Question and Answer Log

5G Create Competition

Introduction
The following questions and answers are in relation to the DCMS grant funding competition; 5G Create Competition. Please send further questions to 5GCreate@culture.gov.uk, the answer to your question will be added to this document. All questions received by 22 May will receive a guaranteed response for the first window and all questions received by 17 July will receive a guaranteed response for the second window.

Responses highlighted in blue are new as of 21/05/2020.

<table>
<thead>
<tr>
<th>Subject: State Aid</th>
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<tr>
<td><strong>Question:</strong> Do all consortium members have to follow the same State Aid regulation or can different partners use different exemptions i.e could one use GBER Article 25 and another receive de minimis funding?</td>
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<td><strong>Answer:</strong> Each project (and the consortium members within it) must follow a single state aid treatment. Therefore different partners within a single project may not use different regimes.</td>
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<tr>
<th>Subject: Project Finance Guidance</th>
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<tr>
<td><strong>Question:</strong> Can a project partner submit their detailed individual finances directly to DCMS with the overall project cost being submitted within the bid documentation provided by the consortium lead.</td>
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<td><strong>Answer:</strong> The approach is that all documents (Application Form and Project Finance Forms) must be submitted via the Lead Partner. If at this stage you'd prefer to not share finances through the lead partner because the collaboration agreement is not in place yet, then we would suggest the best way would be to put in place an NDA with the lead partner now.</td>
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To note:

1. All claims will need to be managed through the lead partner, so partners will
have to share financial detail at that stage

2. During assessment, interviews and grant agreement drafting (if successfully reached), clarifications will all be directed through the lead partner and may include financial detail questions.

Subject: International companies

Question: Can international companies participate in consortiums?

Answer: Yes. Organisations without a UK presence may participate in the delivery of 5G Create but are not eligible to receive DCMS funding.

Goods and/or services from non-UK entities can be procured via subcontract if a suitable UK alternative is not suitable, which is limited to 30% of the total eligible costs.

Question: Can you confirm the definition of a ‘UK registered organisation’ please? Does this mean that all entities that want to receive grant funding must have a UK issued company registration number (from Companies House) and that merely having an office base in the UK is insufficient to be defined as a ‘UK registered organisation’?

Answer: Correct - entities must be UK registered. In the case of companies, they must be registered as a UK company with Companies House.

Subject: Eligible funding levels

Question: If DCMS tends not to fund more than 50% of the total project costs, what happens if the consortium is made up entirely of SMEs who are eligible for 60% project costs?

Answer: DCMS funding no more than 50% is an expectation, not a hard limit. A strong rationale must be provided to justify a higher percentage of DCMS funding (whether requesting >50% funding under Article 25 or as de minimis aid). DCMS will take into account whether the 50% funding level has been met and any rationale provided when assessing the value for public money in the financial section of the application.

Subject: Assessment

Question: How does the reserve list work?

Answer: DCMS aims to award an equal split of funding in each window. For applications at the 8 week window, proposals scoring an average score of 6 or above (good
Those achieving a score of 4 or above (adequate confidence) will be included on the reserve list for assessment with the 16 week window applications.

Any applications scoring 6 or above but not selected for funding in the first window, due to all 8 week window funding being allocated, will also be included on the reserve list.

DCMS reserves the right to raise or lower these thresholds if there is a significantly higher or lower number of high scoring applications, respectively.

**Question:** Can reserve listed applications update and improve their submission

**Answer:** Reserve listed applications are not able to update or revise their submission.

Project applications can be submitted to only one of the competition windows, not both (though organisations may submit multiple different proposals).

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**Subject: Timelines**

**Question:** Why there are 2 competition streams that have different closing dates but take place over the same time period to March 2022

**Answer:** From previous competition we have received feedback that windows are too short and would like longer to complete the application process. There has also been feedback that some bidders had ready bids and therefore did not want to wait until the end of a long competition process. The two windows are to allow as much flexibility as possible.

Proposals successful in the first window will have an additional two months of funded delivery time due to the earlier submission date. DCMS is unable to fund projects beyond March 2022.

**Question:** Is there a minimum length of time a project can run for?

**Answer:** There is no minimum project length, but the proposals should make it clear how outputs and outcomes will be delivered in the time proposed.

Projects are not required to undertake funded activities up to 31 March 2022 if they are shorter by their nature.

