North of Tyne Combined Authority Business Innovation Vouchers: Call for Proposals

## Introduction

The purpose of this call definition document is to provide eligible potential applicants with the information needed to apply for the North of Tyne Combined Authority (NTCA) Business Innovation Vouchers Call.

It is expected that the leading proposal received through this Call will also apply to the Community Renewal Fund. Should the application be successful, this would enable the delivery of further outputs by widening the offer to business or by enabling an extension to the NTCA programme.

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

## Background & Strategic Context

**National context**

A recent survey by ‘BeTheBusiness’ found that 21% of businesses were ‘pivoting’ their business model in response to COVID-19. While research conducted by Sage in September into over 1000 SMEs reported that over the past six months 73% had adopted new technology.

However, Sage also found that two thirds of SMEs want to invest more in technology, with medium sized businesses (100-250 employees) seeking to invest an average of £25,000, whilst smaller businesses (10-100 employees) were more likely to seek to invest £10,000 to £15,000. The crisis – particularly its impact on cashflow – has made investment in the future more difficult and many SMEs will not make the investment they need to in technology. One-in-two firms report they have no cash to invest in anything new at the moment and businesses report they will only make 41% of the investment in technology they think they need.

Sage found that 89% of SMEs believe that if the Government introduced financial incentives to help their business adopt new technology, it would be beneficial for helping them improve their performance, 42% say it would be extremely or very beneficial. This is backed up by evidence from the CBI, which found that grant support was the single factor most likely to help businesses innovate.

**Innovation Recovery Fund**

In November, NTCA Cabinet approved £10million of funding to support post-COVID-19 economic recovery – for innovations that will make a difference now, and that will leave a legacy that lasts beyond the immediate crisis. This followed on from the £5m North of Tyne COVID-19 Capacity Fund, which was agreed in March 2020 and is supporting businesses, VCS 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, VCS, the CBI, NECC, FSB and Sage Plc. The intention is to have a programme in place to support the period when COVID-19 restrictions have eased.

NTCA is moving to operationalise three key strands of an Innovation Recovery Programme, which include the Business Innovation Vouchers scheme, designed to support adoption of innovative among the SME ecosystem. The funding initially allocated to this stream of work is £1.5million.

Two complimentary schemes, ‘Tourism Innovation Challenge’ and ‘Adapting Places and Spaces’, will run concurrently; they do not form part of this Call for Proposals.

## Call Details: Overarching Principles, Funding Priorities & Focus

This Call seeks to identify a potential delivery body (or partnership) able to **co-design**, **launch** and **deliver** a ‘Business Innovation Voucher’ scheme; a means to identify, support and fund North of Tyne businesses to adopt ‘company-specific innovation’, focused on SMEs including Social Enterprises.

We propose to adopt a broad definition of ‘company-specific innovation’, which would support new activity by the company. Vouchers could be used against a range of external costs, including to fund, for example: new equipment and technology for the organisation, introduction of new cyber security measures, consultancy advice, leadership/management training related to company innovation/evolution, or used as match against other innovation funding. Funding could not be used to replace existing equipment e.g. computers or routine expenditure.

The delivery body/intermediary organisation will be required to illustrate how they are able to deploy the fund within the timeframe set and manage a diverse portfolio of clients. The organisation will be supported by an ‘Innovation Voucher Oversight Panel’, which will be drawn from the NTCA and three Local Authorities and take a strategic view of the programme.

The proposed objectives of the Vouchers would be to:

* Reduce the cost to businesses of undertaking adaptation/innovation, encouraging business investment
* Support the safeguarding and creation of jobs
* Align with NTCA’s inclusive economy focus and approach

The detailed criteria for the Vouchers would be:

* Vouchers to provide financial support for ‘business innovation’
* Targeted at SMEs and Social Enterprises
* Providing a maximum of 50% of costs, with remainder matched by business
* Vouchers up to maximum of £10k
* Consultancy services, and where possible other elements, to be provided locally
* Marketed alongside wider package of NTCA programmes and in conjunction with LA business support hubs and NELEP Growth Hub Connectors
* Businesses expected to sign-up to NTCA’s Good Work Pledge, might already be on an innovation/evolution journey and be encouraged to engage with other NTCA programmes (e.g. Return to Work)

Any approach should build on the success of previous grant and innovation projects and be aligned to Government’s new Help to Grow scheme as well as Government’s Community Renewal Fund.

