

Initiation Form

Summary		Reference:	BUS002c
Activity Name:	Research, Development & Innovation (entrepreneurial culture)		
Activity Description:	RD&I programme focused on nurturing an entrepreneurial culture		
Investment Priority:	Supporting Local Business	Intervention:	<p>E19: Investment in research and development at the local level</p> <p>E20: R&D grants supporting innovative product & service development</p> <p>E21: Development of innovation infrastructure at the local level</p>
Funding Available:	£ 7.25m (Total)	<p>This funding opportunity includes both capital and revenue funding. The Good Growth programme will seek to manage the capital/revenue split at a programme level and while an indicative split has been included in the financial tables below, we encourage projects to come forward with the capital/revenue split that is appropriate for them to deliver against this initiation form.</p>	
Type of funding opportunity:	Open invitation for projects to come forward		
Open Date:	02/03/2023	Close Date:	24/07/2023
Review point 1:	30/05/2023	Review point 2:	24/07/2023

Context

Description: Description of the activity and what is expected to be achieved

Building on previous investment into Research, Development and Innovation (R,D&I) Cornwall and the Isles of Scilly (CloS) will address the challenge of being the LEP area with the lowest level of investment into

research, development and innovation (RD&I), while simultaneously having demonstrated our ability to grow this investment by 86% (0.21% to 0.39% of GDP) whilst the national figures for R&D spend remained static¹.

We will seek to boost investment into R,D&I through a three-pronged approach with a focus on promoting innovation diffusion and increasing R&D expenditure across the business base via tailored R,D&I advice (as described in initiation form BUS002d) and small grant funding available for businesses through the Good Growth Hub (as described in initiation form BUS002b). We will also seek to strengthen the CloS entrepreneurial culture at an ecosystems level (as described in this initiation form) through our anchor institutions, other knowledge institutions and organisations with a proven track-record of delivering R,D&I activity.

The aim of this activity is to:

- Increased R&D expenditure and R&D tax credit claims across the business base
- Pioneering transformational RD&I, aligned with Local Industrial Strategy principles of design, the distinctive opportunities (clean energy resources, geo-resources, data and space, visitor economy and agri-food) and foundations of productivity ambitions.
- Improved dissemination and diffusion of innovation, new products, technologies and alternative business models and practices to improve processes and transform productivity

Through the funding outlined in this initiation form, we want to see proposals for how the CloS entrepreneurial culture at an ecosystem level can be nurtured by knowledge institutions, and other organisations active in the R,D&I space, embedding R&D and creativity and innovation in businesses to improve productivity.

£7.25m is made available for this R,D&I programme (entrepreneurial culture) which could be used to fund the following activity:

- The establishment or improvement of local innovation and technology facilities, including R, D&I incubation space and programmes
- Business outreach programmes aimed at increasing the uptake of and investment into R,D&I by local businesses, including research translation activities, the promotion of R,D&I partnership working and supporting businesses to access R,D&I grants, including national and international sources of R,D&I funding
- R, D&I activity that will further the development of CloS's sectorial clusters as outlined in CloS's Local Industrial Strategy (clean energy resources, geo-resources, data and space, visitor economy and agri-food)
- Activities that foster high growth ecosystems, including R,D&I that will further CloS ambition to become carbon net-zero by 2030 and our ambition to lead the UK's green industrial revolution

All activities funded under the R,D&I programme must incorporate the Good Growth principles and ensure that delivery contributes towards these.

All activities funded under the R,D&I programme must be fully compliant with UK Subsidy Control and procurement rules.

Strategic Alignment: Description of how proposals should meet strategic objectives, local need and the programme priorities. Expectations for coordination with other funding programmes.

The proposal for the R,D&I programme (entrepreneurial culture) year 2 and 3 should demonstrate strategic fit and link to local community, social or economic needs.

¹ [LEP-industrial-strategy-30.09.22.pdf \(cioslep.com\)](#) see Ideas section on page 42.

This opportunity contributes significantly to the achievement of Government's Mission 1 for Levelling Up:
Improve productivity and pay, closing the gap between regions.

This opportunity contributes significantly to the achievement of Government's Mission 2 for Levelling Up:
Public investment in R&D will increase significantly.

The UK SPF has been launched by UK Government's as part of its wider commitment to level up all parts of the UK and on the key metrics identified in the Levelling Up White Paper Cornwall and the Isles of Scilly is one of the areas in the UK that is most in need of levelling-up. In its Levelling Up White Paper Government outlined that at national level the UK SPF will have a particular focus on the following objectives:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
- Spread opportunities and improve public services, especially in those places where they are weakest.
- Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
- Empower local leaders and communities, especially in those places lacking local agency
- To increase levels of functional numeracy in the adult population

This initiation form describes activity which is part of the Supporting Local Business Investment priority which has the following objectives:

- Creating jobs and boosting community cohesion building on existing industries and institutions, from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.
- Bringing together businesses and partners within and across sectors to share knowledge, expertise and resources, and stimulate innovation and growth.
- Increasing private sector investment in growth - enhancing activities, through targeted support for small and medium –sized businesses to undertake new-to-firm innovation, adopt productivity- enhancing, energy efficient and low carbon technologies and techniques, and start or grow their exports.

