



Initiation Form

Summary		Reference:	BUS002b
Activity Name:	Research, Development & Innovation (small grants)		
Activity Description:	Research, Development & Innovation (R,D&I) programme, including R,D &I business advice and small grants through the Good Growth Hub		
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:	£ 5.0m (Total)	This funding opportunity includes both capital and revenue funding . While an indicative split has been included in the financial tables below, we encourage the Good Growth Hub to come forward with the capital/revenue split that is appropriate for them to deliver against this initiation form.	
Type of funding opportunity:	Direct delivery by Cornwall Council Good Growth Hub, business advice and small grants for businesses.		
Open Date:	02/03/2023	Close Date:	10/03/2023

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 small grants for businesses available through the Good Growth Hub (as described in this initiation form), tailored R,D&I advice (as described in initiation form BUS002d), and activities to strengthen the CloS entrepreneurial culture at an ecosystems level (as described in initiation form BUS002c).

The aim of this activity is to:

- Increased R&D expenditure and R&D claims across the business base
- Pioneering transformational RD&I, aligned with Local Industrial Strategy principles of design, the distinctive opportunities 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 a proposal for how the CloS Good Growth Hub can incorporate access to a dedicated R,D & I small grants budget within the wider CloS Good Growth Hub offer (as described in initiation form BUS001b).

£5m is made available for a dedicated R,D&I small grants budget within the Good Growth Hub. It is expected that the Good Growth Hub will establish a small grants scheme which will offer fast and flexible R,D&I grants to local enterprises as part of a wider business support journey. The grants will be highly flexible and very light touch in terms of process to applicants while ensuring compliance and due process. The Good Growth Hub shall ensure that leveraging in of private funding is maximised, with regard to the SPF outcome 'Increased amount of investment (£). Value for money must be ensured while taking a flexible approach to allow for consideration of exceptional cases where very high grant rate will be appropriate (and permissible under UK Subsidy Control Regime) 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. Grants of up to £200,000 will be offered to local enterprises. Average grant sizes and leverage requirements will be based on comparatives estimates from previous programming, national best practice and research on business support efficacy and UK Subsidy Control regime with default intervention suggested at 50%.

The R,D&I programme (small grants) will be delivered through the Good Growth Hub team based in Cornwall Council's Economy & Skills Service. The Good Growth Hub will be responsible for ensuring join-up between the small grants pot available for R,D&I, the bespoke R,D&I business support which will be commissioned through initiation form BUS002d and the wider business support offer that the Good Growth Hub will delivery (BUS001b). Nestling the R,D&I programme into the wider Good Growth Hub activity will ensure synergies, provide a joined up service to businesses and allow them to access a flexible business support offer channelling various business focussed intervention allocations, both capital and revenue, within a single application process.

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

The Good Growth Hub will ensure that the R,D&I business support offer will incorporate the Good Growth principles and ensure that delivery contributes towards these.

The Good Growth Hub shall ensure that all support offered to enterprises, whether business support services or grants, is 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 (small grants) year 2 and 3 should demonstrate strategic fit and link to local community, social or economic needs.

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 that 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 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.

Alignment with the wider Good Growth Hub offer will be crucial and continued alignment will also be required, through national Growth Hub Funding (BEIS), with a wide range of related 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.

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

- Good Growth Hub as described in initiation form BUS001b
- Research, Development and Innovation skills and business support programme as described in initiation form BUS002c (entrepreneurial ecosystem)
- Strategic Sector Development as described in initiation form BUS004b
- Trade and Investment Programme as described in initiation form BUS005b
- Net Zero, Resilience & Green Skills Programme as described in initiation form BUS007b
- Rural Prosperity Fund Smalls grants fund for farm diversification, food & drink processing as described in forthcoming initiation form RUR001

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

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. The Good Growth Hub shall incorporate the Good Growth principles into its delivery of business support across CloS, including its small grant schemes where 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 Cornwall and the IoS most in need of levelling up.

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: **In-house Delivery** Explain the chosen route to market

Activity will be delivered by Cornwall Council’s Good Growth Hub team situated with the Economy and Skills Service in Cornwall Council. Direct delivery of the Good Growth Hub will allow Cornwall Council to build on its award-winning CloS Growth Hub while consolidating a fragmented business support landscape by providing a single front door for businesses seeking support. The business support offer will be strengthened by closely linking advice with small grants schemes will be managed by the Good Growth Hub team.

