

Call Definition Document for access-to-finance ecosystem coordination proposals at Expression of Interest (EOI) Stage: advice and intermediary brokerage support for enterprises seeking investment.

1. Introduction

NTCA was formed in November 2018 through a Devolution Deal agreed with HM Treasury. This deal and similar devolution agreements across the UK saw certain administrative and funding powers transferred from Central Government to a regional level. NTCA is the devolved body for Newcastle, North Tyneside, and Northumberland.

Our vision is of a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and a high quality of life, narrowing inequalities and ensuring that all residents have stake in our region's future.

Specifically, the North of Tyne Devolution Deal sets out to:

- Deliver 10,000 new jobs
- Add £1.1 billion GVA to the economy, and
- Leverage over £2.1 billion in private sector investment.

NTCA works in partnership with the three constituent local authorities and the North East Local Enterprise Partnerships (NELEP) in the pursuit of these ambitions.

The purpose of this document is to provide potential applicants with the information needed to submit first stage expression of interest proposals that can support access-to-finance ecosystem coordination and improved investment availability and readiness for organisations in the North of Tyne area.

We are interested in innovative proposals that achieve the specific objectives set out and align with the broader objectives and values of NTCA.

2. Strategic Context: Access to finance needs and NTCA investment

The North of Tyne Combined Authority (NTCA) has indicatively allocated £15m from its devolved investment fund to support the access to finance needs of SMEs, innovative companies, and Socially Trading Organisations in the North of Tyne area.¹

NTCA's research and market engagement has indicated that businesses have a variety of funding needs, from the point of establishment through various stages of growth – including grant/micro finance for early-stage businesses through to loan and Venture Capital. As a business matures, they typically need to move up the funding 'escalator' and require a different mix and more sophisticated finance for each stage of maturity (figure 1).

¹ <https://www.northoftyne-ca.gov.uk/wp-content/uploads/2021/09/NTCA-Cabinet-22.9.21-Agenda-Pack.pdf>

Diagram of 'typical' business growth trajectory, market finance provision (blue boxes) and example points where public sector might target intervention (in red)