Interventions:

- E19: Investment in research and development at the local level
- E20: R&D grants supporting innovative product & service development
- E21: Development of innovation infrastructure at the local level

Our Good Growth Investment Plan identifies the need to increase levels of research, innovation and development within businesses in CloS as a key part of the strategic ambition to increase productivity levels across the local economy. The CloS Industrial Strategy clearly sets out the importance of building on investment into Research, Development and Innovation (R,D&I) that have taken place over the past 20 years and addressing head on the challenge that Cornwall and the Isles of Scilly is the LEP area with the lowest level of investment into research, development and innovation (RD&I), while simultaneously having demonstrated our ability to grow this investment by 86% (0.21% to 0.39% of GDP) whilst the national figures for R&D spend remained static².

The number of R&D tax credit claims per 1,000 businesses in CloS is significantly lower than the figures in the UK and South West. CloS only accounts for 5.5% of the number of R&D tax credit claims and 1.7% of R&D expenditure in the South West. Lack of Intellectual Property (IP) advice and information on the potential commercial opportunities presented by investment in RD&I, prototype development and scaling up is a

² [LEP-industrial-strategy-30.09.22.pdf \(cioslep.com\)](#) see Ideas section on page 42.

barrier to growth for micro businesses and SMEs in CloS. Because of the nascent academic infrastructure and lack of large businesses, the small and micro business base is more active in the innovation space than in other areas. However, the prevalence of micro and small businesses, and lack of large firms has implications on the propensity and resources to invest in R&D. Our businesses have applied for fewer grants, smaller grants and have lower success rates on their applications than the South West and national average. 81% of Innovate UK funding goes to small and micro businesses, compared with 39% nationally, with lower values attached.

Research institutions, including those based outside of CloS, have a fundamental role to play in translating research into commercial opportunity that benefits CloS. The research institutes in CloS, although lower density and with relatively young higher education infrastructure, have worked closely with the business community to provide highly skilled graduates, cutting-edge R&D and knowledge transfer to support our industrial ambitions. Regional research specialisms range from energy, space, mining, marine and agri-tech to health, design thinking, entrepreneurship, screen industries, immersive technologies, digital tech and the environment. The universities collaborate around the world helping to fuel market innovation in the region.

The R, D& I programme (entrepreneurial culture) will need to align with the R, D& I programme (small grants for businesses– less than £200k) delivered through the Good Growth Hub and with a wide range of related national level activities including Innovate UK (IUK), UK Edge (formerly Enterprise Europe Network), Knowledge Transfer Network (KTN), Department for International Trade (DIT), British Business Bank (BBB), Intellectual Property Office (IPO), Be the Business (Productivity Leadership Group), Banks, ICAEW / Accountants, PBS sector, Angel Networks, Universities/Business Schools, Business Intermediaries (e.g. Chambers, FSB etc), Catapults/Incubators and Accelerators, Better Business for All (BBfA)/Regulators, Government Departments e.g. DCMS, DWP, HMRC and Cabinet Office (SME procurement) and National Cyber Security Centre. Where national funding opportunities already exist, such as through [BEIS research and development funding](#), this should be explored first and the Good Growth Programme should be a funder of last resort where other existing national or international R, D & I funding programmes are not available for the proposed activity.

The R,D&I programme (entrepreneurial culture) will need to fully aligned with the following other SPF activity delivered in parallel:

- Research, Development and Innovation skills and business support programme as described in initiation form BUS002b (small grants)
- Research, Development and Innovation skills and business support programme as described in initiation form BUS002d (bespoke business support)
- Strategic Sector Development as described in initiation form BUS004b
- Good Growth Hub as described in initiation form BUS001b

Furthermore, close alignment with the CloS People Hub will be required including when this transitions to SPF funding in year 3 (2024/25):

- Coordinated People and Skills support as described in forthcoming initiation form SKI001

All funding expended should contribute to the “Good Growth” requirements outlined in the CloS SPF Good Growth Investment Plan. Activities funded under the R,D&I programme (entrepreneurial culture) shall incorporate the Good Growth principles into its delivery and higher levels of funding distribution may be spent on projects, activity or initiatives that deliver the greatest contribution to these objectives especially where they are located and/or target the areas and people of C IoS most in need of levelling up, subject to UK Subsidy Control.