The Vouchers would be marketed alongside other elements of the NTCA’s Investment programme as part of a joined-up approach. For example, the National Innovation Centre for Data and Digital Adoption Programmes provide technical support through a delivery partner, which could be complemented by capital/equipment/specialised consultancy investment which could be funded through the vouchers. Equally, the Vouchers programme will take into account – and be positioned as complementary to – Local Authority and NE Local Enterprise Partnership activity.

Recipients of the vouchers would be required to demonstrate how they intend to deliver against North of Tyne Investment Fund outputs – as set out in table 2 – and how they would support our inclusive economy objectives.

*Table 2: Expected outputs*

|  |  |
| --- | --- |
| **Direct jobs created** | Achievable figure to be proposed in Section 4.1 |
| **Direct jobs safeguarded** | Achievable figure to be proposed in Section 4.1 |
| **Number of enterprises receiving support** | Achievable figure to be proposed in Section 4.1 |
| **Private sector leverage** | Achievable figure to be proposed in Section 4.1 |

The overarching principles for this Call are:

* Target investment into businesses that have the potential to grow
* Flexibility – maintain flexibility so the fund can respond to the uncertain climate in which it will operate
* Additionality – support contingent on proposals demonstrating match funding is essential
* Strategic alignment – proposals must be strategically aligned with NTCA plans

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

## Summary of Call Parameters

|  |  |
| --- | --- |
| **Dates** | The Recovery Innovation Deal – Business Innovation Vouchers Call will open on 23 March 2021 and a preferred delivery organisation expected to be identified by April 2021. It is expected that the preferred delivery organisation would also develop a bid to Government’s Community Renewal Fund.The programme should be complete by March 2022.  |
| **Indicative Fund Allocation** | The first phase of this project is expected to consist of £1.5million of activity and grants (including programme delivery costs). We expect to identify a single applicant to deliver the entire programme. Subject to demand, speed of implementation and impact, the Vouchers programme may be extended further, up to £3million. The total funding available is inclusive of any fund administration costs which should be costed into the overall programme budget.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 submit proposals which demonstrate impact and additionality. NTCA funding is not intended to replace existing funding. |
| **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.The deadline for Proposals is midnight 18 April 2021. |
| **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**  | Proposals will be expected to demonstrate how they will capture the expected minimum of 50% private sector match funding.All match funding must be able to be evidenced through actual expenditure. In-kind match-funding cannot be included within project costs. |
| **Procurement**  | Applications must demonstrate that the project will follow national procurement regulations (where applicable), and that procurement processes achieve best value for money for public funds. |
| **Eligible expenditure** | NTCA funding is paid quarterly in arrears against actual project expenditure. An initial up-front grant to support cashflow for the project can be drawn down again forecast, as has been provided for similar NTCA-funded schemes. 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 into 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. |

## Assessment criteria

Applications will be scored against the following criteria.

|  |  |  |
| --- | --- | --- |
| **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.  | 10-15 or Fail |
| **Delivery of desired outcomes** | Demonstration of clear knowledge business innovation; andClear alignment of proposals with the outcomes set out in the call document.  | 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**  | Subsidy Control 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.***

Scoring of proposals will be undertaken by a panel made up of Officers of the NTCA and other relevant advisory members and will be processed in line with the NTCA’s Assurance Framework. Promising applications will require consideration by: NTCA’s Technical Officers Group and Investment Panel.

NTCA may enter dialogue with applicants and seek clarification at any point in the application process

## 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>*)*

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 business ecosystem 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 the 23 March 2021 and close at midnight on 18 April 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%2520of%2520Tyne%2520Authority/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 which can be completed by the end of March 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 Tuesday 30 March 2021.** Applicants can request to join the virtual meeting by emailing matt.bratton@northoftyne-ca.gov.uk.

The *indicative timetable* is set out below:

|  |  |
| --- | --- |
| **Date** | **Activity** |
| **23 March 2021** | Call opens*Questions and clarifications may be sought until the deadline* |
| **30 March 2021** | Q&A Forum |
| **18 April 2021 (midnight)** | Deadline for submissions to NTCA |
| **From 19 April 2021** | Assessment of proposals by NTCA |
| **From May/June 2021** | Support bringing a proposal forward within the Community Renewal Fund application, leading to award and contracting processes. Should a Community Renewal Fund application not be successful, the NTCA programme will continue. |

## 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.



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 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**

|  |
| --- |
| **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.  |
| **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** |  **/70** |