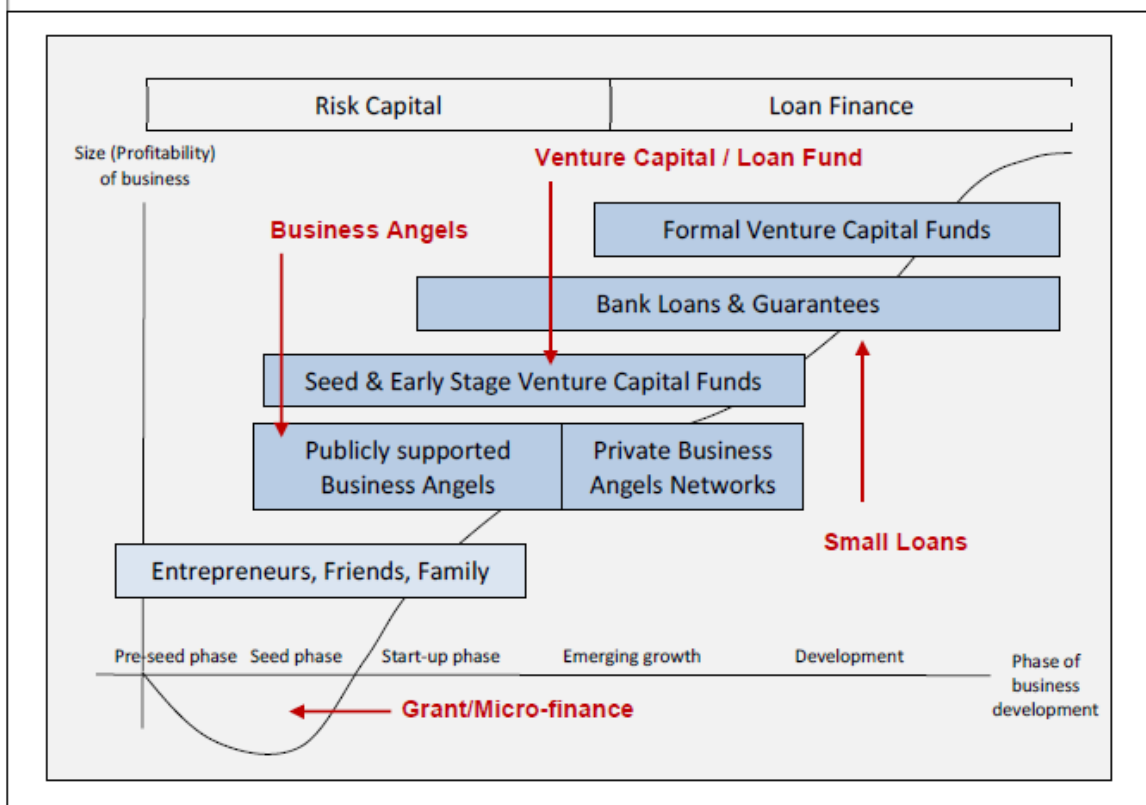


Figure 1: Business Finance Escalator

Ensuring that all products necessary for growth are available is a key system stewardship role for the public sector. Gaps in finance offerings can cause business stress or even encourage business relocations. Both the availability of funds and the maturity or 'investor readiness' of businesses are key considerations in how well the overall ecosystem functions. NTCA is working to ensure that all the various fund types that form an 'escalator' for business growth are available, but also to provide enhanced advisory support to businesses, so that they are able to access the finance they require to undertake growth.

Our evidence base has shown that, while larger businesses are more likely to have access to a range of financial products a lower appetite for risk from borrowers and lenders, and gaps in market offerings for specific funding types, products, services, or deal/loan sizes can constrain businesses of all sizes. Overall, the access to finance system in the NTCA area works reasonably well for most, but it is more likely to be sub-optimal for smaller businesses, higher risk ventures (typically seeking risk or venture capital) or those seeking unsecured lending.

Work undertaken by the North East LEP in 2020 considered the effectiveness of the region's access to finance ecosystem. It identified scope to improve: the availability of equity funding, especially seed and early-stage private equity and venture capital; ecosystem leadership; and the intermediary system that stimulates demand for finance from businesses, including support which ensures that businesses are investor ready, aware of, and ready to pitch for the full range of financial products open to them.

In addition to the activity covered in this call, NTCA has also allocated £14m of funds for direct investment in funds which will support and invest in innovative companies and Socially Trading Organisations. This includes £10m equity and venture capital fund to support innovation and growth, and a £4m social finance fund to invest in and support businesses and employee-owned initiatives contributing to social and environmental change.

NTCA wish to ensure that an optimal level of investment occurs by supporting appropriate intermediary advice to better connect supply and demand with respect to business finance and to improve 'investment readiness' of businesses so they are better able to grow.

3. Scope and Priorities

NTCA is seeking proposals for activity which will provide impartial support that connects and prepare enterprises for investment from the full range of public and private funding available within the area and more broadly where appropriate, including equity and loan funds and mainstream financial institutions.

Organisations applying should have a consolidated understanding of the local financial ecosystem as it relates to enterprises (including Socially Trading Organisations) seeking debt or equity investment.

The **priority** outcomes to delivered include:

- An increase in private investment into North of Tyne based organisations
- Improved access to finance for SMEs and social enterprises through improved access to finance ecosystem coordination and intermediary support for businesses.
- Increased collaboration between agencies including banks, non-bank lenders and regional publicly backed loan and equity funds.
- Improved investor readiness of local businesses, start-ups and scale-ups to access the funding available.
- Improved awareness of financial products available (both public and private) on the part of local enterprises.
- Improved access to impartial, specialist advice, guidance and support by NTCA based organisations.

4. Overarching Principles

NTCA expects the support to be delivered in line with the following principles. The successful applicant(s) should ensure:

- **Alignment with NTCA values and priorities**
- **Credible impartiality** – including appropriate separation of advice and fund management/administration where the applicant engages in both activities.
- **High quality support** - on a one to one, tailored, 'whole of market' basis.
- **Inclusive** - An appropriate offer and expertise for organisations at all stages of the business development cycle from start-up to growth funding.
- **Value for Money** – including innovative ways to enable business contributions/match funding.

5. Expected outputs

Proposals should clearly articulate how the overarching principles above and the anticipated outcomes will be delivered.

Proposals should demonstrate impact using NTCA's Outputs and Results indicators² including the following:

- 005 - Number of enterprises receiving support
- 006 - Creation or safeguarding of space for shared community and/or business activities
- 001 - Direct jobs created
- 002 - Indirect jobs created
- 003 - Direct jobs safeguarded
- 004 - Indirect jobs safeguarded

In addition to the standard indicators above – applicants are also encouraged to consider other metrics which may include amount of investment received within a reasonable timeframe from the intervention and other measures of business confidence or ability to seek/secure investment.

6. Submission of Proposals

First stage Expression of Interest application forms for this funding opportunity are available by emailing A2F@northoftyne-ca.gov.uk

Queries from applicants should be sent to A2F@northoftyne-ca.gov.uk. Applicants should be aware that queries may be anonymised and responded to publicly through a Q&A Log on the NTCA website.

