

Digital Growth and Innovation Programme – Digital Ecosystem Support: A Call for Proposals

Introduction

The purpose of this call definition document is to provide eligible potential applicants with the information needed to submit a **first stage Expression of Interest** to the NTCA Digital Ecosystem Support call. It is expected that funding will be allocated following a two-stage application process. This call has been launched by North of Tyne Combined Authority (NTCA) as a part of its Digital Growth and Innovation Programme.

This document sets out the funding priorities for this call and explains the application process, applicant eligibility conditions and the indicative timetable.

1. Background & Strategic Context

The pace and scale of digital change is transforming our economy and service delivery. Prior to Covid-19, the digital sector itself grew rapidly, accounting for much of the jobs growth witnessed in recent years. Much of this growth has been within SMEs –adaptable and fleet-of-foot, but sometimes facing barriers to unlocking their potential.

Many digital and tech businesses have been able to perform strongly during the difficult economic conditions created as a result of Covid-19. Recent events have undoubtedly accelerated digitisation in many aspects of our lives. There has, for example, been an increased demand for digital content, new and remote-working technologies, apps, cloud infrastructure, and security software.

Covid-19 has highlighted that the boundaries between digital firms and the wider economy are becoming more and more blurred: digitisation, big-data capability and wider technological change are defining growth in industries that range from hi-tech manufacturing to healthcare. Looking forward, new and emerging technologies have the potential to change society and the economy in ways which are only partially understood today.

Across Newcastle, North Tyneside and Northumberland there is evidence of a strong, diverse and inter-connected digital sector that is leading the way in developing and applying new technologies and data analytics capability. This is driving up standards of customer service and enabling people focussed solutions. The pace of growth of the sector has been a key success story, as is the number and breadth of businesses and the range of their expertise. By investing strategically in the wider digital sector eco-system our ambition is to maintain this momentum and trajectory.

More broadly, 'Digital' is a golden thread which connects the Combined Authority's wider ambitions, including that of a more inclusive economy. This is demonstrated by our emerging vision, that:

Newcastle, North Tyneside and Northumberland will be recognised as places where people are at the forefront of the digital revolution, with an economy that is providing national and international leadership in data science and analytics;

ageing-services; and digitally provided professional services.

NTCA Digital Growth and Innovation Programme

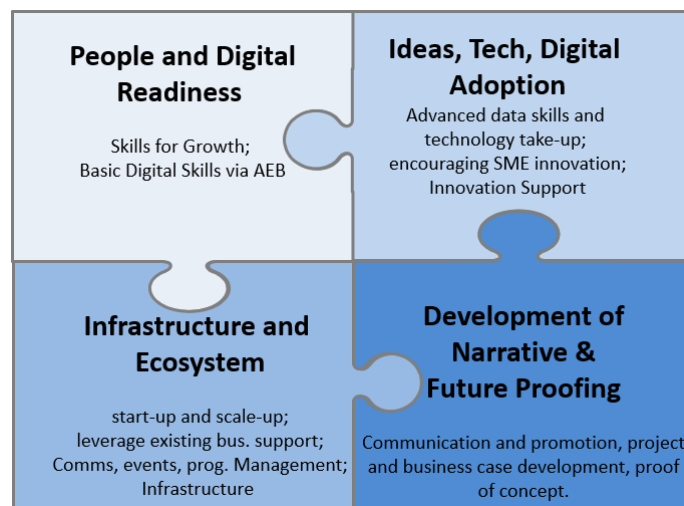
In January 2020, following extensive consultation with the sector, the NTCA Cabinet agreed a digital sector narrative¹ and set out initial priorities that form an ambitious NTCA Digital Growth and Innovation Programme with an overall budget allocation of £10m. Through this, our objectives are to:

- grow the number and scale of ‘digital’ companies in the North of Tyne – supporting the existing cluster to survive and thrive;
- maximise the impact of data and digital across our whole economy, including the use of data and technology in driving productivity, efficiency, innovation, business resilience and social and economic recovery from Covid-19;
- Support the digital inclusion of residents and overall digital skill levels in the NTCA area.

The priorities, set out in this programme and wider strategies, acknowledge the significant national assets that we have based in the NTCA area and that we can use as levers for greater local impact.

