

## GMCA Board

Date: June 23

Subject: UKSPF E19: Increasing investment in research and development at the local level. Investment to support the diffusion of innovation knowledge and activities. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices.

Report of: Councillor David Molyneux, Portfolio Lead for Investment and Steve Wilson Portfolio Lead Chief Executive for Investment.

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### Purpose of Report

The purpose of this report is to outline the GM approach to allocating UKSPF funding for intervention E19 via the procurement of a GM Provider (which may be a Consortium) to test and deliver a model of specialist innovation focused activity to strengthen the GM innovation ecosystem. The support will include a mixture of sector and technology agnostic support, sector and technology specialist support, and a range of financial interventions. In combination this will accelerate the development of new clusters and help businesses progress through the innovation cycle, by making it easier for them to access and move between the GM's innovation assets, and to access regional and national support schemes.

### Recommendations:

The GMCA is requested to:

1. Agree the recommendations of the GM UKSPF Local Partnership Board on the strategic fit and deliverability of the UKSPF proposal E19, to "*Increase investment in research and development at the local level*".
2. Delegate authority to the GMCA Treasurer in consultation with the Portfolio Lead for the Economy, Business and Inclusive Growth and Portfolio Lead for Resources and Investment to agree the allocation method and subsequent award of contracts worth £5,775,000.

## Contact Officers

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Report authors must identify which paragraph relating to the following issues:

## Equalities Impact, Carbon and Sustainability Assessment:

**Recommendation - Key points for decision-makers**

*Insert text*

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**Impacts Questionnaire**

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	
Health	G	
Resilience and Adaptation		
Housing		
Economy	G	
Mobility and Connectivity		
Carbon, Nature and Environment	G	
Consumption and Production		

Contribution to achieving the GM Carbon Neutral 2038 target	The proposal will potentially contribute to the Greater Manchester achieving Carbon Neutral 2038 by increasing the amount of innovation in, and the diffusion of, products, processes and R&D in Sustainable Advanced Materials, and Net Zero technologies, supporting the city region's efforts to decarbonise housing, reduce energy consumption within the city region's commercial building stock, and work toward the goal of truly affordable net zero housing by reducing supply chain lengths in technologies and products that can support that goal. This contribution could be greater if the scale of the intervention was higher, and will also only truly be realised with the buy in of the whole support system, including factors such as the		
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<b>Fur</b>	<b>G</b>	Positive impacts overall, whether long or short term.	<b>A</b>	Mix of positive and negative impacts. Trade-offs to consider.	<b>R</b>	Mostly negative, with at least one positive aspect. Trade-offs to consider.	<b>RR</b>	Negative impacts overall.
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## Carbon Assessment

Overall Score					
Buildings	Result	Justification/Mitigation			
New Build residential	N/A				
Residential building(s) renovation/maintenance	N/A				
New build non-residential (including public) buildings	N/A				
Transport					
Active travel and public transport	N/A				
Roads, Parking and Vehicle Access	N/A				
Access to amenities	N/A				
Vehicle procurement	N/A				
La	No associated carbon impacts expected.	High standard in terms of practice and awareness on carbon.	Mostly best practice with a good level of awareness on carbon.	Partially meets best practice/ awareness, significant room to improve.	Not best practice and/ or insufficient awareness of carbon impacts.

## Risk Management

There are no risk management considerations.

## Legal Considerations

There are no legal considerations.

## Financial Consequences – Revenue

There are no revenue consequences for the GMCA

## Financial Consequences – Capital

There are no capital consequences for the GMCA

## Number of attachments to the report:

None

## Comments/recommendations from Overview & Scrutiny Committee

N/A

## Background Papers

GMCA Report – GM UKSPF Investment Plan July 2022

[Greater Manchester Innovation Plan](#)

## **Tracking/ Process**

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

No

## **Exemption from call in**

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

## **GM Transport Committee**

N/A

## **Overview and Scrutiny Committee**

N/A

## **1. Introduction / Background**

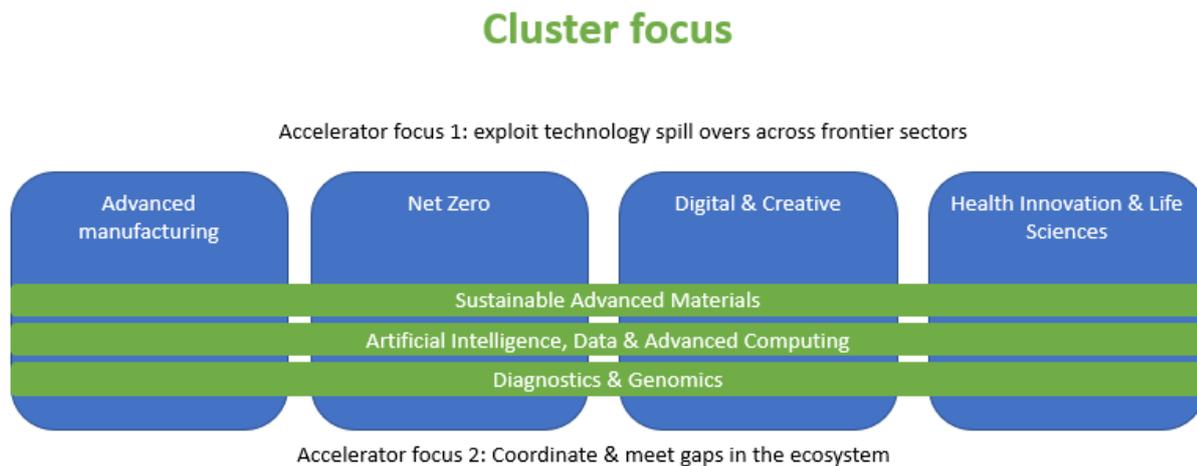
1.1 As part of the UK Shared Prosperity Fund programme in Greater Manchester, GMCA is looking to deliver the UKSPF Supporting Local Business investment priority E19, which aims to: *“Increase investment in research and development at the local level. Investment to support the diffusion of innovation knowledge and activities. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices”*.

