



Tees Valley Combined Authority

UK Shared Prosperity Fund (UKSPF)

Open Call invitation to submit project bids

Supporting Local Business

Call reference: TVCA UKSPFSLB004

This document is a source of information for applicants and their delivery partners. It sets out the strategic context of the UK Shared Prosperity Fund (UKSPF) within the Tees Valley, the scope of what this Open Call seeks to achieve and the eligibility principles and practices to which we expect successful applicants and their proposed projects to adhere to, as well as the specific criteria and application process.



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Introduction

This Call focuses on the UK Shared Prosperity Fund (UKSPF) Investment Priorities within Tees Valley Combined Authority's UKSPF programme of **Supporting Local Business**. Tees Valley Combined Authority is seeking proposals to deliver activity in the Tees Valley as part of the UKSPF defined interventions as follows:

E23: Strengthening local entrepreneurial ecosystems, and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks; and

E29: Supporting decarbonisation and improving the natural environment whilst growing the local economy. Taking a whole systems approach to invest in infrastructure to deliver effective decarbonisation across energy, buildings and transport and beyond, in line with our legally binding climate target. Maximising existing or emerging local strengths in low carbon technologies, goods and services to take advantage of the growing global opportunity.

The programme is for a duration of one year and will deliver throughout 2024-25 (year three of the UKSPF programme).

The total value of funding for this call is £5.55m and we expect delivery to take place across several different and complimentary projects which use innovative approaches to support Tees Valley businesses.

Selection and delivery of projects will be overseen by the Tees Valley Business Board.



Context

TEES VALLEY COMBINED AUTHORITY

Tees Valley Combined Authority (TVCA) was created in April 2016, with the purpose of driving economic growth and job creation in the area. TVCA is a partnership of five authorities; Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland, and Stockton-on-Tees, working closely with the integrated Tees Valley Business Board, wider business community and other partners to make local decisions to support the growth of our economy.

Under the devolution deal with Government, TVCA have taken on responsibilities previously held by Westminster and Whitehall, for transport, infrastructure, skills, business investment, culture and tourism. Ben Houchen is the elected Mayor of Tees Valley and chairs the Combined Authority.

UK SHARED PROSPERITY FUND

The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK Government's Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6bn for local investment by March 2025 delivered by three priority areas:

- Communities & Place
- People & Skills
- Supporting Local Business

The Government appointed Tees Valley Combined Authority (TVCA) as the Lead Authority for UKSPF in Tees Valley. Tees Valley has taken a strategic approach to prioritisation, set out in our [UKSPF Investment Plan for 2022-2025](#). The plan will see targeted funding to address areas of need and fill gaps in current activity.

UKSPF forms part of a suite of complementary levelling up funding. The activities that UKSPF funds must complement and not duplicate other resources including but not limited to: Adult Education Budget, Levelling Up Fund, Town Deals, Future High Street Fund, Levelling Up Partnerships funding, Made Smarter and/or other Department for Business and Trade programmes.

The UKSPF objectives of the Supporting Local Business investment priority are:

- Creating jobs and boosting community cohesion, through investments that build on existing industries and institutions, and range from support for starting businesses to visible improvements to local retail, hospitality and leisure sector facilities.
- Promoting networking and collaboration, through interventions that bring 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.

Tees Valley has been allocated £46.3m of the UKSPF for 2022-2025, £5.55m has been made available for this Open Call for delivery in 2024-2025.

Businesses may be referred from a range of sources, including self-referral, into any Tees Valley UKSPF project and there is an expectation that businesses will be able to access support across multiple projects; for this reason, it is mandatory that projects are able and willing to share data.

There are four existing Tees Valley UKSPF Supporting Local Business projects that must be considered as partner projects within the overarching UKSPF programme. These have been awarded through a previous UKSPF Supporting Local Business Open Call and are:

- Digital
 - Supporting businesses to adopt digital technologies and develop new products and services.
- Securing Investment
 - Supporting businesses to be investor ready in securing finance.
- Supply Chain
 - Supporting businesses to maximise business opportunities and strengthen local supply chains.
- Net Zero
 - Supporting businesses to be energy efficient and have a net zero roadmap

STRATEGIC ALIGNMENT

In 2019 the Tees Valley Combined Authority Cabinet agreed the [Investment Plan for 2019-2029](#), which set out the focus for investments to create new jobs, grow the skills base and improve our infrastructure. To ensure a fully integrated approach, UKSPF priority setting has taken place in the context of this longer-term Investment Plan.

Additionally, the TVCA [Strategic Economic Plan](#) details the area's ambition to drive the transition to a high-value, low-carbon, diversified and inclusive economy and sets out the ambition to unlock a net additional 25,000 jobs by 2026.

