# Recovery Innovation Fund: A Call to promote Localised Supply Chains and Tourism Product Innovation

## Introduction

NTCA is seeking new ways to unlock potential for a more social and inclusive economy. In a post-Covid-19 world, we are aiming to create conditions where businesses are sustainable and can flourish, and where good jobs can be created across all sectors of the economy. We are keen to explore innovative approaches to revitalising our tourism sector and to explore approaches to better joining up local supply with local demand across our economy, including in the foundational everyday parts of the economy such as food and drink, hospitality, retail and leisure.

This call is one element of the NTCA’s Innovation Recovery Fund – which is intended to support innovation in the period when COVID-19 restrictions have eased.

The purpose of this call definition document is to provide eligible potential applicants with the information needed to submit a single stage application to the Tourism and Local Supply Call. It is expected that a delivery organisation(s) will be appointed following this application process.

This document sets out the parameters for the Call and explains the application process, eligibility criteria and the indicative timetable.

## Background & Strategic Context

**Innovation Recovery Fund**

In November, NTCA Cabinet approved £10million of funding to support post-COVID-19 economic recovery. This followed on from the £5m North of Tyne COVID-19 Capacity Fund, which was agreed in March 2020 and is supporting businesses, VCSE organisations and residents in their response to the COVID-19 pandemic – aligned to national Government support but helping to fill gaps in provision.

Since November, NTCA has been undertaking detailed co-design on this programme with our constituent local authorities, and wider stakeholders including business representative bodies and the voluntary sector.

This Call follows two complementary programmes, ‘Business Innovation Vouchers’ and ‘Adapting Places and Spaces’, which are separate programme but will run concurrently.

This Call for Localised Supply Chains and Tourism Product Innovation Propositions is focussed on two linked but distinct funding priorities. Support for innovation in:

* **Tourism Innovation:** New product development and innovative service delivery approaches in the tourism sector
* **Strengthening local supply**: improving the connection between local demand and local supply chains across a range of sectors.

The funding allocated across these two priorities is £1million and we expect these priorities to receive a broadly equal share of the available funding – though final allocations will depend on the quality of propositions received.

## Call Details: DELIVERY BODY ROLE, Funding Priorities & Focus

**Delivery Body Role**

This Call seeks to identify one or more delivery bodies – including the option of a partnership under a lead applicant - with the expertise to **design**, **launch** and **deliver** a recovery programme for each priority based on an innovation challenge methodology. The purpose is to encourage and facilitate cross-sector collaboration that brings forward innovative products, services, and approaches in line with the priorities set out.

Applications are encouraged that cover one or both funding priorities below. The maximum number of grants awarded under this call will be two – one for each funding priority – unless there are exceptional circumstances. NTCA will consider the impact on value for money and overall overhead costs from multiple grant awards and would welcome partnership approaches that reduce overhead costs if possible.

The successful applicant(s) will be expected to:

* Design, implement and manage a programme of activity that frames the funding priorities and targets SME participants will the potential to bring forward projects within the Call parameters, support these projects, and monitor and evaluate the programme.
* Coordinate or directly deliver business support and engagement strategy (e.g. events, mentorship, etc.)
* Forge new cross-sector partnerships and commercial relationships
* Manage grant funding to participants bringing forward the most impactful projects within the programme, regarding the desired outputs and outcomes.

The **overarching principles** for this Call are that proposals should:

* Have the potential to contribute to increased productivity and job creation/safeguarding, and help realise our ambitions to be smarter, greener, more inclusive, authentic and resilient
* Set out a programme of activity based on a solid understanding of the relevant industries, their strategic and operational challenges and opportunities, and the local ecosystem composition, as well as the innovation ecosystem and its capabilities
* Add value to the wider innovation ecosystem in the region, rather than duplicating existing activity
* Recognise the value and encourage a culture of cross-sector and supply chain collaboration
* Be flexible to changing circumstances and environments, evolving national support, and changing needs of the sectors
* Reflect NTCA values, including around an inclusive economy and sustainability objectives

**Funding Priority 1: Tourism Innovation** Within **tourism** innovation, we would welcome applications that include activity that underpins and accompanies the activity of the North of Tyne Tourism & Events programme, complement the plans of our DMOs (destination marketing/management organisations), bring together key private sector anchors in hospitality, and promote a local sustainable economy by exposing local produce to bigger markets.

Any approach should build on the success of similar historical subregional activity, such as: the GX Project, which supported innovation adoption across multiple sectors including tourism schemes by Advance Northumberland to support SMEs with e-commerce and web platform adoption, for example. Projects should showcase exemplar tourism products or services that inspire the NTCA tourism industry to adopt and develop innovation.

NTCA has simultaneously initiated delivery of its £3.5million North of Tyne Tourism and Events Programme, introduced to support the development of the tourism sector with an aim to enable and inspire more visitors to stay longer, do more and spend more in the North of Tyne area. This programme is entering Year Two of three years, with an outline commitment to a further seven years of activity. It will introduce 8 new bookable tourism products in the NTCA area and initialise a year-round events programme incorporating mid- to major-scale events.