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**Subject: Feedback on draft application**

**Question:** Is there anyone we could talk to discuss our proposal prior to a submission?

**Answer:** UK5G are the innovation network that can help you around consortia forming.

There are also the follow things available:
1. **Watch existing elevator pitches**
   - A number of organisations who are interested in forming / joining a consortium for 5G Create have already shared their Elevator Pitch videos. These are available ([here](#)) for you to view on the competition page on the UK5G site (build a consortium tab).

2. **Post to the 5G Create Collaboration Exchange**
   - An easy path to increasing awareness of your business' interest in joining a 5G Create project is to post in the "Find a partner to collaborate with" thread at the bottom of the 5G Create Competition Page. You also have the option to "Follow" the thread if you just want to keep an eye on the businesses who are expressing interest.

3. **Talk to UK5G for bespoke support**
   - For bespoke support, drop the UK5G team a line. They can also help with more specific support on your application. They can be contacted on [hello@uk5g.org](mailto:hello@uk5g.org)

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### Subject: Existing or previous projects

**Question:** Can existing or previous projects submit applications?

**Answer:** Organisations or consortia that have previously or are currently receiving funding through the 5GTT Programme are welcome to participate, but only by making proposals that are clearly new in scope and adding value beyond previous project activities that they have undertaken or are funded to undertake.

**Question:** Can applications make use of existing 5G testbeds?

**Answer:** Yes this possible and we encourage use of existing access where this demonstrates good value for money.

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### Subject: Application limits

**Question:** Is there a limit to the number of applications that can be submitted?

**Answer:** No, there isn’t a limit to the number of applications that can be submitted. However, each application can be submitted to only one of the competition windows, not both, but organisations may submit multiple different applications.

**Question:** Is there a limit to the number of projects an organisation can lead or be a part of?

**Answer:** No, there isn’t a limit. However, applicants should demonstrate that they are not duplicating commitment of their resources and should have the capacity to deliver in the event of multiple successful applications.
### Subject: SME Status

**Question:** What are the definitions for Small and Medium enterprises

**Answer:** The definitions of Micro, Small and Medium enterprises are [here](#).

Micro enterprises are counted as Small enterprises for the purposes of the state aid (GBER Article 25) funding requirements. Large enterprises are ones that do not meet the criteria for Micro/Small/Medium.

### Subject: Consortium mix

**Question:** Is there a preferred business size? I.e SME better than large corporations, or does not matter?

**Answer:** There is no preferred business size. However, as part of the eligibility criteria consortiums must include at least one micro, small or medium-sized enterprise (SME).

**Question:** Are there any stipulations on what types of organisations can lead?

**Answer:** Consortia can be led by any type of organisation from the public, private, third, research or academic sectors.

**Question:** What are the requirements for each partner being involved in the consortium? Do they all have to obtain part of the funding? Can they just be a free resource or advisor?

**Answer:** Consortium requirements can be found here ([https://www.gov.uk/guidance/5g-create](https://www.gov.uk/guidance/5g-create)). Not all consortium partners have to receive funding.

As set out in the template grant agreement, Project Partners (consortium members) will be required to agree a collaboration agreement between them (to formalise their consortium). Organisations not receiving DCMS funding may still be required to become signatories with their consortium partners if their involvement requires the terms and conditions (covering e.g. IP, reporting, publicity) to apply.

### Subject: Commercial Sustainability

**Question:** Is there a preference to see the development of new businesses from these use cases or new business models?

**Answer:** In the 5G Create competition we are keen that projects should address the question of how the 5G capabilities being developed will deliver sustainability after government funding finishes. Applications should look at the new opportunities and markets from the perspective of the new business models that 5G might enable.
The project scope includes one use case dependent on 5G technologies or explores 5G technical capabilities and has the potential to create a viable, sustainable market opportunity.

There is no preference for new businesses vs new business models. Proposals should demonstrate what the outcomes and benefits of their project are and how these will be sustained following the trial (which may be through new businesses, new business models, new goods or services etc.).

**Subject: Eligible costs**

**Question:** Can you expand on what you will fund as part of eligibility costs?

**Answer:** The list of eligible project costs can be found [here](#).

**Question:** I understand that an Higher Education Institution (HEI) can claim 80% of FEC. Can you tell me however, whether this also applies to items of equipment over £10k each? Will we still be able to claim 80% of those costs, or can we only claim 50% of the cost of an item of equipment?

