This factsheet provides an overview of the benefits of innovation vouchers, and gives some examples of how universities and Local Enterprise Partnerships (LEPs) are including them in their European Structural and Investment Funds (ESIF) strategies.

Introduction to innovation vouchers

Innovation vouchers provide funding for businesses to access external expertise, including from universities. They encourage collaboration between universities and businesses, and can attract larger investments and build partnerships. Appropriately tailored and effectively marketed, these relatively small investments benefit universities and businesses, and boost growth and employment.

Innovation vouchers typically target SMEs that have not previously worked with an external expert. The SME can use the voucher to introduce new innovation to its products, processes or services, and gain new knowledge from experts in the field. The vouchers provide incentives for SMEs to engage with universities – this is particularly important as small businesses often have limited resources for investment in innovation and knowledge transfer.

There are two key advantages of vouchers, according to the OECD. First, the voucher empowers the SME to approach knowledge providers with their innovation-related problems, something that they might not have done in the absence of such an incentive. Secondly, the voucher provides an incentive for the public knowledge provider to work with SMEs when their tendency might either have been to work with larger firms or to have no industry engagement at all.¹

Innovation vouchers in the UK

Innovate UK (formerly the Technology Strategy Board) lists 47 innovation voucher schemes on its website, including one it runs itself (currently with seven priority themes) and the remainder mostly by individual universities. These range in value from £1,000 to £40,000, although a typical voucher is worth around £5,000.²

Innovate UK’s scheme is available to start-ups, micro, small or medium-sized businesses located anywhere in the UK. There are four main categories of supplier: universities and colleges, research and technology organisations, intellectual property advisers, and design advisers.

Analysis of previous innovation voucher schemes in the UK commissioned by Universities UK found that it was highly unlikely that benefits to businesses and universities would have been realised without the voucher schemes. Furthermore, some two-thirds of businesses had, or were likely to, obtain further support from the universities following their use of the vouchers.

For further information, see OECD’s useful overview of innovation vouchers, including success factors and risks.¹ Innovate UK also maintains an online innovation vouchers network.³

Analysis of LEP strategies

We scanned the 39 LEP ESIF strategies for mentions of innovation vouchers. These are summarised in the table on page 4. You can click on the LEP name in the table to view its strategy. A full list of ESIF strategies is available here.⁴

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¹ www.oecd.org/innovation/policyplatform/48135973.pdf
² https://vouchers.innovateuk.org/innovation-vouchers-listing
³ https://connect.innovateuk.org/web/connect-with-innovation-vouchers
Seventeen of the 39 LEPs make some mention of innovation vouchers. These range from plans to monitor national uptake and local demand for vouchers, to precise details of the number and value of vouchers.

The strategies are high-level and some LEPs may still be planning to implement an innovation voucher scheme – even if it is not included in their strategy. They may also plan a scheme under a different funding programme (see ‘What are ESIF strategies?’ below).

If you are a university interested in innovation vouchers, why not contact your local LEP?

What are ESIF strategies?

England has been allocated €6.9 billion from the European Union’s European Regional Development Fund (ERDF) and the European Social Fund (ESF) between 2014 and 2020. This money is split between the 39 LEPs in England. Allocations vary between LEPs, and the money needs to be match funded.

Each LEP has developed an ESIF strategy, which sets out its priorities for spending this money.

ESIF strategies are expected to complement other programmes, including LEP Strategic Economic Plans, which draw on the government’s Local Growth Fund.

Case study: Oxfordshire LEP

Oxfordshire LEP proposes an apprenticeship voucher scheme aimed at increasing the participation of SMEs in apprenticeship schemes, and an innovation skills voucher scheme. This will ‘address the needs of high growth companies to develop their higher level innovation skills by accessing management, leadership, entrepreneurship and innovation training and skills which will help them to grow and advance their businesses.’

Source: Oxfordshire LEP ESIF Strategy, p. 64, 74

Case study: Solent LEP

Several LEPs propose innovation vouchers as part of local Growth Hubs. In Solent LEP this will act as a focal point for SME innovation and an access route to a range of support. ERDF-funded vouchers will provide access to ‘consultancy from academic specialists, research and development, use of specialist facilities and equipment, technical validation of a technology, innovation or technology audits, or the design, prototyping and testing of new products, services or processes.’ The LEP proposes 20 innovation vouchers per year, at an average size of £10,000 each. Funding will be channelled directly through SMEs.

Source: Solent LEP ESIF Strategy, pp. 50–52

Labour policy and innovation vouchers

A recent report by Liam Byrne, Shadow Minister for Universities, Science and Skills, recommends wider uptake of innovation vouchers: ‘A new innovation voucher scheme should be established and redirected to universities to allow them to respond to priorities and needs identified by small businesses in their regions.’

Case study: Cross-LEP collaboration in the West Midlands

West Midlands universities were the first to introduce innovation vouchers.