1.2 The total funding available for E19 is £5.775m from April 2022 to March 2025. The programme of activity for E19 will need to collectively deliver against the output and outcome targets for this intervention specified by Government and as agreed in the GM UKSPF Investment Plan as a minimum, alongside any local additional outputs or outcomes aligned with the overarching objectives of the GM Investment Plan.

1.3 The purpose of this paper is to outline the background and proposal for the allocation of funding under E19 to procure a package of specialised support that strengthens the GM innovation ecosystem and accelerates innovation development, diffusion and commercialisation. The report sets out the strategic fit that the activity funded will need to align with, the type of delivery GM requires, and the outputs and outcomes the support will deliver.

1.4 The focus of activity funded through E19, including priority sectors and technologies and innovation activity to be enabled, will be guided and defined by the GM Innovation Plan, as outlined in fig. 1 below.

Figure 1: Focus on GM Innovation Plan



1.5 Through the UKSPF funding allocated to E19, GMCA proposes to test and develop a new approach to driving up levels of innovation aligned to the clusters and technologies in Figure 1, and that accelerates the innovation cycle - moving from ideation to commercialisation - by strengthening our innovation ecosystem.

1.6 The principles, objectives, and any additional outputs and outcomes required beyond those in the GM UKSPF Investment Plan, have been informed by the GM Innovation Plan and the subsequent portfolio of projects funded under the GM Innovation Accelerator Programme Pilot (see Annex 2 for further information on these projects).

1.7 The overall approach, principles, objectives, outputs and outcomes for the E19 funding have been established alongside and in conjunction with the design of the whole GM UK SPF intervention portfolio, with particular focus given to aligning with E23, E22, and E26. The specification of the procurement, and the scoring of submissions will clearly take into account how candidates to deliver the E19 contract intend to engage with the successful bidders across the full suite of interventions.

## 2. Strategic context for E19: increasing investment in research and development at the local level.

2.1 [The Greater Manchester Strategy \(GMS\)](#) commits to creating a greener, fairer and more prosperous Greater Manchester (GM) and embeds a vision for the economy that will

enable GM to lead local and UK economic recovery and development, including by working with our diverse business base to attract new investment, drive innovation and sector and cluster development and to continue developing collaborative, positive partnerships, supported by our five universities, providing research and academic excellence. The GMS recognises that innovation is key to improving the health of our citizens, achieving our Net Zero challenge, and meeting our ambition of being a world leading digital city, as our city-region can, and needs to be, at the heart of driving social and economic innovation, and with a renewed focus on people and planet.

2.2 The GMS includes the following shared commitments that are relevant to the UKSPF Supporting Local Business Investment Priority E19:

- Drive investment into our growth locations and use that to create opportunities in adjacent town and local centres.
- Realise the opportunities from our world-class growth and innovation assets, driven by our Places for Everyone Plan, Local Growth Plans and Industrial Strategy to open up opportunities in all parts of the city-region.
- Support our businesses to grow sustainably and be as prosperous as they can be.
- Support the creation of better jobs and good employment that has a purpose beyond growing shareholder value, utilising the opportunity to positively impact on our communities.

2.3 [The GM Independent Prosperity Review\(s\)](#) - the robust evidence base for the GMS and Local Industrial Strategy - suggest how some of these ambitions may be addressed, including by:

- Protecting and accelerating growth in GM's world-class strengths via substantial government investment and long-term R&D funding in strong local collaborations and supporting investment in places (e.g. Manufacturing Innovation Parks).
- Pursuing higher value business models across the economy as a whole.
- Taking advantage of opportunities from the technological innovation and behavioural and practical changes needed to avert an environmental crisis and reach GM's 2038 zero-carbon ambitions, and transitioning businesses to net zero.

