

# Economy Committee

10am, Tuesday, 23 June 2015

## Impact of the Open Innovation Project

<b>Item number</b>	7.9
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All

### Executive summary

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The Open Innovation Project has developed a more outward looking entrepreneurial culture with the Citrus Saturday initiative bringing an exciting new enterprise programme to seven Edinburgh schools; the Turing festival attracting international names and organisations; an IP toolkit to promote commercialisation, and strong participation in open innovation masterclasses, student boot camps, co-creation evenings and business competitions.

The project has further strengthened both Edinburgh's and the Council's European collaborative links and created a local innovation partnership between the Council, academia and business. Partnerships are ongoing and are contributing towards a new Interreg V funding application being submitted by the Council.

Total grant drawdown for the project is expected to be ERDF of €4,858,695 (between nine partners) of which Edinburgh will have received €1,244,495; the Council's share of this being €689,252. The Council has also received management fees of €174,737. In total Edinburgh will have benefitted from over £1m in external funding. Edinburgh outputs captured to date include 100 events attended by 3,198 people, 294 Edinburgh students provided with entrepreneurial training, 179 organisations with improved innovation capacity, 29 new businesses and 43 new jobs created.

### Links

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<b>Coalition pledges</b>	<a href="#">P16, P28</a>
<b>Council outcomes</b>	<a href="#">CO7, CO8, CO9</a>
<b>Single Outcome Agreement</b>	<a href="#">SO1, SO3</a>

## Impact of the Open Innovation Project

### Recommendations

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- 1.1 To note the achievements of the Open Innovation Project in meeting its aims and objectives.

### Background

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#### Project aim

- 2.1 The Open Innovation Project's aim was to encourage [open innovation](#) to take place between businesses, universities and the public sector by promoting new techniques; increasing the commercial exploitation of Edinburgh's world-class knowledge base and developing a more outward looking entrepreneurial culture.
- 2.2 In practice, this has translated into the provision of: business training, open Innovation showcasing events, school enterprise, student/business pitching competitions and business exchanges. Progress has then been tracked by way of 95 KPIs, spend, legacy and quantitative surveys.

#### Local Involvement

- 2.3 The work of the project in Edinburgh has been carried out by the Council and our local partners: the University of Edinburgh (Launch.ed and Edinburgh School of Informatics); Heriot Watt University; Edinburgh Science Triangle; Edinburgh International Science Festival, and the Cultural Enterprise Office.

#### Role of the City of Edinburgh Council

- 2.4 As lead partner, the Council has had responsibility for the overall management and coordination of this transnational project; payment of claims; and the tracking of spend and KPIs. The Council has also been directly involved in delivering activities such as [Citrus Saturday](#) and [Neoshop](#) pop-up shop; and managing contracts to deliver training and services to SMEs. Other Edinburgh activity has been delivered by local partners who have been guided on project design and eligibility.

## Funding approval

- 2.5 In June 2010, the City of Edinburgh Council won grant approval from the European Regional Development Fund (ERDF) [Interreg IVB North West Europe](#) (NWE) programme for the IOIT Open Innovation Project. At €8.4m total budget (€4.2m EU grant) it was the largest and most complex revenue project then to be approved under the Interreg programme, and comprised a partnership between nine regional organisations – the City of Edinburgh Council, University College London, and Plymouth University (UK); Dublin City Council (Ireland); Laval Mayenne Technopole and IRSEEM (France); Kassel (Germany); and VOKA and K U Leuven University (Belgium).
- 2.6 In December 2013 – the Council successfully applied for additional project funding from Interreg, taking the budget to up to €10.4m; which was a strong vote of confidence in the Council's handling of the project and its achievements.

## Main report

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- 3.1 The Open Innovation Project has benefitted Edinburgh in terms of the direct leveraging of £1m of funds which otherwise would not have come to the city; and exposure to new ideas for activities that have benefitted businesses, students and residents. Indirect benefits have included profile for Edinburgh as a centre for innovation and for the Council in EU funding management. The project has further enhanced the Council's relationships with local and European partners and increased the skills and knowledge of staff.
- 3.2 Edinburgh activities include the [IP toolkit](#) developed by local business i2eye Diagnostics to make greater use of their Intellectual Property. Individual companies have benefitted from [mentoring](#); the [Converge Challenge Open Innovation](#) was delivered by Heriot Watt and [Fuselab](#) by Edinburgh International Science Festival. University of Edinburgh delivered the Challenge Cup and supported 294 students receiving entrepreneurship coaching through various schemes run by Launch.ed. A significant coup of the programme has been six Edinburgh University high growth start-ups who between them raised in excess of £463,000 of funding. The [Turing festival](#) operated in 2011, [2012](#) and 2013 and brought events with big international names to the city such as National Geographic Explorers, CERN, the BBC, Amazon, Google and Apple Inc's co-founder Steve Wozniak. Open Innovation masterclass programmes have seen 27 Edinburgh businesses working together to learn new techniques; [co-creation evenings](#) bringing together different sectors; and Lean start-up workshops encouraging businesses, students and practitioners to establish new ideas with an innovative business model canvas. Additionally under the Business Collaboration Initiative, ten Edinburgh businesses have started potential collaborations with 38 businesses from Ghent, Laval and Somerset.