Outputs of the Tourism and Local Supply programme will link into the North of Tyne Tourism and Events Programme in the medium to long term.

The following are examples of **Outcomes** because of this funding priority:

* Increased adoption of digital and/or green technologies within products and services delivered by the tourism industry, and introduction of new service lines into the industry
* Increased collaboration between traditional tourism subsectors (food and drink, hospitality, leisure, attractions, etc.) and non-tourism sectors, particularly those in the NTCA priority areas (digital, renewables, culture and creative, and ageing)
* Improve the credentials of the North of Tyne tourism ecosystem by becoming; smarter, greener, more inclusive, and more authentic (routed in placed-based initiatives and activity)
* Improve the productivity, turnover and resilience of the North of Tyne tourism ecosystem and local supply chains
* Improved marketing of local produce and services through stronger place-based branding and subregional B2B relationships
* Leverage private sector funding into the North of Tyne geography

**Funding Priority 2: Strengthening Local Supply**

Through this activity our aim is to explore new approaches to stimulate and improve the connection between **local supply and demand** across a range of sectors, including those in the foundational economy such as food and drink, hospitality, retail, leisure and their associated supply-chain businesses.

This might include seeking new approaches to:

* Promoting local products, independent outlets, and local markets to wider audiences with more place-based authenticity
* Supporting the development and expansion of Social Enterprise
* Developing local produce in the supply chain and establishing 'buy local' initiatives.
* Introducing innovative products/services, or e-platforms, to enhance the diversity and resilience of supply chains, in collaboration with industry bodies (e.g. food and drink, events, logistics, etc.)
* Developing proactive approaches by anchor employers in localities including those which encourage and incentivise shopping locally.

The following are examples of **Outcomes** because of this funding priority:

* Increased awareness of local produce options across public, VCSE and private sector workforces
* Introduction of new suppliers and new products and services in local supply chains
* Increased adoption of digital and green technologies within local production and distribution and local provision of services
* Increased collaboration between local producers and local outlets
* Improved productivity, turnover and resilience of local supply chains
* Improved marketing of local produce and services through stronger place-based branding and subregional B2B relationships

Proposals across both funding priorities 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.

## Summary of Call Parameters

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| **Dates** | The Recovery Innovation Deal – Tourism and Local Delivery Models call for a partner will open on Wednesday 5 May 2021 and close at midnight on Wednesday 16 June 2021. With an award around mid-July 2021, the programme is expected to go live in late Summer 2021.  |
| **Indicative Fund Allocation** | £1m (including programme delivery costs).NTCA reserves the right to decrease or increase the indicative allocation or support more or fewer proposals subject to the volume and quality of proposals received. |
| **Applications**  | Applicants are expected to show previous experience of cross-sector innovation programme delivery and an ability to deliver across the region, possibly through a consortium. |
| **Geographical Scope**  | All interventions should be focused on activity and outputs 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 with the highest scoring project proposal being subject to a full green book appraisal. |
| **Eligible match funding**  | Delivery partners will not be expected to identify match funding for the Challenge programme itself but should support individual projects to identify match funding, depending on the nature of the projects. Applicants are asked to set out match funding levels for different types of project. |
| **Procurement**  | All procurement must be undertaken in line with current State Aid regulations and the emerging subsidy control regime. |
| **Eligible expenditure** | NTCA funding is paid quarterly in arrears against actual project expenditure. Costs must be able to be fully evidenced through a robust audit trail and be necessary for delivering project activity.  |
| **Eligible Applicants** | Applicants must be legally constituted at the point of signing a Funding Agreement and be able to enter into a legally binding Funding Agreement. The Applicant will be the organisation that, if the application is successful, enters a contract with the NTCA and therefore carries the liability for ensuring that the terms of the Funding Agreement are met by them and to all delivery partners. Applications are encouraged from consortia or other similar types of partnership arrangements; however, a lead organisation must be selected to become the Applicant. It is this organisation that carries the responsibility and liability for carrying out a compliant project. |

## Assessment criteria

Applications 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**.

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| **Criteria** | **Consideration** | **Available marks** |
| **Strategic Fit** | 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 tourism ecosystem or significant sector growth; andThe 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 (10-15) or Fail |
| **Delivery of desired outcomes** | Demonstration of clear knowledge of the tourism and innovation sectors in the North if Tyne and its specific needs; andClear alignment of proposals with the outcomes set out in the call document.  | Pass (7-15) or Fail |
| **Value for Money**  | The value for money associated with proposals. | 10 |
| **Ability to secure match funding on projects** |  | 5 |
| **Subsidy Control Risk**  | State aid risk will be established through an assessment of the applicant’s understanding of the relevant subsidy control considerations and solutions and the degree to which they have taken and provided evidence of appropriate legal/professional advice.  | 5 |
| **Deliverability risk** | 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.Clear demonstration of robust, fair and transparent approach to procurement, and where applicable, compliance with public procurement regulations. Ability to deploy the funding within the timeframe set and to implement at pace; andEvidence of partnership strength, commitment (as appropriate) and strategic backing.  | 15 |
| **Inclusive Economy Fit**  | 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 |

***NB: a detailed scoring Matrix is provided at Appendix 1.***

Project proposals will be scored against the selection criteria in this document. Scoring of proposals will be undertaken by a panel made up of Officers of the NTCA and other relevant advisory members. Applications 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.