Business growth is a key priority within our economic plan, including diversification of the economy, supporting more business start-ups and developing growth potential.

In supporting this priority, as the Local Growth Hub for Tees Valley, the Combined Authority are helping ambitious SME businesses and budding entrepreneurs in Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees to grow.



Evidence base

In our investment priority to support local businesses there are several local challenges both within the context of the local economy and the local business support eco-system.

The Tees Valley Business Board have undertaken a series of engagement workshops with a range of businesses to obtain feedback to strengthen the evidence base for this UKSPF call. Businesses were asked to identify where they have received support previously, what worked for them and what didn't, and what future support they felt would be beneficial.

In comparison to the rest of the UK the Tees Valley economy is underperforming. The opportunity is to accelerate the creation, scale-up and growth of businesses to redress this imbalance.

The **Tees Valley UKSPF Evidence Base** can be found [here](#).

BUSINESS DENSITY	
Challenge	Opportunity
<p>With a current base of 17,715 businesses, Tees Valley business density is 37% below the national average.</p> <p>Excluding London, the Tees Valley business density is 33% below the England average.</p> <p>Against the Northern Powerhouse 11, Tees Valley business density is 21% lower.</p>	<p>Levelling up to the national average equates to an additional 10,489 businesses.</p> <p>Excluding London, levelling up to the England average equates to an additional 8,771 additional businesses.</p> <p>Levelling up to the Northern Powerhouse 11 average equates to 4,690 additional businesses.</p> <p>Levelling up against these benchmarks presents significant local opportunities. Not only would this make a significant contribution to our economic activity it would have the potential to create an additional 26,432 (national average), 22,102 (excluding London) and 11,818 (Northern Powerhouse 11) jobs respectively (based on the average micro-business employing 2.52 people).</p>
BUSINESS CREATION	
Challenge	Opportunity
<p>Tees Valley business birth rates are 38% below the national average, 2,335 new businesses were created in 2021.</p> <p>Excluding London, the business birth rate is 29% below the England average.</p>	<p>Levelling up to the national average equates to an additional 1,436 new businesses per annum.</p> <p>Excluding London, levelling up to the England average equates to an additional 954 new businesses.</p>

<p>Against the Northern Powerhouse 11, Tees Valley business density is 23% lower.</p> <p>New business survival rates are comparable, even slightly better, than the national average.</p>	<p>Against the Northern Powerhouse 11, Tees Valley business density is 23% lower, levelling up to improve business birth rates is key to the Tees Valley improving the business density position.</p> <p>Assuming business survival rates are maintained at current levels (which are slightly better than the national average) or improved, levelling up business birth rates is a key opportunity in addressing the business density challenge faced.</p>
BUSINESS SCALE-UP	
Challenge	Opportunity
<p>Tees Valley has one of the lowest business scale-up rates in the UK, with negative growth in scaleups between 2013 and 2021.</p> <p>Scale up businesses are defined as companies who have increased their turnover and/or employee numbers annually by more than 20 per cent over a three-year period.</p> <p>In the most recent data published by the Scale-Up Institute, Tees Valley ranked 31st lowest out of all 41 UK regions, with 195 scaleups and a total scaling pipeline of 90.</p>	<p>Improving the number of scale-up businesses is a significant opportunity. For example, achieving the level of the NE Local Enterprise Partnership (LEP) area, which has 19% more scale-up businesses would equate to 42 additional high growth businesses, potentially 3,086 additional jobs and £570m additional combined turnover.</p> <p>Achieving the level of the Cheshire and Warrington LEP area, which has 79% more scale-up businesses would equate to 173 additional high growth businesses, potentially 12,796 additional jobs and £2.4bn additional combined turnover.</p>
PRODUCTIVITY	
Challenge	Opportunity
<p>Taking Gross Value Added (GVA) as an indication of productivity, Tees Valley lags the national average, with GVA per hour worked at 88.2% of the national average.</p> <p>In 2019, Tees Valley GVA per hour worked was £31.0, up from £30.9 in 2018. However, UK GVA per hour worked increased from £34.8 to £35.2 over the same period. This meant that the Tees Valley GVA per hour worked index fell from 88.7 to 88.2.</p>	<p>Increasing digital adoption, capital investment, innovation and workforce development are all significant opportunities in addressing the Tees Valley productivity gap.</p>
EMPLOYMENT AND SKILLS	
Challenge	Opportunity
<p>The Tees Valley employment rate is 5.3% below the national average.</p>	<p>Enabling businesses to recruit, retain and develop the talent needed to start, scale and grow is a key opportunity and provides</p>



<p>The number of high skilled jobs are 24% less than the national average in the Tees Valley, weekly earnings are £61 less than the national average and the number of people with L4+ skills is 23% below the national average.</p>	<p>significant potential to create employment and training opportunities.</p>
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Supporting local business eco-system challenges and opportunities

A strong local business support eco-system is fundamental to redress the economic imbalances and accelerate the creation, scale-up and growth of business across Tees Valley. Addressing these challenges requires an accessible and impactful business support eco-system with transparent opportunities for all businesses.