2.4 Productivity improvements have been achieved recently in Greater Manchester's economy, driven by continued growth in output and employment in high value economic activities, investment in transport and infrastructure and as well as high rates of start-ups

and a growing resident population. However, challenges in achieving GM's economic ambitions remain. The Greater Manchester Independent Prosperity Review summarised these challenges authoritatively and they include, for example:

- A long-term issue with productivity across all business sectors, linked to the severity of the shock to UK labour productivity and other factors including the smaller proportion of jobs in science and technology sectors than would be expected for a city-region of GM's size. These factors also creates significant productivity variations across GM: a difference of £13,000 of GVA per job between GM's most productive sub- region and its least productive depending on industry and job mix.
- A significant proportion of older smaller firms that have decided not to, or have not been able to, scale-up.
- Not enough firms exporting and trading internationally – e.g. GM's export value per head is £2,380 - significantly lower than Birmingham (£6,141), Bristol (£4,639), and Leeds (£2,582).
- The complexity of transitioning from a low pay / low skills economy to growing knowledge economy jobs, as well as the need to increase business' resilience and ambition after the pandemic and during ongoing economic shocks.

2.5 Various studies of investment in research, development and innovation (R&D&I) activity have also identified that, despite the presence of strong Universities and national and regional innovation assets, GM and the North West lag behind both the South East and international comparator city regions in levels of public and private R&D spending. For example, the Business of Cities Innovation Performance Review 2022 reported that GM ranked 12<sup>th</sup> out of 15 cities for private R&D spend (22% below EU average); 12<sup>th</sup> for public R&D spend (39% below EU average), and 8<sup>th</sup> for private vs public ratio of investment. The North West also attracts less investment than competitor regions in the UK, particularly at early stages of development. The BVCA Report on Investment Activity 2021 identified that only 11.7% of all private equity and venture capital investment in the UK was in the North West, compared to 35% in London. The North West attracted £37m venture capital in 2021, lagging London (£726m), South East (£115m), East of England (£105m) and Scotland (£66m).

2.6 The [GM Local Industrial Strategy](#) lays out how GM will capitalise on its biggest opportunities to drive an innovation-rich economy and where GM can be a 21st century global pioneer at the centre of the Fourth Industrial Revolution – including in health innovation, advanced materials, and digital and creative industries. It aims to capitalise

on the local ambition to be carbon neutral by 2038, to drive improvements to environmental quality while also stimulating innovation and new industries. The strategy sets out the following priorities relevant to the UKSPF Supporting Local Business Investment Priority E19:

- In health innovation, Greater Manchester has internationally recognised research capabilities, one of the largest life sciences clusters outside the South East, and a devolved health and care system... [creating the] opportunity for the city-region to be a global leader on health and care innovation and commercialisation.
- In advanced materials and manufacturing, Greater Manchester is the home of graphene and other revolutionary 2D materials ... [a] complementary advanced manufacturing base, which is being transformed by the Fourth Industrial Revolution, provides the industrial capacity to commercialise these new technologies and create a world leading cluster in advanced materials
- Greater Manchester has the largest digital and creative cluster outside the South East, with the potential to create international significant clusters in broadcasting, content creation and media, and cyber security.
- Greater Manchester's city-region mission for carbon neutral living by 2038 is a significant opportunity to deliver environmental and health benefits to residents, while also creating new green industries.
- Transforming the productivity of businesses and all forms of enterprise by strengthening leadership and management, increasing innovation adoption, digital transformation, and raising levels of exports.
- Leading industrial, social and economic transformation through innovation and the spread of ideas throughout the city-region;

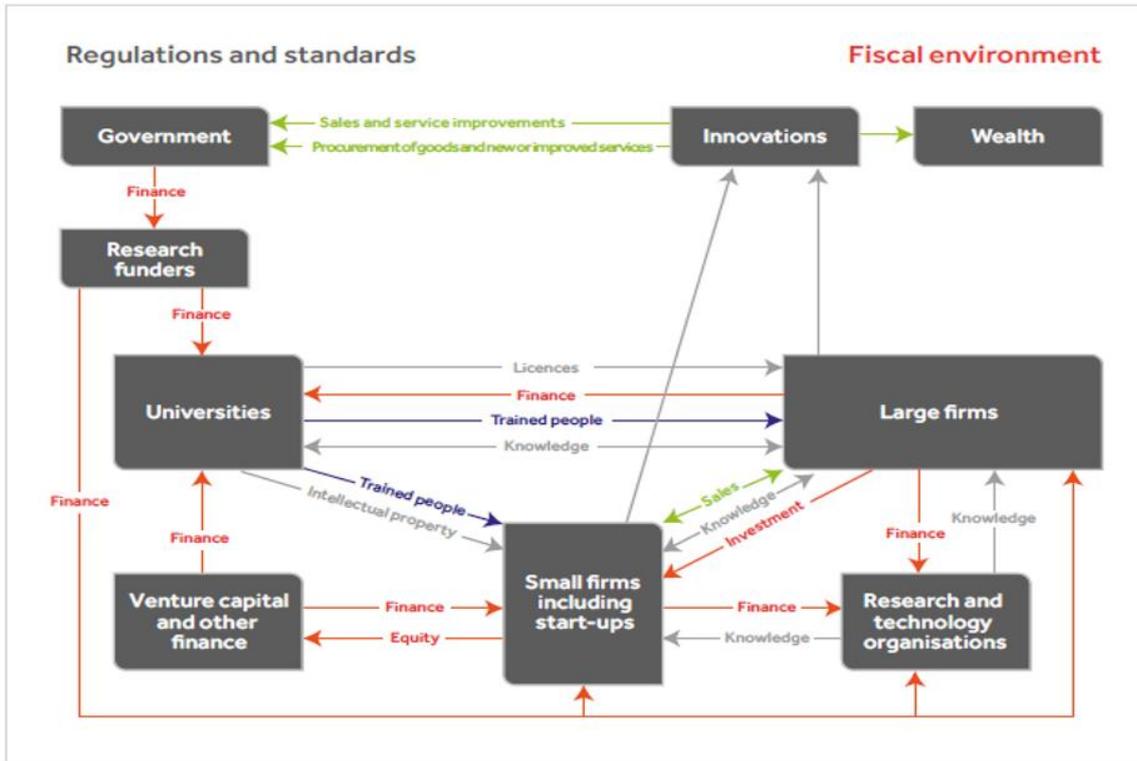
2.7 The GM Innovation Plan, (GMIP) as per its [exec summary](#), was co-written between Innovation Greater Manchester, BEIS (now DSIT), DLUHC and Innovate UK, as part of the Innovation Accelerator Programme Pilot process launched in the Levelling Up White Paper. The plan lays out GM's place based approach to stimulating the long term innovation-led economic development through by creating a more effective city-region wide system for commercialising ideas, technologies and services, and growing new clusters around the cross-cutting technology families of Sustainable Advance Materials, Diagnostics and Genomics, and Data, AI and Advanced Computing in which GM has recognised leading positions – as well as the four frontier sectors identified in the GM LIS. The GMIP has the following priorities that are relevant to the UKSPF Supporting Local Business Investment Priority E19:

- Strengthen the wider ecosystem of support for business - we are seeking investment and policy support, aligned to the GM Devolution Trailblazer where appropriate.
- Establish new easy to access, business-led networks to drive up demand for existing local and national innovation programmes and facilitate new business-led initiatives.
- Develop new methods to fill the skills gaps which hold back business-led innovation, including through greater collaboration across higher and further education institutions.
- Facilitate the creation of new early-stage investment funds, and wrap-around support, to meet the huge untapped demand for “first investments” for the most promising IP-rich businesses.
- Align and coordinate innovation activities with other policies and investments to ensure that innovation investments play a key role in driving place-based regeneration and levelling up opportunities across the city region.
- Work to put GM on the global stage as a Science and Innovation Superpower.

### **3. The current delivery landscape and innovation ecosystem**

3.1 By innovation ecosystem we are referring to both the tangible innovation assets in the city-region (e.g. our universities and research institutes, innovative businesses and investor funds) and the intangible assets, institutions and organisations that directly develop or enable the development of new or improved products and processes and their commercialisation and application by end users or customers. These intangible assets include networks and support services that link businesses and research and development and innovation assets, as well as the funding and know how needed to create start-ups and spin-outs or grow new markets, for example (see Fig 2 below). Having a strong ecosystem means a place not only has a large base of innovative companies, multiple innovation support facilities, or strong research focused universities, but that it also has the right infrastructure; sufficient investment finance; a ready supply of skilled people; knowledge being readily transferred, and a thriving set of interconnected networks driving the necessary flows across the system, breaking down siloes, and enabling collaboration.

Figure 2: Innovation Ecosystem (Georghiou)



3.2 GM currently has a mature and extensive business support environment funded through a mixture of local and national sources, and centres of innovation support across the Technology Readiness Levels (TRLs) provided by Universities, research centres, and other research and technology organisations including the Catapults and bodies such as National Physical Laboratories. The city region also has links - of varying strength - with other regional and national research bodies and innovation support providers, with particularly those aligned with the GM frontier sectors and key technology families.

3.3 This asset base, and relationship network has been a strength for the city-region but it is difficult for businesses to self-identify their own access points. Universities and the Business Growth Hub (part of The Growth Company) allocate considerable resource to helping businesses navigate different support options and referring them between different service areas, whilst bodies such as the GAMMA Provider Network have been established to try to align access to the numerous schemes that exist in just the cluster of Sustainable Advanced Materials.

3.4 This complexity is mirrored in the specialist innovation support landscape, with a broad range of local, regional and national assets with connections into the city-region and which specialise in different stages of technology development cycles, and with different incentives and support offers. Although, it should be noted that a significant proportion

of existing broader business support and specialist innovation focused support is funded via ERDF and other streams that will come to an end during 2023-2025.

3.5 There are also other weaknesses in GM's innovation ecosystem. GMCA commissioned research by The Data City and in-house analysis has identified a "dark matter" of innovation-intensive companies (i.e. companies that have invested £5,000, per employee, per year in R&D) which are spread across the whole city region and do not engage with our existing innovation support landscape at all – meaning those investments could be better supported or create more impact. This research also showed that the vast majority of businesses that do engage with innovation support only access a single support service (91.7% of 890 businesses) despite innovation being an ongoing process, with multiple stages, and an underpinning capacity that productive businesses should be continually refining and developing. There are also lots of networks that include innovation focused and innovation ready businesses, but they aren't joined up or engaged with the assets in our innovation ecosystem. We also have a perceived and real shortage in Venture Capital and Private Equity funding circulating in GM, particularly at early stage, exacerbated by a mismatch between the funds that do exist and the innovation opportunities coming out of our ecosystem. Finally, there is a shortage of access to the right lab and workshop space at a price that SMEs are able or willing to pay.