3.3 The following table shows total Edinburgh outputs/outcomes (captured to date):

Number people attending events	3198
Number of Activities and Events	100
Number Edinburgh students provided with enterprise training	294
Number of organisations with improved innovation capacity	179
Multimedia tools produced including videos and toolkits	53
Number of initiatives to promote knowledge transfer	43
Number of New Businesses	29
Number of Jobs Created	43

- 3.4 Highlights of the project in Edinburgh were previously provided to the Economy Committee in June 2013 in the form of an [Impact Report](#) (the impact is shown in appendix 3), and the appended document “The Open Innovation Project: End of Project Report March 2015” provides a project-wide perspective. The latter was distributed at an End of Project Showcase event in the City Chambers on 4 March 2015 – attended by 61 people including representation from six countries; the Convenor of the Economy Committee; Scottish Government; universities; and City of Edinburgh and other Scottish local authority staff. There were displays by transnational and local businesses – HoloXica Ltd, Hemp Eyewear Ltd and Safetray Products Ltd; and a Citrus Saturday stand run by enterprising young people from Currie High School.
- 3.5 Specific examples of Edinburgh benefitting from transnational know-how include guidance on [Citrus Saturday](#) events from UCL in London, allowing school children to practise entrepreneurship by selling lemonade at venue such as Edinburgh castle and providing mentoring experience to University of Edinburgh students. Also Lean Startup knowledge being transferred from Capital Enterprise in London to Business Gateway in Edinburgh.
- 3.6 All project activity was completed on 31 March 2015 and the final financial claim will be submitted to Interreg by 30 June 2015. Based on previous claims and the current estimate for the final claim, the project’s total grant drawdown is expected to be ERDF of €4,858,695 (between nine partners) of which Edinburgh will have received €1,244,495, the City of Edinburgh Council’s share of this being €689,252. The Council has also received management fees from partners of €174,737. In total therefore Edinburgh will have benefitted from over £1m in external funding.

- 3.7 In terms of leverage, for every £1 the City of Edinburgh Council has contributed to the project, a total of £3.61 of investment has been made in project activities in Edinburgh.
- 3.8 This investment has produced tangible results, which have been monitored and evaluated. From a whole nine-partner project perspective, out of 95 KPIs, 72 have already been significantly exceeded, and the project is on track to meet the majority of the remaining 23 KPIs once final claim outputs are added and lagged outcomes captured.
- 3.9 The Council is currently in the process of applying for Interreg V funding for a new innovation project focused on improving business support, SME/academic collaboration and investment. The Open Innovation Project has significantly enhanced our ability to lead on such a project and also our track record should increase our chances of success in what is a very competitive process.

## Measures of success

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- 4.1 Interreg is an experimental programme which encourages participants to try new activity in collaboration with other transnational partners. The Open Innovation Project will meet the vast majority of KPIs and spend targets, as well as receiving positive publicity; strengthened transnational and local partnerships; increasing skills; and most importantly has provided activity and services on the ground.
- 4.2 In addition to checks by accountants on each claim which is made to Europe, the project was audited by Ernst & Young as part of a “second level control” in early 2012. The outcome of the audit was very positive with a less than 1% rejection rate for financial claims made in 2011. A further quality check of claims by the Department for Communities and Local Government completed in August 2014 highlighted no issues.

## Financial impact

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- 5.1 There are no new financial implications arising from this report. All project activities were completed by 31 March 2015, with the final financial claim being submitted to Interreg by 30 June 2015.

## Risk, policy, compliance and governance impact

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- 6.1 There are no relevant implications arising from this report. As lead partner, the Council is jointly responsible for EU funding requirements that eligible expenditure has been incurred and KPIs tracked in line with the original project application. This has been carried out to the satisfaction of our funders.

## Equalities impact

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- 7.1 There are no relevant implications arising from this report.

## Sustainability impact

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- 8.1 The Open Innovation Project has levered finance allowing business support, entrepreneurial and collaborative activity to be carried out. A number of activities have created real change and will have a legacy beyond the project end. Project learning is also being used in a new Interreg V application being led by the Council.

## Consultation and engagement

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- 9.1 Not applicable.

## Background reading / external references

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## Links

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<b>Coalition pledges</b>	P16 - Examine ways to source new funding to support small businesses P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city
<b>Council outcomes</b>	CO7 - Edinburgh draws new investment in development and regeneration CO8 - Edinburgh's economy creates and sustains job opportunities CO9 - Edinburgh residents are able to access job opportunities

**Single Outcome Agreement**

SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all

SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential

**Appendices**

1 - "The Open Innovation Project: End of Project Report March 2015"