

**Incubator Support Fund
Call for Applications
Information for applicants**

Open: 11th September 2019
Close: 11th October 2019



Introduction

The North East Local Enterprise Partnership (North East LEP) is committed to driving economic growth achieving 'more and better jobs' across Northumberland, Tyne and Wear and County Durham. Our aspiration is set out in the Strategic Economic Plan which provides the framework for delivery of our thematic programmes, including a focus on achieving innovation-led growth to enable the North East to re-take its position as a leading innovation hot-spot in Europe. Innovation-led growth is essential to our long-term prosperity as we recognise that only by continuously innovating in our products, processes, business models and applications of technologies can the North East improve productivity and global competitiveness. Innovation, the practice of matching what is necessary with what is possible moves beyond pure research to address social and economic challenges and opportunities by developing, testing, demonstrating and bring to market new and novel solutions.

This funding is part of our approach to supporting the development of a strong network of business incubators, with a focus on our Areas of Opportunity and Smart Specialisation Areas. We are inviting Expressions of Interest for capital grants towards the costs of creating new incubator space or expanding and improving existing incubators. This will normally be up to a maximum of £500,000 however in exceptional circumstances, where there is clear demand and a strategically significant project is put forward a higher level of funding may be awarded.

Call focus - project proposals invited

Expressions of Interest are invited for capital grant support towards the development of, or improvement of existing incubation facilities. The normal maximum for investment will be £500,000 for capital works such as building, modification or equipment. In exceptional cases a higher level of funding may be awarded where a strong strategic project that meets evidenced market demand can be shown.

Applications will need to demonstrate a level of match funding, most commonly around 50%, although where a clear case can be made other levels of match funding may be considered. Although the funding is limited to capital investment due to the source of funding, good incubation requires strong revenue support. Applications must demonstrate how the other funding will ensure that the capital works are accompanied by high-quality and relevant revenue support.

Incubators are business acceleration facilities that offer:

- A unique value proposition or specific programme(s) to nurture innovative start-ups with considerable economic potential in fast growing markets and products
- A strong knowledge base in one or more of the defined Smart Specialisation areas or key cross-cutting knowledge and technology areas and access to markets and talents, financing, entrepreneurship training, management guidance and mentoring.
- A strong collaboration with universities in terms of research and commercialisation activities
- At least a regional and preferably national or international outreach and network
- A proven management team with the necessary experience and expertise to support innovative start-ups from their early stages into high growth companies



- Sponsors from both the public and private sector
- A revenue model that will be sustainable in the long-term

Projects supported will be those which match the strategic aspirations set out in the Strategic Economic Plan and the innovation programme with significant potential to make a demonstrable contribution to the Incubator network within the region and reflect the description of incubation summarised above.

This is the third call that has been launched under this funding programme. There have been several projects already supported enhancing existing provision. Whilst the need for incubation facilities remain applicants must consider current market demand and the focus and location of provision.

Applications that address gaps in provision in underserved locations (such as outside of the city centres) will be particularly welcome.

Applications that address gaps in provision in underserved sectors will be particularly welcome.

Applications in sectors already well served will need to demonstrate clearly how they are complementing existing provision and addressing evidenced gaps.

Strategic economic context

The North East Strategic Economic Plan provides the strategic economic policy context to focus investment in the North East for the period 2014 to 2024. Delivering the SEP is crucial to achieving the North East LEP's primary objective of establishing more and better jobs within a more productive North East economy.

Projects are required to clearly demonstrate how they meet the requirements of, and make a meaningful contribution to, the delivery of relevant priorities set out in the recently 'refreshed' North East [Strategic Economic Plan](#).

In particular reference to the strategic objectives set out for the innovation programme within the Strategic Economic Plan will be required. The Innovation Programme seeks to improve and enhance the ability for growth of North East businesses by making the most of opportunities for innovation both in new products and improved processes.