A strong and accessible local business support eco-system is fundamental if we are to maximise these significant economic opportunities and accelerate the creation, scale-up and growth of businesses across Tees Valley.

SIMPLIFICATION	
Challenge	Opportunity
<p>The business support eco-system is complex, confusing, and difficult to navigate for the business community.</p> <p>There are many different business support offers, provided by various organisations at a local, regional, and national level, which are complex to understand and challenging to access. The challenge is to simplify and streamline the business support offer, ensuring straightforward access to the local business community.</p>	<p>An opportunity to simplify and streamline business support, making it accessible, responsive, and relevant to business needs for all businesses.</p>
LONGEVITY	
Challenge	Opportunity
<p>All too often the support that businesses receive is short term and sporadic. Feedback from businesses is that they need ongoing support throughout their journey of start-up to scale-up to growth.</p> <p>The challenge is to develop a business support ecosystem that provides longevity of support through an end-to-end account management model, building trust and understanding and enabling a much more impactful relationship over time rather than a constant dipping in and out of unconnected programmes.</p>	<p>An opportunity to build long-term relationships with businesses, engaging and supporting throughout their start, scale and grow journey.</p> <p>A business support offer that provides a sustainable approach beyond the life of the initial project is welcomed.</p>

SECTORS	
Challenge	Opportunity
One size does not fit all, and a key challenge is to ensure a business support eco-system that recognises the different needs and priorities of different sectors, tailoring approaches as appropriate.	An opportunity to ensure that support recognises and responds to the different needs of different sectors, sizes and stages of business.
ENTREPRENEURSHIP	
Challenge	Opportunity
<p>To ensure that there is effective and impactful support in place to drive the creation of more businesses.</p> <p>Whilst existing business support provides practical advice to those taking steps to start a business, there is a challenge in inspiring a whole new generation of entrepreneurs and significantly increase the propensity of local people to want to go into business.</p>	An opportunity to drive entrepreneurship and business creation.
SCALE-UP	
Challenge	Opportunity
To ensure more small and medium businesses are able to scale operations and maximise market opportunities a key challenge is to provide a clear and comprehensive wrap-around support offer that deals with the challenges businesses are facing including with innovation, digitalisation, international trade, securing investment, talent, supply chain and net zero.	An opportunity to drive the scale-up of small and medium sized businesses.
GROWTH	
Challenge	Opportunity
To ensure more businesses are able to grow and maximise market opportunities a key challenge is to provide a clear and comprehensive wrap-around support offer that deals with the challenges medium-sized businesses are facing including with innovation, digitalisation, international trade, securing investment, people, supply chain and net zero.	An opportunity to ensure more businesses are able to grow and maximise market opportunities, including being able to take advantage of import and export activities.



Call priorities

The **Tees Valley UKSPF Supporting Local Business** proposals are for a comprehensive programme of support to:

1. Create new businesses.
2. Scale-up businesses.
3. Grow small and medium-sized businesses.

The delivery of these core objectives should address the challenges and opportunities outlined above.

The programme specifically aims to level-up the Tees Valley and this Open Call includes specific activity and innovative and pilot projects and will emphasise:

- the need to define new support proposals for business that do not replicate existing programmes;
- maximise the direct benefit that businesses will receive from the UKSPF programme;
- increase the opportunity for smaller Tees Valley businesses and organisations to provide innovative pilot solutions;
- encourage business to business support rather than create formal governance arrangements through partnerships and consortia that take time to establish and potentially delay delivery;
- maximise the financial support to businesses with the available investment; and
- contribute to the overall Tees Valley UKSPF Supporting Local Business outputs and outcomes (outlined in the Outputs and Outcomes section of this document).

The above will be delivered via a single lot and to test successful methods of supporting local business several contracts are expected to be awarded. All successful projects will be awarded within the total funding envelope of **£5.55m with a minimum contract award of £100,000**. Whilst there is no upper limit defined, there is an expectation that no single proposition will fulfil all programme requirements and provide the range of innovative and pilot solutions we expect to see.

Match funding is not mandatory however applicants are encouraged to explore their options in terms of the provision of match funding as this will increase value for money and the impact of the Fund.

It is anticipated that various levels and types of intervention will be required for supporting businesses depending on circumstances and factors of business type and operational sector. In addition, there are varying levels of business support activity within the five Local Authority areas of Tees Valley. As such, we would expect to see activity included within the bids that recognises this and targets support appropriately.

