

# Innovations awards termination policy

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When the Trust makes an Innovations award, it does so with the aim of advancing early-stage innovation to the point where it becomes attractive for further development by the medical, pharmaceutical or biotechnology industries. These awards are milestone to ensure that, once funding is approved, the project is advanced with due consideration to the priorities, sequence and timing of critical elements of the work plan to achieve its end point.

The Trust has a clear responsibility to use charitable funds prudently to achieve its mission. Due to the nature of Translation awards (compared to basic hypothesis driven research projects), when a Translation project suffers a serious technical, scientific or milestone failure such that it has no reasonable prospect of achieving its overall objective, the Trust will consider terminating its funding before the end of a project.

However, mitigating circumstances may exist and will be considered on a case-by-case basis. Indeed, the Trust recognises that Translation award projects need to be results-led and uncontrollable events may prevent them from running to the original plan. The Trust will, at its sole discretion, permit modified plans and milestone extensions for a specified period of time to achieve an outcome where such changes are justified.

## Costs that the Trust will cover on early termination

1. In cases, where termination is for a technical or scientific reason, Innovations will normally consider paying the following costs of termination:

### 1.1 Employee costs

#### (a) Notice periods

Employment contracts typically contain a notice period for termination. Where the termination of the employment contract is caused directly by the early termination of the Innovations award the Trust may pay the costs of the employer's contractual notice period, up to a maximum of three months' notice. Where the Trust grants a milestone extension due to failure by the award holder to meet a milestone by the required date, the employer should seriously consider whether to put its employees on notice at this time.

The Trust does not act as an employer on its awards and requires that all employees whose salaries are covered by the Trust award are engaged on fixed term contracts not exceeding the length of the award. As Innovations awards are made on a milestone basis, the employer should also ensure that it has the ability to terminate relevant employees' contracts if the Trust terminates its funding early due to failure to meet a milestone.

#### (b) Redundancy payments

There are two types of redundancy payments: statutory and enhanced. Statutory redundancy pay is calculated as follows:

(i) 1 week's pay (up to a statutory maximum per week, see [BIS's tool for calculating the number of weeks' pay due](#)) for each full year of service where age during year is 22 or above, but less than 41

or

(ii) 1.5 weeks' pay (up to a statutory maximum per week), see [BIS's tool for calculating the number of weeks' pay due](#) for each full year of service where age during year is 41+.

The Trust may cover statutory redundancy costs on Innovations awards where such redundancy is caused directly by the early termination of the award and the employer is unable to redeploy the employee.

The Trust will not cover enhanced redundancy payments.

As employees whose salaries are funded by the Trust are expected to be employed on a fixed term contract, such costs may be paid as if the relevant employee had been employed for the length of the Trust-funded award up to the date of termination. For example, if the award is for a three year project, but is terminated after one year, the Trust may pay one year's statutory redundancy costs, irrespective of how long that employee has been employed by the award holder before the start of the project.

## **1.2 Sub-contractor costs and consultancy fees**

Where an award holder has engaged a consultant or sub-contractor to perform some of the work under the award or to advise on the project, Innovations expects the award holder to put in place contractual arrangements such that the sub-contract or consultancy will terminate if the Trust terminates its funding. Where the award holder has been unable to negotiate such provisions, the Trust may cover a maximum of one month's contractual notice.

Innovations expects the award holder not to commit to pay substantial amounts in advance for services during future milestone periods before it achieves the current milestone. In exceptional circumstances, the Trust may consider covering payments in advance where the work to be done covers more than one milestone period and the subcontractor has to make substantial outlays upfront, such as animal work or a toxicology package.

## **1.3 Equipment lease costs**

In the case where the award covers the costs of leasing large items of scientific equipment, Innovations expects the award holder to put in place contractual arrangements such that the lease will terminate if the Trust terminates its funding. However, the Trust recognises that such leases may be on standard non-negotiable terms, and in such cases, the Trust may cover up to three months' notice period.

## **1.4 Conditions**

The above principles will apply subject to the following conditions:

- such costs result directly from the termination of funding by the Trust
- the award holder takes reasonable steps to minimise the amount of costs incurred
- the costs do not exceed the maximum amount of the award.

## **How to claim costs of termination**

The award holder should, within 20 business days of termination, produce a detailed schedule of the funds spent in carrying out the project up to the date of termination and details of the expected termination costs. The Trust will consider the request for termination costs and whether it falls within this policy.

Within 20 business days of receipt of the schedule, the Trust will confirm the termination costs it is prepared to pay to the award holder and the award holder may then use any unspent funds which it has received from the Trust up to the date of termination to cover such costs. The balance of any unspent funds should be repaid to the Trust within 20 business days of the Trust's confirmation.

If the agreed termination costs exceed the amount of unspent funds received by the award holder from the Trust to date, the Trust may pay the excess costs (up to the maximum amount of the award) to the award holder within 20 business days of approving the schedule of costs.

### **When termination costs will not be paid**

The Trust will only pay termination costs on Innovations awards where the Trust terminates the award early for a scientific or technical reason, either because the project fails to meet a milestone or where a site visit group recommends that the Trust terminate its funding. The Trust will not pay termination costs where termination is for any other reason, including where the award holder is in breach of the funding terms.