Targeted investment from the NTCA will play a key role in driving forward a programme that is focussed on productivity improvement, innovation, and the protection and creation of jobs. Overall, the programme will provide a balanced and future oriented strategy for the digital sector here. It will drive improved digital connectivity and the wider adoption of digital technology across society and the economy and prepare our businesses and communities for the future. This is a key part of the long-term value add of the combined authority.

The NTCA Digital Growth and Innovation Programme sets out actions in four key areas:



Our programme recognises that the NTCA, its constituent local authorities and other key institutions have already taken significant steps to strengthen our position as a national leader in the digital economy.

¹<https://static1.squarespace.com/static/5bbf08bdc2ff616708156a58/t/5e25d1fd5dfafe47d3a23102/1579536894238/NTCA+Cabinet+28+January+2020%2C+Agenda+Pack+.pdf>

The next phase of this journey is implementing the *NTCAs Digital Growth and Innovation Programme*. This was agreed by Cabinet in January and focusses on ensuring that the digital sector, in all its forms, supports the NTCA economy to create and safeguard jobs and deliver a post-Covid economy that is more inclusive, more innovative, more productive and greener than before.

NTCA Cabinet have agreed that **up to £5m** of the £10m, which has been allocated to support the Digital Sector up until 2023, is to be utilised in **digital ecosystem support activity**. This demonstrates a strong strategic fit with the priorities agreed by the NTCA Cabinet in January 2020 and is of a scale that can drive significant innovation and impact.

2. Call Details: Overarching Principles, Funding Priorities & Focus

The funding call detailed in the remainder of this document presents an opportunity for a range of organisations and partnerships to come forward with ideas for projects, collaborations and co-investment with the potential to have a strategic and significant impact on the digital sector in the North of Tyne area, and the immediate and longer term performance and viability of the sector here.

The Digital Growth and Innovation Programme sets out ambitions to develop both the 'ecosystem' for the sector (supporting the growth of existing and new businesses) and strengthening the digital narrative (the way that we collectively showcase the digital sector in the North of Tyne area, both within and outside of the region).

A wide range of stakeholders from the digital sector have been consulted throughout the development of our plans and priorities. For example, we convened a Steering Group of sector leaders and conducted a workshop led by Cllr Nick Forbes (the NTCA Cabinet member with lead responsibility for Business Competitiveness) in October 2019.

We believe that the role of the Combined Authority in this space is to convene, enable collaboration, unlock collective potential and invest in areas where we can realise whole-region benefits in a way that adds real value. To ensure that these values are carried forward into our consideration of potential investments we have set out the following **overarching principles** for this call. Applicants should be aware that consideration of these principles will form a significant aspect of the project selection process.

The Overarching Principles for this call are that proposals should be:

- Evidence led and clearly demonstrate need, complementarity to existing support/investment, and strong strategic fit with local and national policy objectives;
- Innovative or novel in approach and show significant ambition;
- Collaborative, partnership based and, where possible, business led or backed. This might, for example, include formalised consortia approaches where appropriate;
- Adding value to a wide range of other support and not duplicating existing activity;
- Based on a clearly outlined evidence base of what digital businesses need specifically (i.e. proposals which go beyond general business support);
- leveraging other funding where possible;
- flexible to adapt not only to changing circumstances and environments but also to evolving national government support and the changing needs of the sector;

- consistent with wider NTCA values, including around an inclusive economy and sustainability objectives.

Specific Funding Priorities

Proposals submitted should contribute to both of the following primary funding goals:

- Support the recovery/growth of the Digital Sector in the North of Tyne and contribute to the delivery of the specific outcomes and activities set out below;
- Encourage sustainable growth and investment in the Digital Sector in the North of Tyne area.

The following are examples of **outcomes** that the NTCA expects as a result of activity funded through this call:

- Improved resilience and competitiveness of digital and tech businesses in the North of Tyne;
- Significant new inward investment or research and development activity being undertaken by digital and tech sector businesses based in the North of Tyne;
- Increased numbers of digital/tech start-up businesses and improved survival rates;
- Increased levels of product, service and technology-led innovation;
- Innovative and effective partnerships with other NTCA key sectors, especially offshore and renewables; culture and creative and ageing sectors;
- Increased private sector investment and economic growth;
- Improved regional and national profile for the NTCA area, as a significant cluster of digital and tech sector businesses, expertise and talent;
- Leverage of private and public sector funding into the NTCA area.