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

- [North of Tyne Corporate Plan 2021-2022 - 'Jobs, Skills and A Post-COVID Economy'](#)
- [NTCA Inclusive Economy Policy Statement June 2021](#)
- [NTCA's Strategic Skills Plan and Adult Education Budget funded activities](#)

Completed applications should be sent to A2F@northoftyne-ca.gov.uk by 2 May 2020. Before doing so, please ensure that you have followed the guidance, completed all questions and entered an electronic signature.

7. Assessment & Selection Process

This funding opportunity will be developed through a two-stage process. First Stage Expression of Interest and Second Stage Full Business Case.

First stage Expressions of Interest should be submitted on the form provided and will be scored against the following **eligibility 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.

² <https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/11/North-of-Tyne-Combined-Authority-Outputs-Guidance.pdf>

Criteria	Consideration	Available marks
Strategic Fit	<ul style="list-style-type: none"> • The proposed fit with NTCA Corporate Plan, Inclusive Economy Statement and call focus area. • Activities are clearly set out and the interventions are likely to be effective and will lead to a greater take up of finance in the North of Tyne; and • The proposal is developed in adherence with the overarching principles for the call and includes appropriate evidence of stakeholder support, value added, etc. 	Pass (10-15) or Fail
Delivery of desired outcomes	<ul style="list-style-type: none"> • Demonstration of clear knowledge and understanding of the finance options available to SMEs and Social Enterprises in the NTCA area; and • Clear alignment of proposals with the overarching principles and funding priorities set out in the specification. • Clear and relevant outputs proposed. 	Pass (7-15) or Fail
Value for Money	<ul style="list-style-type: none"> • The value for money associated with proposals. 	5
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 in respect of this category. 	5
Status of Match Funding	<ul style="list-style-type: none"> • The degree to which match funding that is confirmed will be assessed. 	5
Subsidy Control Risk	<ul style="list-style-type: none"> • Subsidy Control risk will be established through an assessment of the applicant's understanding of the relevant Subsidy Control principles and whether they apply to the project, as well as the types of beneficiaries that will be in receipt of support. 	5

Deliverability risk	<ul style="list-style-type: none"> • Robust assessment of deliverability, capacity and risks. Clear explanation of delivery routes, activities, timeframes, and key milestones. • Evidence of partnership strength, commitment (as appropriate) and strategic backing. • Clear logic model setting out overall rationale for the project and linkages between proposed activities and intended outcomes/outputs. 	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
Marks Available		75

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 Delivery of Desired Outcomes are Pass/Fail, as indicated in the scoring guidance and matrix.

NOTE: a detailed scoring Matrix is provided at Annex C.

8. Stage 2 – Full Business Case (for those proposals passing EOI stage only)

Project proposals that meet the minimum requirement for the pass/fail criteria and have a scored a minimum of 45 points out of 75 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.

9. 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.

10. Other information

Projects should be developed in line with NTCA's Funding Guidance which has been provided in support of this call.

NTCA 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.

NTCA does not accept any liability for any issues that may arise for applicants under this scheme, whether they are successful or not.

Annex A - Funding Parameters

Funding Priorities	See call definition document.
Focus	See call definition document.
Geographical Scope	All interventions should be focused on activity within the North of Tyne Combined Authority area with businesses based in or with significant operations in the NTCA area.
Dates & Deadlines	The first stage Expression of Interest (EOI) will open on 24 March 2022. EOI's will be accepted up to the closing date of 2 May 2022. EOI's received after closing date will not be considered.
Indicative Fund Allocation:	NTCA has agreed an indicative budget of £900k from its Investment Fund to improve ecosystem coordination, maximise take-up of existing finance on offer and improve investor readiness. It is anticipated that one award will be made for this element of the programme. NTCA reserves the right to decrease or increase the indicative budget allocation or support more or fewer proposals, subject to the volume and quality of proposals received. NTCA does not provide any guarantees of funding and all proposals developed are at the applicant's own risk.
Project duration	All activity and spend must be completed within 3 years of the commencement date.
Eligible match funding	Proposals will be expected to demonstrate how they will maximise value for money and leverage against NTCA investment. This includes demonstrating that the funding requested is the minimum required; and that opportunities for match funding have been maximised including through public and private sources.
Added Value	Applicants are expected to submit proposals which demonstrate impact and additionality. NTCA funding is not intended to replace existing funding/
Application selection	Applications for will be scored in line with the NTCA assessment criteria set out in section 5
Procurement	All procurement must be undertaken in line with UK regulations or where European Funding is included European and UK Regulations.

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.
Desired Impact	The primary intent of the investment will be to support local enterprise and therefore create/safeguard jobs.