand side (a single large buyer or several smaller buyers). The objective is to incentivise industry to scale up production to bring solutions to the market with the price and quality requirements for scalable deployment. Procurer(s) can make an early announcement of the innovation needs (with the required functionality/performance). Authorities can then express the intention to buy a critical mass of innovative products, if industry can bring them to the market with the predefined price/quality requirements by a specific date.

PPI can be conducted through one of the existing public procurement procedures (e.g. open/negotiated procedure, competitive dialogue, innovation partnerships, etc). Its main benefit is that a regulated procurement can result between buyer and supplier at the end of the process. PPI can also bring to the market innovative solutions that do not result from R&D alone, but from organisational or process innovation.

Additional information and guidance on PPI is available through contacting the CDICF team - candoicf@scotent.co.uk.
This diagram shows the challenge fund process.

1. **Public Sector submits application form**
2. **Challenge selection**
3. **Competition**
   - **Phase 1**
     - SBRI Proof of Concept (3-5 suppliers)
     - (2-6 Months)
   - **Phase 2**
     - Funding application.
     - (decision to fund based on outcome of phase 1)
     - **Phase 2 Competition.**
       - Phase 1 contract winners bid for phase 2 contracts to prototype and demo solutions
     - **Phase 2 (1-2 suppliers)**
       - SBRI Prototype & demonstration (6-18 Months)
4. **CivTech Process**
   - 3 suppliers Exploration (3 weeks)
   - 1 supplier Accelerator (up to 4 months)
   - = Minimum Viable Product (MVP)
5. **CivTech Demo Day**
   - Funding application for Pre-Commercialisation
   - (decision to fund based on outcome of Accelerator)
   - Further development with challenge sponsor (as required)
6. **Procurement (as required) and adoption**
   - End solution is developed that public sector can procure and the solver can exploit.
4. Application Assessment Process

4.1 Challenge Selection

All challenges are submitted to the CDICF team mailbox (candoicf@scotent.co.uk). Challenges received that meet the qualification criteria will be assessed against the evaluation criteria in the following section and scored accordingly by the CDICF’s due diligence supplier. Input from individuals from the partnership organisations with expertise in innovation, the policy area or the topic the challenge addresses may be sought.

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 redirected to alternative approaches to solving challenges that may be more appropriate.

4.2 Assessment scoring

Challenge submissions are reviewed by:
This is how your challenge will be scored.

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

Evaluation 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) - Evidence of previous efforts to identify a solution. Evidence that there are no solutions in the market place.
- **Resources to support and manage the challenge** - Evidence that the organisation has identified suitable skills, capabilities and experience to deliver the project and given 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 here.
• **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).

• **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 the Scottish supply chain capable of responding to this challenge.

### 4.3 Challenge submission questions

To submit a challenge for consideration, contact the CDICF team ([candoicf@scotent.co.uk](mailto:candoicf@scotent.co.uk)) to discuss your challenge and request a copy of the application form where you should answer these questions as clearly and specifically as you can.

1. Summarise your challenge proposal in the form of ‘How might we ____?’
2. Describe your challenge in detail. What are you seeking to address and what are the key requirements?
3. How does your challenge align with the fund priorities?
4. Describe what a successful outcome and impact would look like for your organisation, the wider public sector and for citizens?
5. Are there any potential barriers to implementing an innovative solution? Provide details of the risks that might affect your ability to implement and what mitigating actions you will take.
6. Describe future procurement/implementation routes and plans for successful solutions after Phase 1 (and Phase 2) or post CivTech accelerator.
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. Describe what previous efforts have been made to find a market solution.
10. What support can you offer to successful companies in developing a solution? What additional support might you require?
11. Can you estimate the costs and outline whether your organisation could contribute funds, and if so, how much?
12. Please provide details on your project management resource.
13. Are you able to launch the challenge from April 2020? Give details of your preferred timeline and process (SBRI, CivTech, PPI).

14. Do you have sign off by Senior Responsible Officer (SRO)?

15. How did you find out about the fund?

### 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 R&D 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 Typical contract value 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.

<table>
<thead>
<tr>
<th>Phase</th>
<th>R &amp; D funding per winner</th>
<th>Phase Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBRI Phase 1: Feasibility (Proof of Concept)</td>
<td>£10,000 - £40,000 per contractor Between 3-5 suppliers</td>
<td>2-6 months</td>
</tr>
<tr>
<td>SBRI Phase 2: Prototype development and demonstration</td>
<td>£50,000 - £200,000 per contractor Between 1-2 suppliers</td>
<td>6-18 months</td>
</tr>
<tr>
<td>CivTech Exploration Stage</td>
<td>£3,000 per supplier. Up to 3 suppliers</td>
<td>3 weeks</td>
</tr>
<tr>
<td>CivTech Acceleration Stage</td>
<td>£20,000 to 1 supplier</td>
<td>4 months</td>
</tr>
</tbody>
</table>

Appropriate process options, contract values and durations can be discussed with the CDICF Team mailbox (candoicf@scotent.co.uk). Funding for each phase will be approved by the fund management team.
5. 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 projects 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 required to deliver the project.

The CDICF 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 involve their procurement functions in their bid and have a strong intent to procure or be able to support others to procure any successful end solution.

