

Edinburgh Research and Innovation Limited
Planning Round Submission to CSG
January 2007

1. Major achievements to be delivered in 2006/07

- Provision of continued support to the academic community for a record number of research applications and awards
- Numbers of disclosures taken, patents filed and licence deals concluded on target or above
- 10 spin-out and start up companies created
- Consultancy income 5% higher than previous year
- 75% success rate for SMART applications
- Funding for a follow on scheme for EPIS secured from SEEL
- Non-exclusive agreement with Braveheart Ventures [under negotiation]
- Additional commercialisation support for CMVM put in place
- Restructuring of support structure for company creation activities, now providing support for student company creation
- Successful launch of FP7 within the University
- Finalists in the EPSRC KT challenge competition, receiving £100k prize money for new projects within Engineering and Electronics
- Discussions commenced with Scottish Enterprise regarding their possible funding to renew collaborative link arrangements with Stanford.
- Successful recruitment of new tenants at Technopole has encouraged Grosvenor to consider further developments.

2. Major milestones/activities

2.1 2007/08

- Manage potential dip in research applications post RAE
- Drive forward the first stages of implementation of a University-wide integrated research and commercialisation support system
- Grow third party consultancy income in line with UOE Strategic Plan targets
- Grow third party licencing income by 10%
- Roll-out of "ETTC Campus" to CMVM and CHSS
- Implementation of new costing regimes for FP7 applications
- Pooling initiative starting to bear commercialisation results
- Informatics incubator established in Appleton Tower redevelopment
- Re-visit issue of assignation of postgraduate student IP

2.2 2008/09

- Grow third party consultancy income in line with UOE Strategic Plan targets
- Grow third party licencing income by 10%
- All major Schools to have BDE support on-site

- Possible relocation of ERI main office to dedicated facility at Kings Buildings
- Commencement of 4th building on Technopole site
- Bio-medical incubator established on Little France site

2.3 2009/10

- Establish collaborative links with another international partner
- Further two buildings under construction at CBR Science Park
- Commencement of Technopole Phase 5
- Relocation of ETTC BioSpace to bio-medical incubator
- Grow third party consultancy income in line with UOE Strategic Plan targets
- Grow third party licencing income by 10%

3. Major issues and risks to be faced over the next 3 years

- Support for Easter Bush Research Centre
 - Additional research administration, business development and legal support will be required
 - Acquisition of existing staff under TUPE?
 - Genecom arrangements?
 - How funded?
- Support at Western General
 - Potential transfer of support to MRCT will impact on KPI's
- Risk of potential post RAE dip in research applications?
- Research pooling arrangements
- Ongoing support for incubation activities dependent financially upon CSE KTG allocation. If ETTC Campus deal implemented across the University, additional/replacement funding may have to be found.
- Need for the University to implement a new research management system - needs to be addressed and prioritised.

4. Financial/KPI projections – 3 years

See attached.

**ERI Financial Projections –
Draft Budget 2007/08 and forecasts for 2008/09 and 2009/10**

General planning assumptions

1. Core funding and KTG allocation from UOE to increase by 3% for 07/08 then 2.75% for 08/09 and 09/10 per NP instructions.
2. Consultancy income forecast to rise by 5% per annum for next 3 years.
3. Licencing income forecast to rise by 10% per annum for next 3 years.
4. Staff costs calculated for 07/08 (circa 6.2% increase), and then assumed to rise by 5% thereafter.
5. Non staff costs (excluding patent costs) forecast to rise by 1% for core costs.
6. No additional support ex UOE for pay modernisation assumed.
7. Technopole project, EPIS, INTERFACE and staff employed on College KTG budgets assumed to be profit neutral to ERI, as in previous years.
8. Core headcount to reduce by 1 in 08/09. No other new staff assumed to be recruited.
9. No provision for extension of additional short term research support staff beyond 31 July 2007. Assumed that InfoEd upgrade completed by then. These costs have been factored into the "latest view" for 2006/07, which will mean that ERI is likely to return £70k less than originally budgeted.
10. IP protection costs increased to allow for increased costs from student company formation activity.
11. Forecast return to UOE assumed at £250k per annum over the next 3 years.