TVCA reserve the right to select bids to ensure support provides coverage for the full Tees Valley region.

Open Call project guidance

Proposals are expected to demonstrate how they will:

- Provide strong partnership working to ensure a streamlined and joined up support offer, including close collaboration with other UKSPF delivery partners and TVCA.
- Communicate and engage with the business community, providing a clear and accessible support offer.
- Enable greater levels of self-help and self-direction and/or peer to peer support.
- Be part of an end-to-end wraparound solution which over time supports a business during its start, scale and grow journey.
- Strongly align UKSPF investment to other business support investment and activities.
- Be responsive and flexible in adapting to changing business needs, opportunities, and priorities.
- Deliver and be able to evidence the strong focus on targets to create/scale businesses and jobs.
- Maximise value for money and impact with the available resources by providing an appropriate mix of high-volume support to all businesses and more targeted and intensive support to a smaller number of high growth potential businesses.
- Have secure and appropriate data collection and recording systems that are able to be interrogated to provide data across other delivery partners and organisations, including TVCA.
- Capture data as appropriate to enable the impact of activities to be evaluated, learn lessons and tailor future activities for maximum impact.
- Demonstrate an equal and inclusive approach to engagement.

OBJECTIVES

Projects proposed under this Open Call must clearly articulate the objectives that address the challenges and opportunities outlined above, it is not expected that a project will seek to address every challenge and opportunity.

Projects must meet the call priorities outlined above as well as clearly stating how they will contribute to the outputs and outcomes of the UKSPF Supporting Local Business programme (listed below).

Annex A provides indicative objectives that could be proposed in bid submissions, however, this is not an exhaustive list and proposals are encouraged to include innovative approaches to addressing the challenges and opportunities that Tees Valley businesses face.

DELIVERY

Projects delivered under this Open Call may explore a range of delivery options, including (but not limited to):

- Online support providing self-diagnostic tools, toolkits, case studies, practical advice, and self-referral.
- A programme of one-to-many events, seminars, and workshops to raise awareness across the business community regarding best practice, opportunities, and the support available.



- A programme of support to smaller groups/cohorts to directly assist individuals and businesses to achieve their ambitions. This could include peer to peer approaches.
- One-to-one support providing more intensive input to assist individuals and businesses to deliver on their plans.
- Utilising appropriate social media, digital and print to reach and engage businesses that may not have been aware of or received support under previous arrangements.

The key point to note here is that the delivery should consider the needs and operations of businesses in the Tees Valley.

COLLABORATION

Projects must be considered as part of the wider Tees Valley UKSPF Supporting Local Business programme and be prepared to support businesses to benefit from multiple streams within the programme. This requires strong partnership working to ensure a streamlined and joined up support offer, including close collaboration with other UKSPF delivery partners and TVCA.

Partners and stakeholders that may be party to this collaboration include (but are not limited to):

- Tees Valley Business Board and TVCA
- Local Authorities (Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees)
- Educational Institutions (e.g. secondary schools, colleges and universities)
- Professional services (e.g. local lawyers, accountants)
- Government departments and national bodies (e.g. Department of Business and Trade, Department of International Trade, Innovate UK, Job Centre Plus)
- Financial institutions
- Organisations operating in the voluntary and community sector.

As well as contributing to a streamlined and joined up Tees Valley business support offer, demonstrated collaboration could also deliver research and development in any of the challenge and opportunity areas.



Outputs and Outcomes

Projects will be expected to contribute to the outputs and outcomes detailed below. Projects can contribute to both interventions (E23 and E29) or they can contribute to a single intervention (E23 or E29).

Project submissions will need to include expected performance to contribute towards these measures, this will be used as part of the assessment and evaluation process to determine value for money. Projects will be held to account against their submitted expected performance.

Applicants should ensure appropriate systems and processes are put in place to:

- Collate claim documentation and supporting evidence
- Compile data for statistical analysis or evaluation
- Track progress against contracted Output and Outcome targets

Intervention E23: Strengthening local entrepreneurial ecosystems and supporting businesses at all stages of their development to start, sustain, grow, and innovate, including through local networks.	
UKSPF Outputs	(numerical value)
Number of businesses receiving non-financial support.	10,137
Number of potential entrepreneurs provided assistance to be business ready.	200
UKSPF Outcomes	(numerical value)
Jobs created.	2,370
Jobs safeguarded.	1,315
Number of new businesses created.	985
Number of businesses introducing new products to the firm.	345
Number of businesses adopting new to the firm technologies or processes.	100
Number of businesses with improved productivity.	100
Number of businesses engaged in new markets.	240