Proposals should deliver against several of the following NTCA **Outputs and performance Indicators**:

- Direct jobs created
- Indirect jobs created
- Direct jobs safeguarded
- Indirect jobs safeguarded
- Private sector leverage;
- Number of apprenticeship/ traineeship opportunities achieved.
- Number of enterprises receiving support
- Number of enterprises receiving grants
- Number of new enterprises starting up

A full list of all NTCA Outputs and associated guidance is included with the project proposal form.

Activity funded through this call is likely to contribute to one or more of the areas below:

1. Start-up and early-stage support for digital/tech businesses – which may include but is not limited to:

- Support for entrepreneurs and the future pipeline of founders and talent to turn ideas into viable businesses and promote a start-up culture in the area;
- Business start-up support, including support for business validation, mentoring, Intellectual Property protection, access to equity finance and other forms of funding and investment, and business support and legal advice.

2. Ideas generation, innovation, new product/service development and scale-up support – which may include but is not limited to:

- Innovation challenge competitions that bring together public and private sector stakeholders in challenge design, alongside innovative solutions from industry and academia that drive innovation and commercialisation;
- Accelerator programmes for small and medium sized businesses with significant growth potential;
- opportunities to use digital and data to deliver innovate tech-enabled solutions to 'social and environmental challenges' including via tech co-operatives or other alternative ownership models.

3. Digital cluster development and growth – which may include but is not limited to:

- Targeted support to grow identified areas of sectoral or industry specialism, emerging clusters or high growth potential niche businesses;
- Building partnerships that improve the effectiveness and performance of the cluster, including activities that bring together stakeholders and drive collaboration
- Position the area for increased public and private investment including the attraction of more digital businesses to the area through North Shoring.
- Innovative approaches to talent attraction and retention.

4. Development of digital narrative and promotion of opportunities for sector

Which may include but is not limited to:

- Proposals to strengthen the narrative relating to the digital and tech sector in the North of Tyne;
- Communications activities and ongoing sector engagement;
- Supporting opportunities for Northshoring.

N.B. Where communications, PR and Marketing services are offered, proposals should be explicit about the costs, impact and methodology to be used. NTCA reserves the right to utilise a Contract for Services rather than a Grant should it be deemed appropriate for the activity proposed.

5. Future Proofing the sector (Business Case Development Funding)

The NTCA recognises the role that public sector investment plays in crowding in private sector investment, and that continuing to have a strong pipeline of investment propositions linked to the future growth of the sector is a priority.

While funding is not expected to be allocated to this activity from within the budget for this call, the NTCA would welcome proposals setting out expressions of interest to its Business Case Development Fund which can provide funding to assist with the development of deliverable investment proposals that have the potential to contribute to the CA's strategic vision.

Eligible costs for the BCDF include:

- ✓ feasibility studies;
- ✓ physical design proposal and costing;
- ✓ economic and financial modelling;
- ✓ market research /demand assessments;
- ✓ options analysis;
- ✓ project or programme masterplanning;

Applicants must demonstrate that the project is potentially eligible for an existing funding source and that the work for which the Business Case Development Fund is sought can be completed within 3 months of approval. NTCA is aiming to recycle resources and there is an expectation that projects that succeed with funding applications and proceed to delivery will, where possible, repay the resources.

A separate expression of interest form is available for this purpose and can be requested from digitalgrowth@northoftyne-ca.gov.uk. Please clearly state that you would like a Business Case Development Fund application form.

Summary of Call Parameters

Dates	<p>Stage 1 Expressions of Interest for the Digital Ecosystem Support call will open on 5 October 2020 and close at 12 Noon on 13 November 2020.</p> <p>A shortlist of applicants from this stage will be invited to submit a full application early in the new year. and that successful projects will be able to defray expenditure from Spring 2021, subject to approval and a signed funding agreement being in place.</p> <p>NTCA reserves the right to change the dates and the number of stages in the application process subject to the volume and quality of proposals received.</p>
Indicative Fund Allocation	<p>NTCA has agreed a budget of up to £5m for this programme and NTCA intends to award multiple contracts. Overall project costs can include indirect costs (overheads) which will be paid at a flat 15% rate of direct salary costs.</p> <p>NTCA reserves the right to decrease or increase the indicative allocation or support more or fewer projects subject to the volume and quality of proposals received.</p>
Funding Duration	<p>Projects will be funded for a maximum of three years from the date of commencement of the project, which should be within the 2021 calendar year.</p>
Applications	<p>Applicants are expected to submit proposals which demonstrate strategic fit, impact and additionality. NTCA funding is not intended to replace or displace existing funding.</p>