3.6 The GM allocation of the Innovation Accelerator Pilot Programme (c.£33m) has allowed GM to fund a range of projects and programmes that both deepen innovation intensity and broaden the accessibility of key innovation assets by delivering activities such as SME accelerators, grant schemes, funded access and knowledge exchange programmes. However, the investment through the IA has not provided any funding to programmes focussed purely on strengthening the connectedness and effectiveness of the flow of intangibles throughout the innovation ecosystem in the city-region, which are also vital to the strength of our ecosystem.

#### **4. Developing the priorities and considerations for innovation ecosystem support through E19**

## **Evidence Review**

4.1 A literature review has been undertaken as part of the development of the evidence base for delivering Greater Manchester activity through priority E19 of the Supporting Local Business investment priority of the UK Shared Prosperity Fund (UKSPF).

4.2 The findings of this review can be considered to be in addition to the findings of the evidence review re: the broader business support offer, which was conducted for the development of the GM UK SPF E23 procurement which can be seen at Annex 3.

4.3 The review sought to answer the following key questions:

- What were the models of innovation support schemes outlined in the evidence? How did they operate?
- Were there schemes particularly effective at delivering the outputs associated with E19?
- Was their evidence of value for money performance of different interventions?
- To what extent does the evidence tell us that there are interventions that deliver across all elements of the intervention E19 as defined by Government – or if the specification needs to address each distinctly.

4.4 The review examined evidence from research and evaluations undertaken or commissioned by GMCA and also took account of published research and evaluation on this topic from national and international sources.

4.5 This review identified that the evidence around ‘what works’ in delivering impactful and value for money Innovation support is relatively sparse. From that evidence that does exist there are key principles that have guided the development of the GM E19 approach. Firstly, there is evidence that some innovation programmes, especially grants and other fiscal interventions were more effective when they did not have a sector specific focus. There is however evidence that there is benefit in targeting interventions at specific sub-sectors, suggesting that the needs of our frontier sectors should be strongly considered with specialised approaches developed where necessary. Finally, developing a strong ecosystem that develops strong referral relationships requires that the strategic aims of all parties are taken into consideration. A table of the research findings is at Annex 2

## **Consultation**

4.6 Consultation on the priorities and considerations for the delivery of future innovation business support has also taken place with local stakeholders, including two workshops: one in-person, one online. The workshops were attended by representatives of local authorities, business representative organisations, business support providers,

Universities, successful and unsuccessful Innovation Accelerator applicants. A full summary of the discussion is included in Annex 3.

4.7 From the consultation, it is clear that there is agreement on the need for the intervention be fully integrated into the whole regional and national business and innovation support structure - making it easier for businesses of all sizes and types to access it - and for its objectives to be clearly linked to the city region's strategic aims on inclusivity and international engagement. There was broad agreement that the model of delivery should include a mix of a broader, non-sector specific support, leading to and linking with more sector or technology-based specialist support, potentially provided by other support schemes. However, it was clear that local specialist and intensive support should be an expectation and that UKSPF-funded support should go beyond sign-posting. There was consensus that some financial incentives should be included in the model, with a focus on removing barriers to innovation activity, and to draw in further private funding. The consultees also agreed on the need to take into account delivery timescales when considering outputs and outcomes to be targeted, and that focussing on quality and how the funding could be used to create coherent support that progresses businesses through the innovation journey would be as important as the numbers of interventions. The evaluation of the project should reflect this need to establish how impactful interventions really were, developing strong stories and case studies on what works, and on how the GM ecosystem has supported SMEs to innovate.

4.8 Participants had differing views on what the most important objective for the programme should be. Some attendees viewing the broadening of innovation capacity across all SMEs being the key objective, and that it was important that SMEs at all stages of the innovation cycle be engaged and supported. Whereas others viewed driving up the level of private sector investment to be the key objective and therefore, given the timescales available to the programme, there should be a focus on identifying and intensively supporting businesses that had secured budgets for investing in a specific innovation or innovation-related project. There was also some tension in the discussion between the need for the delivery model to emphasis effective joining up of all of the innovation-support on offer to businesses, and a desire for the programme to focus on in-depth intensive support and be less of a signposting service. A number of questions were also raised about how 'open' or 'closed' the support offer should be in terms of supporting investment in innovation and partners outside of GM that aligns with GM's innovation plan.

## 5. Framing of priorities for Innovation Business Support through E19

5.1 Based on the strategic context, evidence review and consultation feedback set out above, it is subsequently proposed to use UKSPF E19 funding to establish and evaluate (or test) a new, integrated and specialised innovation ecosystem development service. The service should provide two things in combination and concurrently:

- Specialist innovation provision that accelerates the development of innovation-focussed clusters, focused on those areas where GM has the technological and sector strengths to create commercialisable proposals (as set out in the GMIP). This should include a range of interventions, including direct funding support for businesses.
- An integrated service that integrates innovators and businesses into our innovation ecosystem and enables them to access multiple types of support for each phase of the innovation process or specific to their business needs or technological specialism, and that also links the ideas, knowledge and resources being generated by our Universities and other research institutes to industry partners that can drive commercialisation. This should also include a range of interventions and may also include direct funding support for businesses.