Intervention E29: Supporting decarbonisation whilst growing the local economy.	
UKSPF Outputs	(numerical value)
Number of businesses receiving financial support other than grants.	25
Number of businesses receiving non-financial support.	100
Amount of low or zero carbon energy infrastructure installed (m ²).	3,000
Number of decarbonisation plans developed.	49
UKSPF Outcomes	(numerical value)

Number of businesses adopting new to the firm technologies or processes.	25
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Indicative timeline

Call published. Clarification requests should be sent to: UKSPFenquiries@teesvalley-ca.gov.uk <i>(Responses will not be provided until after the 10th January Information session)</i> <i>Note: do not send submissions to this email address.</i>	Wednesday 20 th December 2023
Information session for this Open Call – it is expected that applicants attend this information session in person. <i>Note: this session will provide general procurement, due diligence and subsidy control as well as specific information for this call.</i>	Wednesday 10 th January 2024 09:00-11:00, Middlesbrough Riverside Stadium Attendance may be booked here .
Proposal application form available.	Wednesday 10 th January 2024.
Responses to clarification requests will be responded to after this date.	Wednesday 10 th January 2024
Deadline for clarification requests.	Wednesday 24 th January 2024 (5pm)
Call closes. Submissions should be sent to this email address prior to call closure: UKSPFsubmissions@teesvalley-ca.gov.uk	Wednesday 31 st January 2024 (5pm)
TVCA Assessment of Bids – this may also include applicants being invited to present their bid(s) to a panel consisting of members of the Tees Valley Business Board and TVCA officers.	February 2024
Recommendations to the UKSPF Local Partnership Group.	February / March 2024
TVCA funding decision (in accordance with TVCA Assurance Framework).	March 2024
Applicants notified of outcome.	March 2024
Expected start date for projects.	April 2024
Project financial completion.	31 st March 2025



Who can apply?

Any organisation can apply for funding to deliver a project under this call including public sector, private sector, voluntary community and social enterprise sector organisations and further/higher education institutions. Organisations must be legally constituted and have a bank account with a minimum of two signatories.

Where specialist or focussed support is required, projects may be delivered through a lead organisation with delivery partners.

The lead organisation must be the lead applicant and grant recipient. Delivery partners must be a legally constituted organisation.

Please read the UK Shared Prosperity Fund Prospectus and the additional guidance which can be found [here](#) prior to making an application. The Prospectus provides detailed information on the national objectives of the Fund, the types of activity it intends to support and the management of the fund.

You should also review the information on the TVCA website including the [Tees Valley UKSPF Evidence Base](#) and Tees Valley UKSPF Investment Plan.

Geographical coverage

All delivery activities must be within the Tees Valley area. All businesses accessing support must be located in the Tees Valley area.

Projects are required to cover all five Tees Valley Local authority areas, which are:

- Darlington
- Hartlepool
- Middlesbrough
- Redcar and Cleveland
- Stockton-on-Tees

Payment terms

TVCA's standard payment terms are quarterly in arrears following submission of a grant claim, however, individual terms can be discussed with successful applicants in exceptional circumstances during the contracting stage.

All projects must be financially complete by 31st March 2025



TVCA Separation of Duties policy

The UK Shared Prosperity Fund is a competitive process. Where members of the Tees Valley Business Board and/or TVCA staff provide support during the development of a proposal there will be a formal Separation of Duties policy in place and those Business Board and staff members will have no involvement in the assessment process. Business Board and staff members who are part of the assessment process will not enter into discussions with bidders.

How bids will be assessed

As the Lead Authority TVCA will manage the funds and assess all bids in accordance with the [Assurance Framework](#) with oversight from the Tees Valley Business Board. Bids will be assessed against:

- Gateway criteria e.g., eligibility of applicant to apply, eligibility of activity – bids that fail to meet these criteria are ineligible for support and will be rejected.
- Extent to which they meet the objectives of the UK Shared Prosperity Fund and the relevant investment priority.
- Extent to which bids would support the delivery of local priorities identified in the Tees Valley UKSPF Investment Plan.
- As part of the assessment process, bidders who are successful in earlier gateway stages will be invited to present to panel.

The extent to which bids meet objectives of the UK Shared Prosperity Fund and support local priorities will be subject to quality assessment using the following criteria:

Quality assessment criteria:	Percentage weighting
Project objectives, plan and fit to call priorities	40%
Project costs	10%
Governance, project and risk management	20%
Outputs and outcomes – value for money	20%
Monitoring and evaluation	10%
Total	100%

Responses to each quality assessment criteria will be scored on a scale of 0 to 10 as set out below. That score shall then be weighted in accordance with the percentage weighting allocated to the relevant individual quality assessment criteria. If any quality criteria scores a 2 or below the assessment panel will cease assessing and dismiss the application as not meeting the minimum threshold.