Geographical Scope	All interventions should be focused on activity within the North of Tyne area.
Deadlines	For this specific call, applications will be assessed following closure of the call. Applications received after the published call close date will not be considered.
Application selection	All applications will be scored in line with the NTCA assessment criteria included below.
Number of Projects to be supported	The NTCA expects to enter into one or more grant funding agreements as a result of this call.
Eligible match funding	Proposals which can secure match funding will be scored more favourably through the assessment process. Applicants are asked to indicate if they are able to lever in public, private and/or philanthropic funding through co-financing options alongside NTCA's £5 million investment. Preference will be given to proposals which are seeking less than 80% of total funding required from the NTCA. In exceptional cases and at the discretion of the NTCA Investment Panel members, projects with a higher intervention rate may be considered if they demonstrate that they deliver exceptional value for money.
Procurement	Any proposed sub-contracting must be undertaken in line with EU procurement regulations.
Eligible Applicants	Successful applicants must be legally constituted and able to enter a binding contract with the NTCA and will carry the liability for ensuring that the terms of the Funding Agreement are met by all delivery partners. In the case of consortia or partnership applications, a lead organisation must be identified as the Applicant. It is this organisation that carries the responsibility and liability for carrying out the project.

6. Assessment criteria

First stage Expressions of Interest will be scored against the following criteria. Applicants should note that, in line with the overarching principles of the call, strategic fit and delivery of desired outcomes criteria are **pass/fail**.

Criteria	Consideration	Available marks
Strategic Fit	<ul style="list-style-type: none"> The proposed fit with NTCA Economic Vision, Inclusive Economy Statement and call focus area; The proposal is effective and will lead to innovation in the local digital ecosystem or significant sector growth; and The proposal is developed in adherence with the overarching principles for the call and where appropriate evidence is provided in relation to stakeholder support, value added, etc. 	Pass/Fail
Delivery of desired outcomes	<ul style="list-style-type: none"> Demonstration of clear knowledge of the Digital and Tech sector in the North of Tyne and its specific needs; and Clear alignment of proposals with the outcomes set out in the call document. 	Pass/Fail

Value for Money	<ul style="list-style-type: none"> The value for money associated with proposals. 	10
Intensity of Grant Request	<ul style="list-style-type: none"> The overall proportion of funding requested from the NTCA as a proportion of total eligible project costs (intensity of grant request) will be assessed; Projects requesting a lower proportion of funding from the NTCA will score more highly; Project requesting more than 80% of total funding from the NTCA will only be considered in exceptional circumstances and at the discretion of NTCA Investment Panel; and Projects requesting higher intervention rates will be required to fully justify the proportion of funding requested from NTCA if invited to submit a full application. 	10
Status of Match Funding	<ul style="list-style-type: none"> The degree to which match funding that is confirmed will be assessed. 	5
State Aid Risk	<ul style="list-style-type: none"> State aid risk will be established through an assessment of the applicant's understanding of the relevant state aid considerations and solutions and the degree to which they have taken and provided evidence of appropriate legal/professional advice. 	5
Deliverability risk	<ul style="list-style-type: none"> Robust assessment of deliverability, capacity and risks. Clear explanation of delivery routes, timeframes and key milestones. Strong arrangements for local transparency, and accountability, monitoring and evaluation. Ability to deploy the funding within the timeframe set and to implement at pace; and Evidence of partnership strength, commitment (as appropriate) and strategic backing. 	15
Inclusive Economy Fit	<ul style="list-style-type: none"> Robust assessment of the inclusive economy implications of proposals and the ability of the project to make a proactive and targeted impact on the inclusive economy ambitions of the NTCA and to have a positive impact on residents. 	10

NOTE: a detailed scoring Matrix is provided at Appendix 1.

Project proposals will be scored against the selection criteria in this document. A minimum of 38 is required for applications to be considered further. The following assessment criteria are pass/fail at the first stage expression of interest, any project failing to gain a 'pass' on either of these criteria will result in the proposal being rejected from the process, regardless of their score on other criteria.

Scoring of proposals will be undertaken by a panel made up of Officers of the NTCA and other relevant advisory members.

Following this, project proposals that pass both pass/fail criteria and have a scored a minimum of 38 points out of 55 will be considered by the NTCA Investment Panel. If the combined value of projects meeting this threshold exceeds the funding available, the NTCA Investment Panel

will have sole discretion to decide which proposals are invited to submit a Full Business Case. Acceptance of a project proposal to progress to full business case stage does not in any way indicate or constitute an offer of grant from NTCA.