Please note:

- **Cornwall Council reserves the right to allocate more or less funding than the values set out in this initiation form.**

Route to Market: Open Invitation Explain the chosen route to market

In order to identify the projects that will deliver best value for money an open invitation to bid is viewed as the most appropriate route to market. Organisations applying must be able to demonstrate a proven track record of delivering R,D&I activity and we would expect knowledge institutions already working with businesses in CloS to be well-placed to respond to this open invitation

This route to market will enable all relevant and interested organisations in CloS the opportunity to apply for funding to deliver the ambitions outlined in this initiation form. Project(s) must be delivered by a legally constituted organisation that can receive public funds and fully in line with subsidy control rules.

Specific Requirements: Description of specific requirements

As part of the response to this initiation form, we want to see projects outline how the proposed project will build on existing knowledge assets and activities and articulate how the project will work in partnership with other projects and partners operating within the R,D&I space including knowledge institutions, sector organisations, key businesses involved in sectorial R,D&I activity and FE colleges.

Projects must also articulate how the R,D&I programme will deliver on the Good Growth ambitions outlined in the CloS Good Growth Investment Plan. Cornwall Council and the Council of the Isles of Scilly are committed to ensure that projects supported through the Shared Prosperity Fund deliver green and inclusive economic growth. That the jobs created are well paid, quality jobs, that all our communities are able to access the opportunities available through this fund and that our environment benefits from this economic prosperity.

The good growth outcomes have been designed to ensure that all SPF applicants consider the impact of their project and identify what contribution it will make towards good growth. Whilst we accept that not all projects can contribute to every good growth outcome, we will expect the R,D&I programme to ensure that:

- Activities contribute the good growth outcomes
- use the good growth outcomes within their assessment criteria when selecting partners
- report on the good growth contribution of the activities funded.

We furthermore expect projects funded under the R,D&I programme (entrepreneurial culture) to outline how it will link to other activities funded under SPF, in particular the bespoke R,D&I business support offer provided through the Good Growth Hub.

Projects shall ensure that leveraging in of private or other sources of public funding is maximised and that value for money is ensured. A flexible approach will be taken to ensure that consideration is given to exceptional cases where very high grant rate will be appropriate such as projects located on the Isles of Scilly where transport costs are high, community projects where no opportunities for private sector leverage exists or projects targeting new products and markets where entry costs are high and risks involved prevent the activity proceeding without a higher intervention rate.

Projects shall ensure that all activity is fully compliant with UK Subsidy Control rules.

Project proposals should also:

1. Set out how people and skills and talent development opportunities are included as part of wider project delivery

2. Demonstrate how activity will complement and not duplicate mainstream, existing and other funded activity. Highlighting the wrap-around support being proposed, and how communities and beneficiaries to be supported will be identified and engaged.
3. Respond to a clearly identified need and clearly describe the need.
4. Not conflict with national policy or local strategies.



Budget & Spend Profile						
Funding Available:	£ 7.25m	£ 4.75m	£ 2.5m			
	(Total)	(Capital)	(Revenue)			
Minimum Award:	£ 1.00m	Maximum Award:		£ 7.25m		
	23/24		24/25		Total	
Intervention (E)	Capital (£m)	Revenue (£m)	Capital (£m)	Revenue (£m)	Capital (£m)	Revenue (£m)
<i>E19: Investment in research and development at the local level</i>	0.472	0.236	1.180	1.680	1.652	1.916
<i>E20: R&D grants supporting innovative product & service development</i>	0.236	0.118	0.472	0.472	0.708	0.590
<i>E21: Development of innovation infrastructure at the local level</i>	0.236	0.000	2.152	0.000	2.388	0.000
Total	0.944	0.354	3.804	2.152	4.748	2.506
Total per year	£1.298 m		£5.956 m		£7.254m	
Intervention Rate:	Flexible		Target Leverage:	£ 7.25m (Total)		
Spend Start:	01/04/2023		Spend End:	31/03/2025		

Good Growth Principles					
<i>All SPF investments must be made in consideration of the Equality Act 2010. It is mandatory for all applications to assess impact of their project between people who share a protected characteristic and those who do not.</i>					
<i>In addition, the following specific good growth principles must be considered for this activity:</i>					
Clean and Green		Business / Economy		Equality/Inclusive growth	
C1 Reduction in CO2 emissions	<input checked="" type="checkbox"/>	BE1 Increase % of workforce earning real living wage	X	EQ1 Invest in projects that encourage a healthy lifestyle	<input checked="" type="checkbox"/>
C2 Circularity - reduction in use of virgin raw materials. Recycle reuse principles	<input checked="" type="checkbox"/>	BE2 Improve productivity in all sectors	<input checked="" type="checkbox"/>	EQ2 Reduce gender pay gap	X
G1 Nature recovery	<input checked="" type="checkbox"/>	BE3 Contribute positively to CloS economy, environment and equality through purchasing/procurement	<input checked="" type="checkbox"/>	EQ3 Increased levels of functional numeracy and literacy in the adult population	<input type="checkbox"/>
G2 Attracting private sector green finance income to Cornwall	<input checked="" type="checkbox"/>	BE4 Upskilling the workforce	X	EQ4 Maximise opportunity for people with disability and ill health (including mental health)	X