5.2 It is proposed to issue a call to award a contract for services for the full allocation for E19 (£5.775m) to deliver this service. The call will include the high-level objectives that will guide the final specification for the service, as set out below:

- Objective 1: the service will test and establishing a new model of sector and institution agnostic innovation support that increases the number of local businesses engaging and collaborating with the GM innovation ecosystem and its assets. Innovators will be guided to sector and technology focussed support as needed, but the ‘front door’ to the service will be integrated across sectors and institutions.
- Objective 2: The service will increase our understanding of the innovation readiness, and absorptive capacity of our frontier sectors, and how to best support GM businesses to become more innovation ready.
- Objective 3: The service will develop and deliver innovation support that strengthens the GM innovation ecosystem and develops new clusters, by improving flows of skills, ideas, knowledge and funding between the business base and local, regional and national

innovation assets and investors, and also accelerates local commercialisation activity from our universities and other research assets.

- Objective 4: The service will develop and deliver innovation support that results in inclusive growth and helps with social and environmental gains, driven by the development, diffusion and adoption of innovative products and processes by businesses across the whole of the GM city region.
- Objective 5: The service will increase the amount of private sector investment in R&D activity in GM, by moving businesses through the innovation journey, removing barriers to the progression of ideas to commercialisation and supporting businesses to make the best investment decisions to achieve their innovation aims.

5.3 The call will also set out five principles for service delivery:

- **Principle 1:** the service promotes and supports innovation activity within and across GM's frontier sectors – including by focussing on key technology families.
- **Principle 2:** Provision should be rooted in place by responding to the priorities of the GM Strategy, GM LIS, the approach to cluster led innovation established in the GM Innovation plan and other relevant GM strategies.
- **Principle 3:** Provision should join up with other local, regional and national programmes and innovation assets, and better enable businesses to navigate the innovation ecosystem, progressing through the TRL Levels towards commercialisation of products and services.
- **Principle 4:** Provision should be focused on quality driven interventions and outputs, focused on effectively progressing businesses through the innovation cycle and commercialisation.
- **Principle 5:** Provision should seek to limit the potential inequalities driven by innovation models witnessed in other high innovation city regions, addressing the unevenness of engagement within the city region both geographically and societally.

5.4 The GM UKSPF Investment Plan agreed with government includes a list of required outcomes and outputs for the overall UK SPF programme, and a number of these have been allocated to E19. These outcomes and outputs are by their very nature general, and therefore risk being too generic to achieve the innovation-specific results that GM wishes to realise. We subsequently propose that they are made more innovation-specific, and the below table shows how the UKSPF outputs and outcomes could be modified to achieve this.

<b>GM UKSPF requirement</b>	<b>GM E19 objective specific request.</b>
Potential entrepreneurs provided assistance to be business ready.	Potential entrepreneurs provided assistance to become business ready, operating within GM's Innovation Clusters.
Businesses receiving non-financial support.	Businesses operating with the GM Innovation Clusters receiving non-financial support to develop, adopt or diffuse new products and processes.
Businesses receiving grants.	Businesses aligned with GM's innovation clusters receiving grants to engage with Innovation Assets and programmes to advance through the innovation lifecycle.
New businesses created.	New Innovation Focused / Innovative Businesses Created within one of GM's Innovation Clusters
Businesses with improved productivity	Businesses with improved productivity through development or adoption of innovative processes or products.
Businesses adopting new to the firm technologies or processes	
Organisations engaged in knowledge transfer activity	Organisations within the GM Innovation Clusters engaged in new knowledge transfer activity supporting innovation development, commercialisation or diffusion.
New to market products.	New to market products developed within the GM innovation ecosystem.
Businesses adopting new or improved products or services.	Businesses adopting new or improved products or services supported by, or developed within, the GM innovation ecosystem.
Greenhouse gas reductions	

5.5 To further ensure that the E19 programme delivers on the GM Innovation Plan and responds to consultation feedback, we propose the following additional outputs and outcomes:

- Private sector spend on services or programmes provided by GM-based innovation assets.
- New R&D tax credit claims and increased R&D tax credit claims by businesses engaged in innovation support.
- Businesses engaging with innovation services or programmes provided by GM innovation assets for the first time.
- Businesses progressing through the innovation cycle via support from multiple assets or service providers.
- Effective referrals of GM businesses from one innovation ecosystem asset or programme to another.
- GM businesses engaging with the catapult network for the first time.

5.6 In line with the joined up approach being taken to the delivery of the GM UK SPF intervention portfolio, the specification and scoring for the E19 procurement will require, and reward proposals that clearly lay out how they will engage and align with the delivery of the other GM interventions.

## **6. The process for procuring a provider through a call for competition**

6.1 GMCA will undertake a 'Call for Competition' from organisations interested in delivering the whole of the intervention which will then be allocated by a contract for services. The call will be issued via 'The Chest' portal as an open process, with bidders given 6 weeks to respond through submission of an application form. GMCA will then appraise all bids according to an agreed set of assessment criteria and due diligence questions, with a clear requirement being set for the applicants to demonstrate their capacity to understand and deliver on the specialist and focused nature of the support being sought. Evidence of successful delivery of innovation-specific outputs and outcomes via programmes that have delivered technology or innovation-phase specific support, or support aimed at innovation clusters or system-building, will be valued more highly than experience in delivering more general business innovation support schemes.