Assessment	Scoring
Unacceptable/failed to respond/extremely limited response	0
Response raises reservations. A limited response which fails to provide sufficient relevant information, is inconsistent or suggests an unworkable approach. The response shows a limited understanding of what the Open Call intends to achieve or is inappropriate.	2
Satisfactory response. The submission provides an adequate level of information that is relevant and demonstrates a reasonable level of understanding of the Open Call. The response provides an acceptable approach.	5
Good response. The submission responses provide a good level of detail that is very relevant and demonstrates a good understanding of the Open Call. The response provides a good approach.	8
Excellent response. The submission is an exemplary response with a comprehensive level of detail that is relevant. The response provides an excellent approach and could not be expected to be answered more comprehensively or appropriately.	10

Allocation process

The highest scoring applicant(s) will be considered for a grant award subject to the appropriate coverage of project Outputs and Outcomes, geographical location, target groups, successfully passing the due diligence process and having sufficient capability and capacity.

From the initial submissions received, if TVCA does not receive sufficient coverage of project Outputs and Outcomes, geographical location, and target groups TVCA will enter discussions with bidders to discuss their initial submission and ensure that there is sufficient coverage. This will be done on a ranking basis with the highest scoring applicant(s) contacted first.

TVCA will use the total score obtained through questions 1- 5 in the evaluation process to prioritise allocations. Overall scores will be ranked from highest to lowest and grant agreements will be awarded on this basis until the indicative total funding value is fully committed.

TVCA reserve the right not to allocate the full indicative funding value.

Where two or more applicants have identical scores for quality questions 1-5, and the TVCA budget will not allow for all of those applicants to be awarded grant agreements, the unit cost calculation will be used to select projects. This will be done on a ranking basis, with the lowest unit cost ranked the highest.

Project expenditure and costs

Projects must be revenue based and must deliver activity that is in line with the Tees Valley UKSPF Investment Plan and align with the Supporting Local Business Interventions:

Projects that focus on the construction or major refurbishment of buildings, the purchase of land or the purchase of large pieces of equipment **will not be supported**.

It should be noted that UKSPF is a competitive process therefore applicants should carefully consider costings during the development of their project.

Successful projects can begin to incur costs and spend at risk from the date of grant approval. The date of approval is the date confirmation of grant funding is issued in writing from TVCA. Any expenditure incurred before the date of approval is not an eligible project cost unless expressly agreed in writing prior to expenditure.

Projects under this Open Call can contain three types of costs:

- Direct Costs: Non staffing costs which are directly related to the delivery of the project activity. They will be subject to audit and must be capable of being traced back to the source transaction.
- Direct Staff Costs: The salaries and on costs for those staff delivering the project or engaged in activity directly related to the implementation and management of the project.
- Indirect Costs: A fixed cost calculation using a 12% flat rate applied to Direct Staff costs, this would cover costs which are not or cannot be attributed directly to the project activity, meaning an actual cost cannot be attributed to the project.

It is important to define the types of costs within a project and ensure that there is no overlap to avoid any costs being double funded such as wrongly classified as Direct Costs (and included as such) when they are Indirect and will be covered by the flat rate calculation.

DIRECT COSTS

All eligible non staffing costs which directly relate to the delivery of the project. These may include:

- Premises costs and associated running costs which are exclusively used for the project – that is to say costs that are not shared or apportioned across multiple projects or other activities of the organisation.
- Equipment used exclusively for project purposes.
- Materials and consumables purchased solely for project activity.
- Other costs such as marketing, publicity, and evaluation where these can be clearly identified and directly attributable to the project.
- Procured goods/services/works (used exclusively by the project) essential for the delivery of project activity.
- Cost of business trips, other travel, and subsistence required for project activity.

INDIRECT COSTS

Costs which do not fall within the Direct Staff Costs or Direct Costs categories are Indirect Costs and will be covered within the flat rate calculation. Such costs do not have to be itemised or listed within an application. Indirect Costs, often referred to as 'overheads' are those costs which are linked to activity that supports the delivery of a project but cannot be easily attributed to the project and cannot be evidenced by invoices or other transactions. These may include:

- Cost of support function staff who are not engaged in activity directly related to the project (HR, finance)
- Other costs which are not solely associated with the delivery of the project, such as the shared premises costs including rent, utilities, cleaning, IT maintenance or insurance. This means that unless a premise is used solely for the project outlined in the business case then the costs would be covered by the flat rate. There should be no apportionment methodology used to share the cost of premises and running costs over projects as a direct cost.
- Costs of services, equipment or assets not exclusively used by the project where an actual cost cannot be identified.