NTCA may enter dialogue with applicants and seek clarification at any point in the application process. This may lead to proposals being adapted, withdrawn, or suggestions to combined with the of proposals submitted by other applicants in a new partnership arrangement.

## Subsidy Control

Following the UK’s departure from the European Union on 31st December 2020, a new subsidy control regime is now in place. As such, NTCA require all applicants for funding to seek advice setting out how projects are compliant with the new UK Subsidy regime. The application includes a specific section for applicants to respond.

(This is a requirement under the new regime, as set out in the BEIS Technical Guidance *(which can be accessed here:* [*https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/technical-guidance-on-the-uks-international-subsidy-control-commitments-from-1-january-2021*](https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/technical-guidance-on-the-uks-international-subsidy-control-commitments-from-1-january-2021)*)*

Please note the advice should cover both receipt of the Funding from NTCA and the subsequent transfer of that Funding to third parties.

To comply with new subsidy control regulations, all awards that are considered ‘subsidies’, and with a value of over £300,000, will be published on the new BEIS transparency database. All awards will be monitored for their ongoing compliance with subsidy control rules.

## Application process and submission of Proposals

The business case form is designed to comply with the UK Treasury ‘Green Book’. It is a generic form for use by a wide variety of projects. The amount of detail required should be proportionate to the scale and complexity of your project. You can include additional, clearly referenced, supporting information where this helps explain your case.

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 tourism sector in the North of Tyne or strategic value that can be added because of regional, national, or international experience, expertise, and track record.
* Relevant performance information and relevant examples of past performance and impact.

This call for project proposals will open on Wednesday 5 May 2021 and close at midnight on Wednesday 16 June 2021.

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

* [North of Tyne Economic Vision](https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/09/NorthofTyne_EconomicVision_webfinal.pdf);
* [North of Tyne Inclusive Economy Statement](https://www.northumberland.gov.uk/NorthumberlandCountyCouncil/media/About-the-Council/North%20of%20Tyne%20Authority/Inclusive-Economy-Policy-Statement.pdf);
* [North East Strategic Economic Plan](https://www.northeastlep.co.uk/the-plan)
* [North East COVID-19 Economic Response: Our work so far and next steps Report](https://www.northeastlep.co.uk/wp-content/uploads/2020/06/economic-response-summary-report-final-1.pdf)

Completed applications should be sent to matt.bratton@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.

## Indicative timetable

Proposals considered as part of this call should relate to projects that can be completed by the end of September 2022; however, NTCA reserves the right to extend this date as required.

**There is an opportunity for potential applicants to join an online Q&A session with NTCA to answer any questions relating to the application. For transparency, this will be a public event. It will take place at 11am on Thursday 20 May 2021.** Applicants can request to join the virtual meeting by emailing matt.bratton@northoftyne-ca.gov.uk.

The *indicative timetable* is set out below:

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| --- | --- |
| **Date** | **Activity** |
| **Wednesday 5 May 2021** | Call opens*Questions and clarifications may be sought until the deadline* |
| **Thursday 20 May 2021** | Q&A Forum |
| **Wednesday 16 June 2021 (midnight)** | Deadline for submissions to NTCA |
| **From 17 June 2021** | Assessment of proposals by NTCA |
| **From July/August 2021** | Award and contracting process begins |

## 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

Applicants in developing their proposals should provide robust sources of evidence to support unit costs and assumptions relating to social and economic impact of their activities. Applications will be appraised in line with the Treasury Green Book methodology plus NTCAs Inclusive Economy Case. Applicants should ensure they have given a strong and robust rationale and where appropriate underpinning evidence of assumptions for all aspects of the application.

**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 10 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 subsidy control requirements.

**Appendix 1 – Detailed Scoring Criteria**

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| **Assessment of Project** |
| **Strategic fit with NTCA Vision and Call Specification** |  13-15 | 10-12 | Fail | Fail | Fail | Fail | Pass score /15 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** | 13-15 | 10-12 | 7-9 | Fail | Fail | Fail | Pass score /15 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.  |
| **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  |
| **Subsidy Control risk** | 5 | 4 | 3 | 2 | 1 | 0 | 5 |
| Independent legal opinion supports compliant route or confirm no Subsidies. | Applicant identifies a compliant Subsidy Control route. | Relevant Subsidy Control issues understood and clarified | Relevant Subsidy Control issues understood but currently unable to be clarified | No appropriate consideration of Subsidy Control provided | Request not compliant with Subsidy Control. |
| **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, clear procurement plan. 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. Procurement plan in place but lacking detail. |  | Management and delivery arrangements considered to be weak. High risk of failure with limited mitigation considered. No procurement plan provided and minimal response to procurement questions.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 managementNo response to procurement |
| **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** |  **/75** |