- 6.2 It is our preference that a single award be made, with bidders forming a consortium, as we assert that this will allow the agent(s) delivering the contract to fulfil the aspects of the call related to system-building, which they will be unable to do as individual actors in the innovation ecosystem. Time will be given in the procurement process for potential consortia to form. Evidence of the development of well thought-through consortia, that can address all facets of the delivery model will be viewed favourably in the assessment of proposals.
- 6.3 The timeline for the procurement process is being set, with consideration needed to be given for the degree of time to be allowed between the ITT and deadline for submissions to allow potential providers the opportunity to form consortia.
- 6.4 Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply on the signing of a service provision contract, where it applies, specifically where there is continuity of the outcomes being delivered through the service, and the relevant legal advice is being obtained to determine whether specific TUPE indemnity provisions will be included in the service provision contract.
- 6.5 The GMCA Decision Support Tool provides a high-level assessment of the impact of proposed policies, initiatives or services against carbon neutrality, tackling inequalities and wider GMS strategic outcomes. It is being utilised to further support development of the proposal, in respect to addressing inequalities and carbon. Analysis of equalities data relating to current provision has been undertaken. It is not anticipated that prescriptive targets will be employed in relation to engagement of particular groups on individual interventions as in some instances these may not be appropriate due to under or over representation in certain sectors or types of businesses. Instead, the analysis of current provision will be made available through the procurement process and bodies submitting proposals will be asked to articulate their strategy for engaging different groups and ensuring representative participation across all elements of delivery. It is anticipated that across the programme a representative number of businesses from equalities groups will be supported.
- 6.6 In respect to GM's de-carbonisation ambitions, bidders will be asked to articulate how they intend to embed net zero / support businesses to adapt to environmental issues. Information provided by bidders in respect to both inequalities and net zero will be scored as part of the process.

6.7 GMCA will also ensure this call for competition achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy. Bidders will be asked to set out how they will contribute to Greater Manchester's Social Value Framework through delivery of the programme.

6.8 On the basis that the GMCA will be selecting the GM Provider who will deliver this programme by carrying out an open and competitive procurement process which complies with the Public Contracts Regulations 2015 and the GMCA's own Contract Procurement Rules, it is likely that, for the purpose of the Subsidy Control Act 2022, the GMCA will be able to show compliance with the "Commercial Market Operator" principle. Where a public authority is able to demonstrate compliance with the CMO principle, this means that the "financial assistance" which the public authority is proposing to provide is not held to satisfy Limb B2 "*Financial assistance which confers an economic advantage,*" of the 4-limb initial "Is it a Subsidy?" test which public authorities are required to carry out under the SCA (and will not qualify as a "Subsidy" for the purpose of the SCA).

6.9 At paragraph 5.4 above, reference is made to "*Businesses receiving grants*". Depending on how the arrangements for these awards of grant to individual businesses are structured, it may be the case that these grants will qualify as a "Subsidy" for the purpose of the SCA, meaning that it will be necessary to ensure that these grants are awarded in accordance with the requirements of the SCA.

## **7. Evaluation**

7.1 An evaluation of the programme will be commissioned separately and will work to establish how effective the service was in delivering the outcomes and outputs specified and in achieving the wider strategic goals of the programme, with consideration given to measuring impact to understand the additionality provided by the E19 intervention. This evaluation will need to reflect that objective and approach that outputs and outcomes be quality focused and assess how effectively the interventions have supported businesses to advance through the innovation journey, rather than how effectively they have met the targeted number of outputs.

7.2 This will need to align with published Government requirements for the evaluation of UK SPF activity as well as delivering additional insights required by the GMCA. In particular

it is anticipated that the evaluation will seek to identify the differential experience of the programme amongst participants from a range of demographic groups.