Indirect Costs will be calculated by applying a set flat rate of 12% to direct staff costs. Therefore, applicants need only itemise direct costs and direct staff costs. There would be no need to itemise indirect costs as they would be covered in the following cost calculation:

$$\text{Indirect Costs (£)} = \text{Direct Staff Costs} \times 12\% \text{ flat rate.}$$

Indirect Costs will not be audited – only direct costs and direct staff costs will be checked and verified.

REVENUE FUNDING CONSIDERATIONS

Eligible revenue funding should fit within the following headings:

- Salaries including oncosts (as above).
- Non-salary staff costs e.g. mileage or public transport costs in accordance with the applicant's travel and subsistence policy.
- Accommodation costs e.g. rent or rates that are directly attributable to the project. If such costs need to be apportioned then they should be covered by the flat rate indirect costs as outlined above.
- Marketing and publicity e.g. costs such as press releases, social media, events and collateral for publicity to promote the project.
- Materials and consumables e.g. specific materials, equipment and goods that need to be used and regularly replaced to deliver the project.
- Consultancy/Professional fees e.g. procured support to deliver specific elements of project activity that cannot be undertaken by project staff. This can include legal fees where applicable.
- Evaluation e.g. costs associated with the evaluation of project activity.
- Flat rate indirect costs (as above)
- Beneficiary costs e.g. training costs, travel expenses that support the delivery of the outputs and outcomes. National procurement guidelines must be followed when procuring products or services.



- Grants issued must be in line with eligible costs and must be necessary to fulfil the agreed delivery aims of the project; they must comply with the requirements of subsidy control. In such circumstances the lead applicant must be able to demonstrate the subsidy status of the grant award.
- Other e.g. any other direct costs that do not clearly fit into the above headings. The details of any such costs must be clearly provided in the project proposal.

INELIGIBLE COSTS

The following costs should not be included:

- Paying for lobbying, entertaining, petitioning or challenging decisions, which means using the Fund to lobby (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity including the receipt of UKSPF funding; or attempting to influence legislative or regulatory action
- Payments for activities of a party political or exclusively religious nature
- VAT reclaimable from HMRC
- Gifts, or payments for gifts or donations
- Statutory fines, criminal fines or penalties
- Payments for works or activities which the lead local authority, project deliverer, end beneficiary, or any member of their partnership has a statutory duty to undertake, or that are fully funded by other sources
- Contingencies and contingent liabilities
- Dividends
- Bad debts, costs resulting from the deferral of payments to creditors, or winding up a company
- Expenses in respect of litigation, unfair dismissal or other compensation
- Costs incurred by individuals in setting up and contributing towards private pension schemes
- Profit

This list is not exclusive and any queries about the eligibility of costs not included in the list above should be addressed to TVCA.

MATCH FUNDING

Match funding is not mandatory however applicants are encouraged to explore their options in terms of the provision of match funding as this will increase value for money and impact of the Fund.

All match funding must be auditable and attributable and therefore, must relate to actual project expenditure. There is no fixed proportion of match funding.

Match funding can be provided from the applicant, delivery partners, or third parties such as businesses or other funding bodies. However, applicants must be able to provide evidence that match funding is in place prior to the project commencing. Loans from banks, building societies and other institutions may also be used as match funding. The loan should be secured prior to contracting to ensure project delivery in line with the agreed timescales.



Match funding should be clearly shown in the financial tables submitted and be included in total project costs. Levels of match funding will be taken into consideration under the value for money assessment criteria.

Contributions in kind are not eligible as match funding. In-kind contributions, such as services offered free of charge or the donation of staff time or equipment that has a notional but not actual value, may be included in project applications as added value and to support the value for money statement, but they cannot be included within the project budget.

Submitting a bid

Bids must be submitted using the TVCA UKSPF Investment Proposal Form, which will be available from the [Tees Valley Combined Authority UKSPF website](#) from 10th January 2024. Bids submitted in any other format will not be accepted. The initial assessment of bids will be based on information provided in the Investment Proposal Form only. Please do not attach appendices or include links to websites.

The investment proposal form will be made available at 5pm on 10th January 2024.

Bids must be submitted to TVCA using this email address: UKSPFsubmissions@teesvalley-ca.gov.uk

Bids must be submitted by 5pm on 31st January 2024.

The UK Shared Prosperity Fund is a competitive process and TVCA officers involved with fund management and assessment will not enter into discussions with bidders.

Clarification on points of detail can be provided.

Information relating to any requests for clarification will be added to the TVCA website, so it is available to all potential bidders. Clarification requests should be sent to UKSPFenquiries@teesvalley-ca.gov.uk Do not use this email address for submissions.