Specific Requirements: Description of specific requirements

As part of the response to this initiation form we want to see a delivery plan submitted alongside the application form. This delivery plan should articulates how the R,D&I small grants pot will be merged into the wider Good Growth Hub offer and how it will link to the bespoke business support offer put in place via initiation form BUS002d. The delivery plan must also articulate how the bespoke R,D&I programme will deliver on the Good Growth ambitions articulated 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 Good Growth Hub to ensure that:

- Projects are encouraged to contribute the [good growth outcomes and principles](#)
- use the good growth outcomes within their assessment criteria
- report on the good growth contribution of the projects they have funded

We therefore expect the delivery plan for the Good Growth Hub to articulate how the above Good Growth principles will be carried into the delivery of this Year 2 and 3 activity. The good growth policy will provide further detail and support will be provided to Project Managers from within the PMO.

We furthermore expect the delivery plan to outline how the Good Growth Hub intends to manage the relationship with business support providers as well as the CloS knowledge anchor institutions who will be delivering the other part of the R,D&I programme (entrepreneurial ecosystem – BUS002c).

The Good Growth Hub shall ensure that leveraging in of private funding is maximised and that value for money is ensured while taking a flexible approach 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.

The Good Growth Hub shall ensure that all support offered to businesses, whether business support services or grants, is fully compliant with UK Subsidy Control rules.

The Good Growth Hub proposal 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:	£ 5.00m	£ 4.25m	£ 0.74m
	(Total)	(Capital)	(Revenue)
Minimum award related to small grants for businesses:	£ 5,000	Maximum award related to small grants for businesses:	£ 200,000

	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>	0.528	0.000	1.320	0.084	1.848	0.084
<i>E20: R&D grants supporting innovative product & service development</i>	0.264	0.132	0.528	0.528	0.792	0.660
<i>E21: Development of innovation infrastructure at the local level</i>	0.264	0.000	1.348	0.000	1.612	0.000

Total	1.056	0.132	3.196	0.612	4.252	0.744
Total per year	1.188		3.808		£4.996m	
Intervention Rate:	Flexible	Target Leverage:	£ 5m (Total)			
Spend Start:	01/04/2023	Spend End:	31/03/2025			

Good Growth Principles

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.

In addition, the following specific good growth principles must be considered for this activity:

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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>
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	<input checked="" type="checkbox"/>	EQ4 Maximise opportunity for people with disability and ill health (including mental health)	<input checked="" type="checkbox"/>
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	<input checked="" type="checkbox"/>
				EQ6 support for the aging population to remain economically active	<input checked="" type="checkbox"/>
				EQ7 Support young (under 30) entrepreneurs	<input checked="" type="checkbox"/>
				EQ8 Levelling-up of towns and neighbourhoods throughout CloS	<input 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	89
Number of enterprises receiving grants*	Output	116
Number of businesses introducing new products to the firm***	Outcome	15
Number of organisations engaged in new knowledge transfer activity following support*	Outcome	89
Number of enterprises adopting new to the firm technologies or processes*	Outcome	15
Number of new to market products	Outcome	15
Greenhouse gas reductions (% decrease in Tonnes of Co2e)**	Outcome	6

Number of enterprises with improved productivity*	Outcome	15
E20: R&D grants supporting innovative product & service development	Output / Outcome	Total for the period 2022/23 – 2024/25
Number of enterprises receiving grants (numerical value)*	Output	95
Increased amount of investment (£)	Outcome	648,825
Number of businesses introducing new products to the firm***	Outcome	12
Number of organisations engaged in new knowledge transfer activity following support*	Outcome	37
Number of enterprises adopting new to the firm technologies or processes*	Outcome	12
Number of new to market products	Outcome	12
Number of R&D active enterprises*	Outcome	37
Number of enterprises adopting new or improved products or services*	Outcome	12
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	4
Jobs created	Outcome	41

*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 \(www.gov.uk\)](https://www.gov.uk/government/publications/uk-shared-prosperity-fund-outputs-and-outcomes-definitions-2) 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 %	20 %	20%
Explanation for criteria weighting			
<p>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. Deliverability and value for money are also important but recognising that R,D&I activity are inherently more uncertain than other types of projects these two criteria have been scored slightly lower.</p>			

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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