Contribute to the Environmental Growth Strategy for Cornwall and Isles of Scilly	<input checked="" type="checkbox"/>			EQ5 Maximise work based opportunities for those with SEND particularly relating to spectrum disorders and dyslexia	X
				EQ6 support for the aging population to remain economically active	X
				EQ7 Support young (under 30) entrepreneurs	<input checked="" type="checkbox"/>
				EQ8 Levelling-up of towns and neighbourhoods throughout CloS	<input checked="" type="checkbox"/>
				EQ9 Increased capacity and place-based leadership in communities	<input type="checkbox"/>
				EQ10 Advance equality of opportunity between people who share a protected characteristics and those who do not (Equality Act 2010)	X
				EQ11 Assist individuals with complex barriers to employment to access opportunities	<input checked="" type="checkbox"/>
				EQ12 Have a positive impact on children and promote and uphold children's rights under United Nations Convention on the Rights of the Child (UNCRC)	<input type="checkbox"/>

Outputs/Outcomes

For this invitation to bid we are looking for activity that delivers the following outputs and outcomes during the period 2022/23-2024/25:

E19: Investment in research and development at the local level	Output / Outcome	Total for the period 2022/23 – 2024/25
Number of enterprises receiving non-financial support*	Output	128

Number of businesses introducing new products to the firm***	Outcome	22
Number of organisations engaged in new knowledge transfer activity following support*	Outcome	128
Number of enterprises adopting new to the firm technologies or processes*	Outcome	22
Number of new to market products	Outcome	22
Greenhouse gas reductions (% decrease in Tonnes of Co2e)**	Outcome	8
Number of enterprises with improved productivity*	Outcome	22
E20: R&D grants supporting innovative product & service development	Output / Outcome	Total for the period 2022/23 – 2024/25
Increased amount of investment (£)	Outcome	933,675
Number of businesses introducing new products to the firm***	Outcome	18
Number of organisations engaged in new knowledge transfer activity following support*	Outcome	53
Number of enterprises adopting new to the firm technologies or processes*	Outcome	18
Number of new to market products	Outcome	18
Number of R&D active enterprises*	Outcome	53
Number of enterprises adopting new or improved products or services*	Outcome	18
E21: Development of innovation infrastructure at the local level	Output / Outcome	Total for the period 2022/23 – 2024/25
Number of enterprises receiving financial support other than grants*	Output	6
Jobs created	Outcome	59

*Output/outcome has changed slightly compared to original outputs/outcomes published by government: [UK Shared Prosperity Fund: outputs and outcomes definitions \(2\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/uk-shared-prosperity-fund-outputs-and-outcomes-definitions-2)

** Output/outcome has changed substantially compared to original outputs/outcomes published by government: [UK Shared Prosperity Fund: outputs and outcomes definitions \(2\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/uk-shared-prosperity-fund-outputs-and-outcomes-definitions-2) and alternative output/outcome figure will be agreed at contracting stage.

*** Output/outcome discontinued compared to original outputs/outcomes published by government: [UK Shared Prosperity Fund: outputs and outcomes definitions \(2\) - GOV.UK \(www.gov.uk\)](#) and alternative output/outcome will be agreed at contracting stage.

The outputs and outcomes stated here reflect our Investment Plan submission to Government. Applicants should note Cornwall Council reserves the right to adjust and refine these outputs and outcomes as delivery progresses during the duration of our SPF programme and further national guidance becomes available.

Appraisal Criteria

Strategic Alignment	Good Growth	Deliverability	Value for Money
30%	30 %	25 %	15%

Explanation for criteria weighting

This initiation form covers year 2 and 3 delivery of the R, D & I programme and particular importance has been given to strategic alignment and good growth. Given the relatively short delivery period until March 2025 deliverability has also been prioritised. While value for money is also important but recognising that R,D&I activity are inherently more uncertain than other types of projects this criteria has been scored slightly lower.

For further information on the programme please refer to the [Good Growth website](#). Completed Applications and relevant documentation must be submitted via email to goodgrowth@cornwall.gov.uk before the deadline stated on this Form.

Support and guidance to assist applicants through the application process is available at [Good Growth website](#).

More information on Shared Prosperity Fund can be found on the UK Government website; <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus>

Date Updated:	31/01/2023	Lead:	Good Growth Team
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