**Answer:** There is no specific limit for HEI costs beyond the 80% of full economic costs (FEC), assuming activity being undertaken is non-economic activity (and the broader requirements and expectations across the whole of the consortium as set out in the Application Guidance). To be clear, there is not a 50% cap on specific items of equipment.

**Question:** Subcontracting can allow for the purchase of equipment but can subcontracting include services?

**Answer:** Yes, you may subcontract for goods or services. A clear case must be made as to why subcontractors are not Project Partners and why it is not possible for the work to be conducted by a Project Partner.

**Question:** Are there any changing to the funding level requirements and limits as a result of covid?

**Answer:** The maximum funding percentages for individual Project Partners allowed under Article 25 of the GBER are legal limits and are not able to be exceeded. There are no planned changes to the other funding levels set out in the Application Guidance.

**Question:** With regards to the industry contribution can this be contributions in kind of any or all of the following:

- 5G network and infrastructure investment already made
- Facilities/buildings to house the 5G create trials
- Investment in knowhow on the 5G create project topics
- Development of branding and related IP for 5G create project topics

**Answer:** "Contributions in kind" is only used specifically in the Eligible Project Costs.
Guidance to refer to non-eligible costs. This is where goods or services are gifted to the project and there is not a cost to the project partner. Your proposal may highlight non-eligible contributions to the project (such as existing IP or assets that incur no cost in the project) to demonstrate the project’s resourcing and support, but these should not be included in any financial forms or calculations.

**Question:** DCMS states that capital usage costs (room hire and facilities you already had normally) are not eligible but our organisation rents out our facilities to generate some of our income, could we therefore have these as eligible costs due to opportunity lost if we are now to use these facilities?

**Answer:** Article 25 of the GBER states that eligible costs include "Costs for of buildings ... to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible."

Therefore, where rental income forgone is a reasonable proxy for the depreciation costs of the facilities, then this may be included. This should not include any profit or margin. Please include detailed information in the line item description in the Project Finance Form identifying the facilities, forgone income, profit/margin removed.

**Question:** Total subcontracting cost is limited to 30% of the total project costs. In the event that any resources to deliver the project came from any of the consortium’s group companies (e.g. employees), would the corresponding costs (e.g. salaries) be considered as "subcontracting costs" to that end, bearing in mind that the company participating in the consortium and its relevant group company would both be 100% owned by the same parent company?

**Answer:** Yes, subcontracting activity to other companies within the same group as a Project Partner counts towards the 30% limit on subcontracting. In addition, any work supplied by associated companies (e.g. in the same company group) should be charged at cost. Multiple organisations from the same company group may be Project Partners within a consortium and each receive grant funding.

**Question:** The guidance states that only CapEx expenditure can be claimed as a project cost. Under what circumstances would staffing costs be considered CapEx?

**Answer:** All costs (including labour) that projects wish to claim for must be capital and/or treated as capital expenditure in line with UK GAAP and the requirements of the European System of National and Regional Accounts (ESA 2010). ESA 2010 recognises research and development (R&D) as capital formation leading to assets of intellectual property. You should check with your accountant whether this is applicable (labour activity specifically for this question).

R&D is defined as: *creative work undertaken on a systematic basis to increase the stock of knowledge, and use of this stock of knowledge for the purpose of discovering or*
developing new products, including improved versions or qualities of existing products, or discovering or developing new or more efficient processes of production.

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<td><strong>Question:</strong> Is there a focus on creative industries? Do we need to have a creative industry partner in the consortium?</td>
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<td><strong>Answer:</strong> 5G Create is an open competition which seeks to fund projects that explore 5G deployment and use cases from all sectors, industries and UK regions. Applications will be judged fairly and on their individual merits and benefits.</td>
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<td><strong>Question:</strong> You mentioned public sector organisations. For the avoidance of doubt, does that include independent regulators?</td>
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<td><strong>Answer:</strong> Yes, regulators may form part of proposals and request funding as Project Partners.</td>
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<td><strong>Question:</strong> You mentioned public sector organisations. Does that include independent arms-length bodies like the Environmental Agency?</td>
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<td><strong>Answer:</strong> Yes, arms-length bodies may form part of proposals and request funding as project partners</td>
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