Each Full Business Case submitted following a successful first stage Expression of Interest will be processed in line with the NTCA's Assurance Framework and will be appraised against the HM Treasury 'five case' model and NTCA's additional Inclusive Economy Case prior to being considered for approval by NTCA's Technical Officers Group and Investment Panel and NTCA Cabinet.

Projects which fail to secure support at the Full Business Case stage will be considered as a part of NTCA's longer-term pipeline in preparation for other sources of funding.

NTCA may enter into dialogue with applicants and seek clarification at any point in the application process. This may result in revisions to propositions between the first stage expression of interest and the Full Application and potentially lead to proposals being changed, withdrawn or combined with the of proposals submitted by other applicants in a new partnership arrangement.

7. State Aid

There is an obligation on the successful applicant to comply with the State Aid rules Applicants must consider and inform NTCA how state aid rules will be applied to any successful financial award.

In order to comply with Article 9 and Article 11 of GBER all awards over €500,000 will be posted on our website and reported to the Commission where required. All awards will be monitored for their ongoing compliance with State Aid rules.

8. Application process and submission of Proposals

Please submit a first stage expression of interest form which can be requested by emailing digitalgrowth@northoftyne-ca.gov.uk

If possible, it would be useful to provide further **complementary detail or supporting evidence as appropriate including:**

- Letters of support
- A description of your organisation, its structure and the biography of key team members.
- The organisation's knowledge of the needs of the Digital Sector in the North of Tyne or strategic value that can be added as a result of regional, national or international experience, expertise and track record;
- Relevant performance information and relevant examples of past performance and impact.

Queries from applicants should be sent to digitalgrowth@northoftyne-ca.gov.uk with a deadline for final queries being **23 October**. Applicants should be aware that queries will be anonymised and responded to publicly through a Q&A Log on the NTCA website.

This call for project proposals will open on the **5 October 2020 and close at 12 Noon on 13 November 2020**

Please consider the following strategic documents that may help you with your application.

- [North of Tyne Economic Vision](#);
- [North of Tyne Inclusive Economy Statement](#);
- [North East Strategic Economic Plan](#)
- [North East COVID-19 Economic Response: Our work so far and next steps Report](#)

Completed applications should be sent to digitalgrowth@northoftyne-ca.gov.uk by the deadline. Before doing so, please ensure that you have followed the guidance, completed all questions and entered an electronic signature.

9. Assessment & Selection Process

Project proposals will be scored against the selection criteria in this document. Scoring will be undertaken by a panel made up of Officers of the NTCA and other relevant external members. Clarifications may be sought by NTCA throughout the assessment process.

Strategic fit and project deliverable criteria are Pass/Fail, as indicated in the scoring guidance and matrix.

Following this, project proposals that pass all criteria and have scored a minimum of 38 points out of 55 will be eligible to progress to the full business case stage. If the total value of eligible projects exceeds the funding available, the NTCA Investment Panel will have sole discretion to decide which proposals are invited to the full business case stage. Acceptance of a project proposal to progress to the full business case stage does not in any way indicate or constitute an offer of grant from NTCA.

Shortlisted proposals will be taken forward in line with the NTCA's Assurance Framework prior to being considered by the NTCA's Technical Officers Group and Investment Panel.

Full business cases will be appraised using a Treasury Green Book methodology.

10. Indicative timetable

Proposals considered as part of this call should relate to projects which can be completed by the end of March 2023; however, NTCA reserves the right to extend this date as required.

The *indicative timetable* is set out below:

5 October 2020	Call opens.
13 November 2020	Deadline for EOI Submissions to NTCA.
November/December 2020	Assessment of proposals by NTCA and consideration of the shortlisted EOI proposals by NTCA's Investment Panel.
January 2021	Second Stage: Full Business Cases invited from shortlisted applicants.

11. Other information

Value for Money Benchmarks

The NTCA Devolution deal sets out £600m of investment over 30 years to deliver:

- £2.1bn private sector leverage
- £1.1bn GVA increase

- 10,000 new jobs over 30 years

Research commissioned by the NTCA provided some broad parameters for unit costs based on the available evidence.

