

## Record of Officer Decision

<b>Decision title:</b>	<p>To agree to proceed to procurement, via the council’s contract procedure rules, to appoint a specialist provider to deliver Research and Development business support and advice, and</p> <p>To approve the delivery of a Research and Development grant to businesses, administered by the Business Grants Team in Economic Development, to encourage R&amp;D and innovation in Herefordshire.</p> <p>This activity will be funded Herefordshire’s UKSPF allocation, under Measure E19: Investment in Research and Development in the local area.</p>
<b>Date of decision:</b>	7 December 2023
<b>Decision maker:</b>	<b>Corporate Director of Economy and Environment</b>
<b>Authority delegated decision:</b>	<p>The cabinet took a decision on the 15th December 2022 to accept and spend the UK Shared Prosperity Funding (UKSPF) allocated to Herefordshire (£7.54m) and Rural England Prosperity Fund (£1.7m) in accordance with the Investment Plan approved by government. The decision delegates all operational decisions to the Corporate Director for Economy and Environment, in consultation with S151 Officer.</p> <p>Decision - To Accept and Spend Any Approved UK Shared Prosperity Plan and Rural Prosperity Funds Approved by Government - Herefordshire Council  <a href="https://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=9216">https://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=9216</a></p>
<b>Wards:</b>	All wards
<b>Consultation:</b>	The UKSPF Investment Plan included extensive engagement with a wide range of stakeholders across a diverse range of groups, organisations and sectors & Herefordshire Sustainable Growth Strategy Board
<b>Decision made:</b>	To approve the £400,000 budget for and delivery of the R&D grant and the procurement, and award, of a service contract for the provision of specialist R&D support for UKSPF Intervention E19: Increasing investment in research and development at the local level.
<b>Reasons for decision:</b>	<p>The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. This aligns with the Levelling Up White Paper missions. Funding is targeted where it is needed most: building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances.</p> <p>Herefordshire UKSPF Investment Plan includes the delivery of Intervention E19: Increasing Investment in Research and Development at the local level by:</p> <ul style="list-style-type: none"> <li>• Making the Herefordshire ’s innovation offer easier to access and more navigable for businesses;</li> <li>• Increasing investment in research and development at the local level to support the diffusion of innovation knowledge and activities;</li> <li>• Supporting the commercialisation of ideas, encouraging collaboration and</li> </ul>

	<p>accelerating the path to market so that more ideas translate into industrial and commercial practices.</p> <p>The model for the delivery of the E19 intervention is focused on:</p> <p><b>A. Non-Financial Advice for Research and Development</b></p> <p>The successful bidder, procured via the council’s CPR, will provide 1-2-1 business support, specifically around Research and Development. The bidder will have a proven track record of delivering research and development projects for businesses, and have significant experience of working in collaboration with local partners on relevant research and development projects. They must also be able to demonstrate a methodology for measuring, monitoring and reporting the intervention’s outputs and outcomes.</p> <p>The contract period for this opportunity is expected to run from January 2024 until March 2025.</p> <p><b>B. Research and Development Grant for Businesses</b></p> <p>The E19 measure also makes provision for grant, which will encourage businesses to invest in research and development and encourage innovation. Activities to be funded will include:</p> <ul style="list-style-type: none"> <li>• Exploring and testing new product ideas;</li> <li>• Access technical expertise and specialist sector knowledge, and facilities, such as hubs, laboratories, testbeds, factories and offices in order to turn ideas into valuable products and services;</li> <li>• Prototype and patent development.</li> </ul> <p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>• Number of businesses receiving non-financial support: 30</li> <li>• Number of businesses receiving grants: 20</li> </ul> <p><b>Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Number of enterprises introducing new products to the firm – 14</li> <li>• Number of enterprises adopting new to the firm technologies or processes – 27</li> <li>• Number of new to market products – 8</li> <li>• Number of enterprises with improved productivity – 20</li> </ul> <p>A Research and Innovation Grant Scheme (managed by Herefordshire Council) will complement the R&amp;D business support package, which will be delivered by a specialist R&amp;D provider. The grant scheme will be delivered by the Business Grants Team within Economic Development and is a key part of the holistic R&amp;D offer, to achieve intervention’s key outcomes and outputs whilst encouraged investment in R&amp;D and’ innovation within the county.</p>
<p><b>Highlight any associated risks / finance / legal / equality considerations:</b></p>	<p><b><u>Finance</u></b></p> <p>The total budget for E19 is £400,000 with an indicative split as contained in the table subject to procurement and local business need. All budget lines need to net of 4% to support the M&amp;A as agreed in the Investment Plan.</p>

	2023/2024	2024/2025
Total allocation	£100,000	£300,000
less 4% M&A net off	£4,000	£12,000
R&D Support	£96,000	£38,000
Grants	0	£250,000

### **Legal**

Grants: UKSPF grant terms (including output/outcome definitions) will be written into the successful applicants' contracts, and collection of the outputs will form part of these.

All applicants will need to comply with subsidy control measures, contained within the Grant Funding Agreement. A subsidy control test will be done with legal to determine the subsidy control route.

R&D Support: The successful bidder will ensure that all businesses are eligible before providing any advice.

### **Procurement**

Grants: Grant applicants will comply with UKSPF and the council's contract procedure rules.

R&D Support: The specialist provide will be commissioned via the council's tender portal – Supplying the southwest via ITT.

### **Equality**

The service provide will be required to have a written equality statement or policy that demonstrates compliance with the Equalities Act 2010. They must demonstrate how their organisation will comply with the Equalities Act 2010.

### **Social Value Consideration**

Details of the Social Value considerations identified by the Procurement Team under the requirements of the Public Services (Social Value) Act 2012 will be included in the tendering documentation.

### **Risks**

**Reputational Risk:** There is a reputational risk if the council chooses not to deliver this activity. This grant scheme is contained within UKSPF Investment Programme to meet the needs of local businesses and help to deliver 2050 Economic Plan.

### **Budget is not fully allocated:**

The budget (2023/24 and 2024/25) will be procured and Herefordshire Council will hold regular monitoring meetings to ensure that planned activities are delivered on time and that outputs and outcomes are achieved as planned. The grant scheme will be launched early in 2024 and GFAs will be in place by 1<sup>st</sup> April 2024. We will open calls until all funding is allocated.

### **Not meeting the required outputs**

We will hold regular meeting with the selected supplier to discuss work progress, identify challenges and provide solutions in order to achieve the outputs and

	outcomes.
<b>Details of any alternative options considered and rejected:</b>	The council has no other funding for research and development for local businesses, and if the council does not utilise UKSPF for this project, or for other activities within measure E19 before March 2024, the money will be lost to the county.
<b>Details of any declarations of interest made:</b>	None.