Our approach to innovation is therefore built around two core principles:

- An open, collaborative and networked environment with a focus on supporting delivery
- Strategic focus on recognised areas of industrial specialism and of scientific leadership in the North East economy

Selection Criteria

The Incubator Support Fund is being funded through the Local Growth Fund which is targeted at the long-term economic growth of an area through jobs and business. Projects



supported through this fund will be designed to maximise and achieve a meaningful contribution to these aims; although as stand-alone projects these are not likely to generate new jobs or businesses directly. Expressions of Interest will be scored against the following criteria: -

Scoring Assessment Matrix

Criteria	5	4	3	2	1	0	Max Score
Strategic Fit with SEP and Call	Very strong, fit, key element of SEP		Modest links to either SEP or call			No links to SEP or call	10
Fit with Incubator definition	Very strong fit		Modest fit			No fit	15
Outcomes	Demonstrates clear ability to meet all outcomes		Likely to meet some of the defined outcomes			Unlikely to meet any of the defined outcomes	5
Intensity of current grant request (% of costs for current stage)	Less than 50%	Less than 50%	50-69%	70-84%	85-100%		5
Match funding confirmed	Fully confirmed		Most of match funding in place		Little match funding in place	No match funding confirmed, unlikely to be found	5
State Aid Risk	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.	5
Deliverability Risks	Considered to be have a high chance of success with risks well managed		Moderately likely to succeed, some risks with strategies in place			Considered to have a very low likelihood of success and/or multiple high level risks with no clear management	5



	Score	/ 50
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Selection Process

Projects will be scored on competitive basis against the criteria set out in this call. Applications will be scored against the matrix above and must reach at least 30 to be progressed and any project that score zero in any category will not be considered.

The projects will be scored by a panel made up of members of the LEP team and Innovation Board Chair. Following this, a selection of projects will be invited to submit a detailed Business Case for their projects, which will be appraised in line with the LEPs Assurance Framework. This Business Case will be compliant with the HM Treasury 'five case' model.

Deliverability

You must be able to demonstrate that the project activities are realistic and necessary. The project needs to demonstrate how this will be achieved in the timescale for reasonable application of a Business Case with robust costings and supporting information. In addition, you must demonstrate that you have identified and are managing risks to delivery, this may include, as applicable, securing planning approval, match funding and land ownership depending on the stage of development.

Applicants should note that all spend under this call must be completed by March 2021.

State Aid – how might this impact on my request for funding?

The percentage of funding you request may be limited by State Aid regulations. State Aid can be complex and often projects will need to source their own specialist advice to understand how this will impact on the level of funding that can be applied for and associated obligations.

In some projects no State Aid will be involved. Either way, we ask you to carefully consider this matter and explain your projects position.

Where projects may involve State Aid you should identify how this may be legally granted. The North East LEP has an approved State Aid scheme with the European Commission covering a range of General Block Exemption Regulations. Applicants are encouraged to [read this document](#) before returning their application.

Key Performance Indicators (KPIs)

To understand the forecast economic impacts and value for money of your project, we need you to provide information on all Key Performance Indicators (KPIs) that are relevant.



A list of KPIs related to this call can be found [here](#). Section 7 of the EOI asks you to detail how you have calculated your KPIs and also if there may be displacement effects in the local economy. This is an opportunity for you to describe the economic growth impacts your project will deliver and will be used to provide evidence of value for money.

Interested in submitting an application?

We welcome informal contact and discussion from interested parties to help you assess the eligibility of your project or to answer any queries. Please contact:

James Davies	james.davies@nelep.co.uk	0191 561 5430
Ben McLaughlin	ben.mclaughlin@nelep.co.uk	0191 561 5446

What happens next?

If you are interested in submitting an application, please contact either James Davies (details above) or Ben McLaughlin (details above) for the relevant form.

Please send your completed application form to Ben.mclaughlin@nelep.co.uk. Before doing so please ensure that you have followed the guidance, completed all questions and entered an electronic signature. Submission must be received by 11.59pm on 11th October 2019



Other supporting documents

Please consider the following documents that are available on the North East LEP website and that may help you with your application.

- [North East Strategic Economic Plan](#)
- List of [Key Performance Indicators](#)
- Smart Specialisation Areas – please contact the LEP for more information