Benchmarks		
Theme/ Intervention Type	Metrics	Benchmark
Business Support	Cost per gross job	General business support - £5,000-£5,600
		Individual enterprise support - £2,900-£3,900
		Sector/cluster support - £7,100
Innovation	Cost per gross job	R&D and Innovation - £15,200-£23,300
Education, Skills and Employment	Cost per person assisted	Skills and workforce development - £3,700
		Matching people to jobs - £2,400-£6,900
		Tackling worklessness - £2,400-£6,900
	Providing support for 1 year	JSA claimants - £10,321
		ESA / IB claimants - £9,091
		Income support - £7,972
		Bringing land into use £300,000
Infrastructure and Development	Cost per hectare	
	Cost per housing unit	£10,000 per unit (30 per hectare)

The values in the above table are derived from a range of sources including previous evaluations by the Homes and Communities Agency, guidance provided by Housing, Communities and Local Government, with adjustments made to reflect the increased focus on value for money. The costs for providing support to claimants are based on the New Economy Unit Cost Model.

The NTCA is open to other robust sources of evidence to support unit costs and assumptions relating to economic impact. Projects should supply robust evidence justifying any assumptions.

Fraud, Liability and Payment Terms

The North of Tyne Combined Authority will take swift action against any recipients who have deliberately manipulated records or have committed fraud. Any beneficiaries caught falsifying their records to gain grant funding will face prosecution and any funding or grants paid in error will be subject to claw back.

The North of Tyne Combined Authority does not accept any liability for any issues that may arise for applicants under this scheme, whether they are successful or not.

Following a grant award, the applicant will be required to submit claims to draw down the grant. Only claims which can demonstrate evidence of expenditure will be eligible for payment. Payments will be made directly to the applicant's bank account by electronic transfer, normally within 5 working days of a claim being accepted. Grant awards will be subject to the availability of funds. There will be no appeals process following determination. Beneficiaries will receive written confirmation stating that by accepting the grant payment, they confirm that they are eligible for the grant scheme, and that any payments accepted will be subject to state aid requirements.

Appendix 1 – Detailed Scoring Criteria

Assessment of Project							
Strategic fit with NTCA Vision, Digital Growth and Innovation Programme 'ecosystem priorities' and Call Specification	[PASS]	[PASS]	[FAIL]	[FAIL]	[FAIL]	[FAIL]	Pass or Fail
	Very strong fit and strong evidence of need and rationale for intervention		Moderate fit with limited evidence of need or rationale for intervention		Low fit with poor evidence of need and rationale for the intervention.	No fit with no evidence of need or rationale.	
Outcomes associated with the project	[PASS]	[PASS]	[PASS]	[FAIL]	[FAIL]	[FAIL]	Pass or Fail
	Very Likely to deliver exceptional and relevant outcomes		Likely to deliver a reasonable level of relevant outcomes		Likely to provide limited outcomes	Unlikely to meet any of defined outcomes	
Value for Money	10-9	8-7	6-5	4-3	2-1	0	10
	Exceptional value for money	potentially very good value for money	represents reasonable value for money	4-3	Offers less favourable value for money.	Unlikely to offer any value for money.	
Intensity of grant request (% of total funding requested from NTCA)	10-9	8-7	6-5	4-3	2-1	0	10
	1-20%	21-40%	41- 60%	61-70%	71-80%	80-100%	
Status of the match funding	5	4	3	2	1	0	5
	Fully confirmed		Most match funding in place		Little match funding in place	No source of match funding identified	

State Aid risk	5	4	3	2	1	0	5
	Independent legal opinion supports compliant route or confirm no State aid.	Applicant identifies a compliant State Aid route.	Relevant State Aid issues understood and clarified	Relevant State Aid issues understood but currently unable to be clarified	No appropriate consideration of State Aid provided	Request not compliant with State Aid.	
Deliverability Risk	15-13	12-10	9-7	6-4	3-1	0	15
	Considered to be have a high chance of success & completion by the timescales indicated - risks well managed. Likely to have a significant and immediate impact.		Moderately likely to succeed and be delivered by the timescales indicated, some risks with strategies to mitigate in place.		Management and delivery arrangements considered to be weak. High risk of failure with limited mitigation considered. Impact unlikely to be significant or speed of delivery slow.	Considered to have a very low likelihood of successful completion by the timescales indicated / multiple high level risks with no clear management	
Inclusive Economy fit	10-9	8-7	6-5	4-3	2-1	0	10
	Very strong fit		Moderate fit		Low fit	No fit	
						Score	/55