5.1 Responsibilities in each phase

It is the responsibility of the Challenge sponsor to conduct the following activities with the support of the CDICF Team.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Challenge scoping and</td>
<td>• define the challenge, including the users, user needs, outcomes and impacts</td>
</tr>
<tr>
<td>submission</td>
<td>• check no market ready solution is available, e.g. contact your local procurement team and carry</td>
</tr>
<tr>
<td></td>
<td>out preliminary market analysis through publishing a Prior Information Notice (PIN) of the Open</td>
</tr>
<tr>
<td></td>
<td>Innovation Challenge to briefly understand how third-party suppliers might solve the Challenge,</td>
</tr>
<tr>
<td></td>
<td>you may wish to use the Preliminary Challenge Analysis document in the PIN (see Appendix 1).</td>
</tr>
<tr>
<td></td>
<td>• Check if there are other public sector partners who could collaborate with you on the challenge</td>
</tr>
<tr>
<td></td>
<td>• get senior and stakeholder approval of the challenge</td>
</tr>
<tr>
<td>Challenge selection</td>
<td>• work with the assessment team (fund team and due diligence supplier) when they evaluate your</td>
</tr>
<tr>
<td></td>
<td>challenge</td>
</tr>
<tr>
<td></td>
<td>• make sure you’re available to answer any questions from the assessment team related to your</td>
</tr>
<tr>
<td></td>
<td>challenge - any delay in responding to information requests may impact your application</td>
</tr>
<tr>
<td></td>
<td>• if shortlisted, attend a session with the partners panel so they can</td>
</tr>
<tr>
<td></td>
<td>understand the challenge - you will need to deliver a short (10 min)</td>
</tr>
<tr>
<td></td>
<td>presentation detailing information about the challenge, outcomes,</td>
</tr>
<tr>
<td></td>
<td>impacts, funding and organisational environment</td>
</tr>
<tr>
<td>Successful challenges</td>
<td>• sign a standard contract agreeing to administer CDICF funding responsibly</td>
</tr>
<tr>
<td></td>
<td>• manage receipt of funding with your finance department</td>
</tr>
</tbody>
</table>

Additional details on further responsibilities can be found in Appendix 2.
6. 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 3 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 the fund panel where a decision on funding will be made. If submitting a challenge, please keep the workshop and panel dates free as these are mandatory sessions.

Downloadable guidance and the dates for the next call can be found at https://www.openinnovation.scot/support-and-funding/can-do-innovation-challenge-fund

The application form will be provided upon request, after discussing your challenge with the CDICF team (candoicf@scotent.co.uk).

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
Appendices

Appendix 1

Appendix 2

If using SBRI the following responsibilities apply (with support from the CDICF Team).

<table>
<thead>
<tr>
<th>Phase</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBRI competition</td>
<td>• complete the SBRI documents required to launch to industry, including coordinating with other parts of your organisation like procurement</td>
</tr>
<tr>
<td></td>
<td>• Organise and run at least 1 competition launch event to explain your challenge to interested potential suppliers and include the details in the SBRI documents.</td>
</tr>
<tr>
<td></td>
<td>• 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</td>
</tr>
<tr>
<td></td>
<td>• make sure you’re available to answer any questions from potential suppliers during the competition</td>
</tr>
<tr>
<td></td>
<td>• Organise an evaluation panel meeting to assess and agree scores - the panel will produce a ranked ordered list which includes a threshold which determines which applications will be funded</td>
</tr>
<tr>
<td></td>
<td>• produce a 1 page overview detailing companies you have awarded contracts to and brief description of the project</td>
</tr>
<tr>
<td></td>
<td>• manage the signing of contracts between your procurement team and phase 1 suppliers</td>
</tr>
<tr>
<td>SBRI Projects</td>
<td>• Project manage the SBRI project and make sure suppliers meet their contracted delivery and payment milestones – it is the challenge sponsors responsibility to ensure the payments are justifiable and are made on time to challenge solvers.</td>
</tr>
<tr>
<td></td>
<td>• attend monthly meeting with CDICF Project Manager to update on projects and flag any risks</td>
</tr>
<tr>
<td></td>
<td>• collect end of challenge reports from solution providers and share with CDICF Team</td>
</tr>
<tr>
<td></td>
<td>• review and give feedback on the solution providers’ reports</td>
</tr>
</tbody>
</table>

If using CivTech the following responsibilities apply.
<table>
<thead>
<tr>
<th>Phase</th>
<th>Responsibility</th>
</tr>
</thead>
</table>
| Challenge Stage       | • 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     | • 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    | • 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-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). |

If using PPI, the following applies;

<table>
<thead>
<tr>
<th>Phase</th>
<th>Responsibility</th>
</tr>
</thead>
</table>
| PPI competition       | • complete the necessary project governance documentation such as risk register, Project Initiation Document, Project Plan, etc.  
                       | • organise and run at least 1 competition launch event to explain your challenge to interested potential suppliers and include the details of the competition. 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 competition - any delays in responding to questions can impact the launch date |
| • make sure you’re available to answer any questions from potential suppliers during the competition  
• organise an evaluation panel meeting to assess and agree scores - the panel will produce a ranked ordered list which includes a threshold which determines which applications will be funded |
|---|
| PPI Projects  
• manage a compliant “regulated procurement” ensuring equal treatment in accordance with Public Contracts (Scotland) Regulations.  
• 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  
• make sure suppliers meet their contracted delivery and payment milestones – it is the 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  
• write an assessment of the success and lessons learned from the project and present this to CDICF Team  
• provide an end of phase report to CDICF Team, including recommendations and next steps |