



Further guidance: co-investment

Requirements and principles

The Local Innovation Partnerships Fund (LIPF) is intended to de-risk innovation and crowd in additional investment from partners, the private sector and institutional investors. It has a focus on co-investment, particularly from the private sector, which may come from either domestic or foreign sources.

At the portfolio submission stage, projects will need to provide evidence of how they will generate co-investment, and any co-investment that has already been committed. While this may be any of the four types listed in the section below, **only non-public funding that is cash or cashable will count towards the private to public investment ratios set out in the [published guidance](#)**. These are for each local partnership's portfolio of activities (not individual projects) to generate an absolute minimum private to public investment ratio of 1:1 during the delivery phase and 2:1 across the portfolio's lifespan (7-year reporting period), and ideally 3:1 over the lifespan.

In providing evidence on co-investment, projects should consider the following principles:

- Co-investment should represent or encourage genuine strategic partnerships or collaborations.
- Co-investment should be used to achieve the objectives of the LIPF project and benefit it clearly and directly.
- Co-investors should share the risk in the success of the proposed project.
- Project teams should consider UKRI's Principles on Trusted Research and Innovation when engaging with partners.

Types of co-investment

Type 1: Matched. Only non-public sources of funding will be recognised as matched funding. As per UKRI policy guidelines and guidance to institutions on match funding, there is no expectation of match funding from research institutions to ensure transparency and fairness in research funding.

Type 2: Accompanying. Additional public (but non-UKRI) and non-public investments that support LIPF-funded R&D activity over and above those which are considered eligible costs as part of the grant and / or subsidy.

Type 3: Aligned. Investment in a technology/research area thematically aligned to, and catalysed by, LIPF-funded R&D activities.

Type 4: Follow-on. The investment to take to market, or exploit, outcomes from LIPF funded R&D activity. This often involves combining with other Intellectual Property or technology to deliver a commercial product.

Eligible private sector co-investment

Projects are encouraged to record all co-investment contributions, but only those that are from the private sector and are cash or cashable will count towards the private to public



investment ratio requirements. Below is a definitive list of eligible contributions; examples of contributions that would be ineligible include co-investment considered to be a loan, rental income, future revenue streams, finance where the return to investor is not dependent on the success of the research project, supplier discounts (unless clear evidence is provided of further discount over best available market price), and co-investment already committed as match towards other public funding.

Private sector cash donations

- A business cash donation provided to the project in line with its objectives.
- Recurrent cash for ongoing research activity, grant funding (non-public).
- Philanthropic donations

Capital donations

- New equipment purchases dedicated to the project's objectives and critical to delivering project activity. Where the equipment has a life exceeding the project duration, the remaining depreciated cost of the equipment should be deducted, unless it can be shown that the partnership will benefit from its use after LIPF ends.
 - The equipment must be available to project members as required for the project. Access to the equipment does not have to be restricted to the project members, but only the value equating to the time used for the project can be counted towards the ratio requirements.
- Equipment / products produced by a partner at the cost of manufacture.
- Equipment-specific consumable materials (for example, material used in 3D printing) at the cost of manufacture.
- Access to specific equipment and facilities critical to achieve the outcomes of the project, such as access to labs and use of lab equipment, or floor space in another environment relevant to the work of the project. If the facility is owned or managed by a project partners, the contribution must be at the internal (cost) rate.
- Facilities refurbishment, *if* the upgrade will increase the capability of the facilities. This contribution must be justified in addition to any estate costs already factored in.

Salaries

- All, or part of, the pro-rata gross salary cost associated with people employed on the project to do work critical to its delivery (for example, research or innovation staff, technicians or specialists, or professional staff with an enabling function). This must not already be costed on the grant or through other ineligible public sources.