Please note that responses to clarification questions will only be provided following the Open Call Information Session on Wednesday 10th January 2024, further information [here](#).



Due diligence

In order to ensure that projects can move forward quickly, Lead Authorities must undertake due diligence on private sector, charitable and voluntary organisation applicants during the assessment of applications and be satisfied that the applicant is genuine and has the financial standing and sufficient capacity to deliver the proposed activity.

By submitting a bid, applicants are providing authorisation for TVCA to carry out this due diligence and risk will be assessed on the following documents:

- Certificate of Incorporation, Charity Registration, VAT Registration Certificate or alternate form of incorporation documentation to inform organisation status.
- Where available financial statements for the last three financial years to inform trading and liquidity status. This may include, depending upon filing requirements, Profit and Loss Statement, Balance Sheet (Statement of Financial Position) and Cashflow Statement.

The results of these checks may exclude applicants from further consideration. These checks will include assessment of the applicant's financial trading and liquidity position including their ability to deal with cost overspends and to finance a project being funded in arrears. Applicants must be legally constituted at the point of signing the funding agreement. If the application is approved, the organisation will enter into a legally binding Grant Funding Agreement whereby the organisation will be responsible for ensuring that the terms and conditions of the funding agreement are met and will be liable for any financial implications of them not being met.

Where there are multiple organisations applying for the funds, a lead organisation must be selected as the applicant (and grant recipient) with the remaining organisation(s) acting as delivery partner(s). In this scenario the applicant must ensure the delivery partner(s) and themselves all comply with the terms of the financial agreement and will be liable for any financial implications of the terms not being met by either the delivery partner(s) or themselves.

During the application process TVCA, as the lead authority, will consider the applicant's track record, both positive and negative. If the applicant has been involved in the delivery of previous grant funded projects and any irregularities have been identified, the lead authority will expect to see what steps have been taken to ensure that the risk of further irregularities in the future is mitigated. It is acknowledged that some organisations will be new and will not have a track record.

Monitoring and evaluation

All proposals will be required to set out how and when monitoring and evaluation will be carried out and if successful, they will be required to develop a full Monitoring and Evaluation Plan.

Project performance will be monitored against agreed targets, milestones and financial profile.

There is a requirement that all projects can provide updates to the Tees Valley Business Board on a regular basis as part of the programme oversight arrangements.





Supporting documents

Supporting documents may be found here:

- [Tees Valley UKSPF Evidence Base](#)
- [Tees Valley Strategic Economic Plan](#)
- [Tees Valley Investment Plan 2019-2029](#)
- [Tees Valley Assurance Framework 2019-2029](#)



Annex A: Illustrative objectives to address the identified challenges and opportunities

Illustrative objectives that are considered to address the various challenges and opportunities include, but are not limited to:

Note: the Open Call is seeking innovative solutions and will consider objectives beyond this list.

1. Stimulate a new generation of entrepreneurs across Tees Valley.
2. Increase the propensity for Tees Valley residents to start a business.
3. Stimulate innovative-thinking and creativity regarding business start-up ideas and new product/service development.
4. Work collaboratively with key partners to engage the community and inspire entrepreneurship in a targeted way. Targeted campaigns to attract different demographic groups e.g., young people, semi-retired individuals, age 50+ individuals, women returners to the labour market etc.
5. Build confidence and a strong 'can-do' attitude across Tees Valley communities regarding creating and running a business.
6. Promote and signpost to the practical support that is available.
7. Provide a comprehensive programme of practical support to enable individuals to gain the skills needed to successfully start and run a business.
8. Offer support on a full range of business start-up topics e.g., business planning, financial management, legal structures, employing people, securing finance, marketing, intellectual property, contracting, digital, etc.
9. Provide advice, guidance, and mentoring to assist new business owners.
10. Provide support with signposting and brokerage as relevant e.g., the Start-Up Loans Company, Innovate UK, Business IP Centre, other business support programmes, etc.
11. Provide both pre-start and post-start support e.g., during the first six months of trading.
12. Once established as a business provide signposting to the wider support available for established businesses.
13. Identify those established businesses that are capable of accelerated growth and potential scale up and signpost to wider support available.
14. Enable businesses to recruit and retain in a competitive labour market.
15. Provide support so that businesses understand the labour market challenges.
16. Provide good practice on the options a business has regarding seeking to recruit staff.
17. Provide good practice on how businesses nurture and retain their people.
18. Provide good practice as to how a business can adopt strategies and policies to remain competitive in the labour market.
19. Ensure support is tailored to the individual challenges of key sectors and labour challenges.
20. Ensure the support is aligned with national employment, skills, and careers programmes, the wider TVCA business skills support offer (including careers education) – and the UKSPF People & Skills Investment Priority.