DW/IL
20/1/06

ERI - Budget and Forecasts	2006/2007 Final Budget	2006/2007 Latest View	2007/2008 Draft Budget	2008/2009 Forecast	2009/2010 Forecast
KPI's					
Grant Applications - number	Not in direct control of ERI	1,758	Not in direct control of ERI		
Grant Applications - value £m		516			
Grant Awards - number		822			
Grant Awards - value £m		174			
Disclosures filed	100	100	110	120	130
Patent filings	30	30	35	40	50
Licence Deals completed	30	30	35	40	50
Start up companies formed	5	5	5	5	5
Spin-out companies formed	5	2/3 ?	5	5	5
	2006/2007 Final Budget	2006/2007 Latest View	2007/2008 Draft Budget	2008/2009 Forecast	2009/2010 Forecast
FINANCIALS	£'000	£'000	£'000	£'000	£'000
INCOME					
Management Fee ex UOE	2,114	2,114	2,177	2,237	2,299
Pay modernisation adjustment?	-	-	-	-	-
Core KTG Allocation Recurrent	482	482	496	510	524
KTG Allocation re CBR	100	100	103	106	109
KTG Allocation re Student Coy Formation	100	100	103	106	109
	<u>2,796</u>	<u>2,796</u>	<u>2,879</u>	<u>2,959</u>	<u>3,041</u>
Gross Consultancy Income	3,000	3,000	3,150	3,308	3,473
Gross Royalties & Licence fees	400	400	440	484	532
Technopole Project Income	170	170	180	190	200
Technopole Support ex UOE	167	167	168	167	166
Sundry Income, interest, cost recoveries etc	75	75	75	75	75
Other fully funded project cost recoveries	823	743	705	733	761
TOTAL TURNOVER	<u>7,431</u>	<u>7,351</u>	<u>7,597</u>	<u>7,915</u>	<u>8,249</u>
DIRECT COSTS					
Consultancy	2,682	2,682	2,804	2,944	3,091
Royalties & Licence fees	317	317	348	382	421
	<u>2,999</u>	<u>2,999</u>	<u>3,152</u>	<u>3,326</u>	<u>3,512</u>
CONTRIBUTION	4,432	4,352	4,445	4,589	4,737
OPERATING COSTS					
Staff costs					
-core	2,110	2,110	2,241	2,307	2,422
- additional research support (3 temps 6 months)	-	40	-	-	-
-Technopole	125	125	134	141	148
-CBR	80	80	86	90	95
-Student Coy formation	50	50	69	72	76
-Other recoverable	635	555	515	541	568
Sub total staff costs	<u>3,000</u>	<u>2,960</u>	<u>3,045</u>	<u>3,151</u>	<u>3,309</u>
Non staff costs					
-core	511	511	516	521	526
-InfoEd upgrade costs	-	30	?	-	-
-Technopole	212	212	214	216	218
-CBR	20	20	10	10	10
-Student Coy formation	50	50	20	20	20
-Other recoverable	188	188	190	192	194
Sub total non-staff costs	<u>981</u>	<u>1,011</u>	<u>950</u>	<u>960</u>	<u>969</u>
IP Protection	160	160	200	200	200
TOTAL OPERATING COSTS	<u>4,141</u>	<u>4,131</u>	<u>4,195</u>	<u>4,311</u>	<u>4,478</u>
PROFIT/(LOSS)	291	221	250	278	259
RETURN TO UOE	(291)	(221)	(250)	(250)	(250)
Surplus/(Deficit)	<u>-</u>	<u>-</u>	<u>(0)</u>	<u>28</u>	<u>9</u>
HEADCOUNT	70	67	67	66	66