

Innovation SuperNetwork grant scheme

Grants up to £4,000

Application guidance

April 2021

The grants are part of the Catalysing Innovation in North East Clusters 2021-2023 project (known as Innovation SuperNetwork) which is part-funded by the European Regional Development Fund (ERDF) as part of the England European Structural and Investment Fund Programme 2014-20

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Part one: introduction

Welcome

The Innovation SuperNetwork is the network for innovation support in the North East of England, bringing together 60 partner organisations and some 5,000 businesses. It exists to maximise the impact and efficiency of innovation support to regional businesses by connecting them with the right expertise, market opportunities and finance. The SuperNetwork is an integral part of the North East LEP's Strategic Economic Plan (SEP).

The North East LEP's refreshed SEP identifies support for innovation in four areas of strategic importance: Digital, Advanced Manufacturing, Health and Life Sciences and Energy and four services sectors: education, financial, professional and business services. This project is designed to catalyse innovation activities in these areas by providing funding and advice via relevant cluster organisations. Working with these cluster organisations, the project will deliver innovation support directly to SMEs and build awareness and expertise regarding innovation within key clusters. The end result is both increased innovation activity in these areas and embedded expertise in running innovation activities, such that the clusters can continue to deliver once the project is complete.

Target beneficiaries of the project are North East SMEs, who will be provided with support to develop and commercialise innovative products and services through project staff time and through a small grant scheme for specialist external expertise. The project is not limited to working with SMEs already engaged with clusters and is open to any eligible business in the region.

We will release the grants from £1,000 to £4,000 in stages until June 2023 (or earlier if the grant funding has been fully allocated) topped up by a contribution from your business of 60% of the total project cost (see match-funding section). It is a 2-stage process and we will aim to make a decision within 2 weeks of your final application submission. You will then have up to 4 months to deliver your project and claim your grant.

This guidance will help you decide whether this is the right type of grant for you, as well as providing you with information needed to complete the full application.

If you have any questions, you can contact staff from the Innovation SuperNetwork at hello@supernetwork.org.uk.

We can discuss your project idea and advise on its fit as well as guide you through the application process.

The first thing we ask you to do is to check your eligibility.

Key eligibility criteria

Business eligibility

To be eligible, your business must meet the Small and Medium Sized Enterprise (SME) definition, be based in the NELEP area (see below), not be in financial difficulty and comply with State Aid rules. We can only support registered businesses. Banking and insurance companies are not eligible and there are some excluded sectors (details can be provided on request).

Are you an SME?

To be classed as an [SME](#) you have to:

- Employ less than 250 people
- Have an annual turnover of less than EUR 50m (£44m at September 2018 exchange rate) or a Balance sheet total of less than EUR 43m (£38m at September 2018 exchange rate)
- Be autonomous, i.e. either
 - o Totally independent: it has no participation in other enterprises and no enterprise has a participation in it
 - o It has a holding of less than 25% of the capital or voting rights (whichever is the higher) in one or more other enterprises and/or any external parties have a stake of no more than 25% of the capital or voting rights (whichever is higher) in the enterprise
 - o It is not linked to an enterprise through a natural person

If your business is not totally independent, you are advised to contact us in advance of completing an application, as establishing the eligibility of a partner or linked enterprise can be complex.

Are you based in the North East LEP area?

We can only support businesses based in Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland local authority areas. If you are unsure, please [use this link](#) to check if the company's registered address (or your home address for sole traders) is in one of the above Local Authority Areas.

Are you in difficulty?

We are not allowed to give grants to businesses in difficulty as per the European Commission's definition.

The general definition is that a company is in difficulty when, without the grant, it is likely to go bankrupt. This most often happens when the company has lost much of its capital either because debt servicing is unsustainably high or liquidity is very low and cannot cover even its day-to-day expenses.

We will carry out financial checks at the full application stage to confirm that your business is not in difficulty.

Are you state aid compliant?

As the grants are public funds which can be defined as state aid, we need to ensure we are administering the grants scheme in a state aid compliant manner.

This means that we need to ask you to provide detailed information of public funds you have received over the last three years (last two complete financial years plus the current one) under a specific innovation state aid exemption ([General Block Exemption Regulations 2014](#) Article 28 aid for innovation). Under this GBER exemption, you can receive up to EUR 200,000 (£179,516 at September 2018 exchange rate) of public funds over the last three years.

At the Expression of Interest stage, we ask you to confirm that your business hasn't received funds above this threshold over three years. At the full application stage, you will be required to provide the breakdown of financial support received.

Please note that every time your business received state aid under an exemption, you should have been notified and received a letter stating the amount of aid received.

Activity eligibility

Activities have to be linked to development of a product or service which is new to the firm and/or the market. Under this grant scheme, we will fund external expertise, consultancy and specialist advice to help you develop your product or service and bring it closer to the market. Capital purchases such as equipment or materials cannot be funded. At full application stage, you will need to provide more details about the potential supplier/provider/s.

Please note that we cannot fund a project for which activities and expenditure have already been incurred. Your project needs to be defined and be delivered during the timeframe agreed within your application.