A cross-LEP innovation voucher scheme is proposed across the six West Midlands LEPs. Innovation vouchers were originally supported by Advantage West Midlands and later successfully used in the 2007–2013 ERDF programme in the West Midlands in collaboration with all local universities.

The Greater Birmingham and Solihull LEP ESIF strategy proposes vouchers for the 2014–2020 programme that attract SMEs and encourage cross-sector collaboration where match funding for ERDF can be found. The strategy states that, ‘[s]ome initial sounding suggests interest in a cross-LEP, West Midlands programme to be reinstated.’ The LEP expects good take-up of the innovation voucher scheme, including outside of the main conurbation.

Source: Greater Birmingham and Solihull LEP ESIF Strategy, p. 44, 55

5 http://www.smf.co.uk/publications/robbins-rebooted-how-we-earn-our-way-in-the-second-machine-age/ p.59
Aston University’s experience of managing various innovation voucher schemes would support their enormous value in getting SMEs to build relationships with universities. The best projects were those where good dialogue between the university and the company helped properly define the problem to be addressed rather than just tackle the initial problem suggested, which was not the major issue that needed to be tackled. Managing company expectations for the scale of work is also important.

Dr Philip Extance, Pro-Vice-Chancellor, Business Partnerships & Knowledge Transfer, Aston University

Case study: a business perspective
Axxium [www.axxium.co.uk] is a company that designs and manufactures door locks. It was successful in winning a £5,000 Innovate UK innovation voucher to design and develop an electronic locking mechanism that would unlock remotely via a mobile device, enabling individuals who had restricted movement to move more freely. Upon delivery of the project it still had to resolve design issues before it could take the concept to market. It applied to the University of Hertfordshire’s innovation voucher programme for an extra £2,500 match funding support. This support was focused on successfully developing a working prototype for the company.

Results included a working prototype and an improved design for the company to market at various trade shows. Axxium is now working with a major UK manufacturer to produce and market the lock.

Crucial to the success of innovation vouchers is building effective relationships: vouchers are aimed at businesses that haven’t worked with a university before and may be unfamiliar with what the university can offer. To make them successful it is important to balance the ‘soft skills’ of understanding business needs and issues with the academic and technical support to solve problems and improve products.

Dr Alistair McDermott, Director of Innovation Services, University of Portsmouth

Future work
Universities UK is keen to support innovation vouchers and encourage closer working between universities and LEPs. We will continue to monitor uptake of innovation vouchers and share opportunities and good practice. We also have a mailing list [http://eepurl.com/L1z7z] and LinkedIn group [http://linkd.in/1eUkKmC] for university staff working in local growth.
Local Enterprise Partnership | Innovation vouchers
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Cheshire and Warrington | Will remain alert to possible opt-in programmes, including innovation vouchers [p. 81]
Cornwall and the Isles of Scilly | The Business Competitiveness evidence base document [p. 21] suggests products such as innovation vouchers to address low levels of R&D spend and overcome barriers to engagement
Coventry and Warwickshire | The LEP will collaborate within the West Midlands region on innovation programmes, including innovation vouchers [p. 42]
Enterprise M3 | Innovation vouchers mentioned as a proposed activity [p. 52]
Greater Birmingham and Solihull | An innovation voucher scheme to provide a simple first-entry point for SMEs who have not previously accessed university or research centre expertise [p. 55]. See case study
Heart of the South West | Innovation vouchers are proposed where there is sufficient demand and there are sufficient funds available [p. 88]
Hertfordshire | An ‘innovation champion’ will promote benefits of innovation and support companies, to include an innovation voucher scheme [p. 79]
Humber | Mentions previous successful use of innovation vouchers through the University of Hull [p. 46]
Greater Lincolnshire | Will monitor the national uptake of innovation vouchers [p. 58]
Liverpool City Region | Innovation vouchers are listed as an indicative activity [p. 27]
New Anglia | Innovation vouchers are included as part of City Deal plans for Greater Norwich and Greater Ipswich. Collaborations could take the form of internships, mentoring, consultancy or a combination of support [p. 25]
Oxfordshire | Innovation vouchers are mentioned (pp. 65–66), and apprenticeship voucher and innovation skills voucher schemes are also proposed (p.64, 74). See case study
Solent | Innovation vouchers will be provided as part of the Growth Hub ERDF allocation (pp. 50–52). See case study
South East | An innovation voucher scheme will be piloted through the Southend City Deal [p. 31]
Stoke and Staffordshire | Included as an indicative activity. Will build upon the existing Innovate UK innovation voucher schemes supported locally via Staffordshire and Keele universities [p. 49]
The Marches | The strategy mentions innovation vouchers as a likely activity [p. 42]
Worcestershire | Innovation vouchers are included as an indicative activity [p. 35]

This is the first in a series of factsheets on innovation and growth. Future topics will include engagement with LEPs, higher level skills, and ESIF simplification, and we welcome suggestions of other topics.

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