## Annex 1: Greater Manchester Innovation Accelerator Pilot Programme funded projects.

PROJECT	PROJECT LEAD	PROJECT DESCRIPTION	GM FRONTIER SECTOR
<b>1. Future Homes Project</b>	The University of Salford	A partnership between industry and academia to use the unique facilities at Salford Energy House and Energy House 2.0 to develop net zero technologies for homes.	<ul style="list-style-type: none"> <li>Advanced Materials &amp; Manufacturing</li> <li>Digital &amp; Creative</li> <li>Net Zero</li> </ul>
<b>2. Greater Manchester Electro-chemical Hydrogen Cluster</b>	Manchester Metropolitan University	Building on the work of the Manchester Fuel Cell Innovation Centre to accelerate the development and adoption of clean and efficient electro-chemical hydrogen technologies.	<ul style="list-style-type: none"> <li>Advanced Materials &amp; Manufacturing</li> <li>Net Zero</li> </ul>
<b>3. Pilots for the Sustainable Materials Translational Research Centre</b>	Rochdale Development Agency	Building on the world-class advanced materials research in Greater Manchester to provide sustainable materials for manufacturing supply chains.	<ul style="list-style-type: none"> <li>Advanced Materials &amp; Manufacturing</li> <li>Net Zero</li> </ul>
<b>4. Manchester Turing Innovation Hub (MTIH)</b>	The University of Manchester	Linking businesses to cutting-edge artificial intelligence (AI) research and technologies to help enhance their productivity.	<ul style="list-style-type: none"> <li>Advanced Materials &amp; Manufacturing</li> <li>Digital &amp; Creative</li> </ul>
<b>5. Immersive Technologies Innovation Hub</b>	The Landing at MediaCityUK	Exploring applications for immersive technologies in the entertainment, education, health, built environment, and manufacturing sectors, helping businesses to design, develop and test new solutions for the metaverse.	<ul style="list-style-type: none"> <li>Advanced Materials &amp; Manufacturing</li> <li>Health Innovation &amp; Life Sciences</li> <li>Digital &amp; Creative</li> <li>Net Zero</li> </ul>
<b>6. DEVOTE Programme</b>	The University of Manchester	A collaboration between industry, universities and healthcare professionals to support the development and implementation of time critical genomic testing technologies.	<ul style="list-style-type: none"> <li>Health Innovation &amp; Life Sciences</li> <li>Digital &amp; Creative</li> </ul>
<b>7. Energy Accelerator for Non-Domestic Buildings</b>	The Growth Company	Developing, testing and deploying net zero innovations to help commercial and public sector buildings to decarbonise.	<ul style="list-style-type: none"> <li>Advanced Materials &amp; Manufacturing</li> <li>Net Zero</li> </ul>
<b>8. Centre for Digital Innovation (CDI)</b>	Manchester Metropolitan University	Working across four technology strands – artificial intelligence (AI), cyber, industrial digitalisation (ID) and immersive technology (IT) – on R&D, skills development, business models for SMEs, and community outreach.	<ul style="list-style-type: none"> <li>Digital &amp; Creative</li> </ul>
<b>9. AR EdTech For Hydrogen Skills</b>	Blair Project	En education technology (edtech) platform providing hydrogen skills training content for the manufacturing, construction, transport and energy sectors	<ul style="list-style-type: none"> <li>Advanced Materials &amp; Manufacturing</li> <li>Digital &amp; Creative</li> <li>Net Zero</li> </ul>
<b>10. GM Advanced Diagnostics Accelerator</b>	Health Innovation Manchester, hosted by Manchester	A series of projects looking at Greater Manchester's major morbidities (liver, heart and lung disease including lung cancer) in which academic and industry excellence from advanced diagnostics, digital and data will be brought together to improve health outcomes for residents.	<ul style="list-style-type: none"> <li>Health Innovation &amp; Life Sciences</li> <li>Digital &amp; Creative</li> </ul>

	University NHS Foundation Trust		
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## Annex 2: Evidence Review Key Findings:

Models of Support	
<b>Sparse Evidence Base</b>	Overall, the evidence around ‘what works’ in delivering impactful and value for money Innovation support is relatively sparse. There appears to be a shortage of high-quality studies examining the impact of innovation business support / advice services on business investment in R&D or innovation.
<b>Volume vs Quality of Outputs</b>	Across the ERDF evaluation activity reviewed there tended to be a focus on volume of outputs achieved rather than an examination of their nature. As such, it is challenging to draw meaningful comparisons and lessons for future commissioning from these studies
<b>Sectoral focus</b>	<p>There is evidence that innovation programmes providing grants, loans and subsidies to businesses performed better when they did not have sector specific focus.</p> <p>Though there is some evidence that there may be a greater case for intervention in some specific sectors, or for the targeting of specific interventions at some sub-sectors</p>
<b>Target Business Size</b>	Experience in Greater Manchester and elsewhere suggest innovation support is most effective when delivered to SMEs rather than larger businesses.
<b>Developing the ecosystem through referrals</b>	Building an innovation ecosystem with effective referral relationships is complex. Misalignment of strategic goals or variation in approach can create disincentives for referral between organisations.

<b>Principles</b>	
<b>Importance of clear objectives</b>	The assessment of programmes' effectiveness is more straightforward when clear objectives are identified at the outset. These should be outlined in a logic model that coherently expresses how an intervention will achieve its strategic objectives
<b>Alignment of strategic goals.</b>	The strategic goals of different partners should be considered as part of commissioning of services that aim to incentivise referrals.
<b>Careful consideration of outputs and targets</b>	It would be beneficial to develop an understanding of the nature of output activity achieved rather than solely measuring the volume.
<b>Scale of services</b>	Consideration should be given to the relative merits of delivery through a wide range of providers delivering smaller packages of support versus one or a small number of providers providing larger packages.
<b>Sector Specific Approaches</b>	If a sector specific focus is to be considered, specific attention should be paid to the differing support needs of the frontier sectors and bespoke interventions developed reflecting these.
<b>Inclusive Growth</b>	Growing innovation has the potential to increase inequality and as such, careful consideration should be given to how supported activity will ensure that the resultant growth is inclusive.
<b>Enhancing the evidence base</b>	Given the relative sparsity of the evidence, consideration should be given to the appetite to enhance the evidence base around what works on business support.