Match-funding

It is a requirement of our grant scheme that you provide 60% match-funding towards the cost of your project to complement the grant awarded. Match-funding must be secured and in place before we can issue the grant offer letter. You cannot use match-funding that has been spent before the start date of your project. Match-funding that contains other European funding is not eligible.

The table below gives examples of how the total project cost, ERDF grant and SMEs match-funding work:

<i>Size of project</i>	<i>Total project cost</i>	<i>ERDF grant</i>	<i>Match-funding</i>
<i>Min</i>	£2,500	£1,000	£1,500
<i>Average</i>	£5,000	£2,000	£3,000
<i>Max</i>	£10,000	£4,000	£6,000

GDPR

The Innovation SuperNetwork will collect and process your personal information following the General Data Protection Regulations (GDPR).

By submitting an Expression of Interest and if successful a full application, you are giving Innovation SuperNetwork your consent to process your personal information only for the purposes of administering your grant application. This could include contacting you to:

- receive further information and/or clarification about your application for funding;
- obtain updates on the progress of your project;
- obtain updated information about the performance of the business;
- assess the impact of the programme on behalf of the funder;

If you are successful, we will also be providing information to the relevant funder and auditors for reporting, monitoring, auditing and evaluation purposes.

We will only store your personal information for as long as we are contractually required to do so by the funders.

To use your personal information for any other reason, we require your consent and we will ask you about it at the full application stage.

Part two: Application Process

Applying for a grant

The Innovation SuperNetwork grants scheme is a 2-stage process. We will ask you first to complete a short Expression of Interest (EOI) to check your eligibility and provide an outline and indicative cost of your project. We will aim to get back to you within two weeks. If successful, you will be invited to complete a more detailed application. At this stage you can receive support from us to develop your proposal and we can liaise with you to answer any queries you may have. Depending on the level of readiness of your project, you will be given a deadline ranging from 2 to 4 weeks for your full application.

Once you have submitted your full application, we will aim to get back to you within two weeks. We may ask you to provide more information or clarification before making a decision. Our team meets weekly and we will carry out monthly reviews of the scheme depending on the volume of applications we will receive. Please check our website for submission deadlines and any other additional information.

We will aim to award grants of different sizes, with a good geographical and sector distribution.

How we assess the applications

At least two members of the Innovate NE project team (including one innovation expert and one compliance/finance expert) will be assessing your full application. The criteria used to assess your application will be:

- Is the project innovative with the **potential of creating economic and/or social value**?
- Is the project **addressing a well-defined need or challenge**? Is the evidence (such as market research) provided in sufficient detail?
- Is the **project delivery methodology** clear and taking into consideration: timescales, human and financial resources?
- Is the **match-funding** in place?
- Have the **outputs, outcome, benefits and impact** of the project been clearly identified?
- Does the project provide **value for money**?

Part three: Receiving a grant

Grant award

You will be notified in writing if you have been successful with your full application. Our grant offer will include

- the maximum value of the grant as well the value of your match-funding and the grant intervention rate (see table on page 9 for examples)
- the start and completion dates
- your anticipated outcomes of your project
- general terms and conditions including how to promote the grant and details of document retention

You will be required to start the project within 4 weeks of receiving your grant offer letter and to complete it within 3 to 4 months. Extensions will be granted by exception.

Together with your grant offer letter, we will send you:

- a supplier template so that you can provide us your bank account details;
- a state aid letter with an indicative value of aid provided under GBER Article 28;
- a grant claim form to be completed at the end of your project.

You will have two weeks to accept the offer, and sign and return the offer to Innovate NE

On-going support will be provided by the Innovate NE team throughout the delivery of your project and we will be contacting you at least monthly to check progress.

Promoting your project

As part of your grant offer letter, you will commit to acknowledging your ERDF grant. This will include using the ERDF logo on your website and collaborating with Innovation SuperNetwork on any joint promotion of your activities part-funded by the grant.

Grant payment

Generally, we will pay your grant in one instalment at the end of the project, upon receipt of the completed grant claim form and evidence of defrayal. This means that you will need to demonstrate that you have paid your provider/supplier the full amount to draw down 40% of it through ERDF. You will be required to provide a copy of your bank statement showing the

provider/supplier's payment/s as evidence. Please bear in mind that only expenditure defrayed during the agreed project duration is eligible.

If you're planning to pay your provider/supplier by instalment and would like to receive your grant by instalment (in line with the cost defrayal principle), please request permission as part of the full application submission. Decisions will be made on a case by case basis and no more than 3 instalments will be agreed.

The following table outlines the different scenarios based on the final actual cost of the project compared to your proposal. In summary, if you have underspent we will pay a grant using a 50% grant rate and you will receive less than the maximum grant you are entitled to. If you have gone over budget, you will receive the maximum grant value and your grant rate will go down in order to capture the additional match-funding.

Project	Total value	ERDF grant	SME match-funding	Grant rate
Your proposal	£10,000	£4,000	£6,000	40%
Example 1 – what if you have underspent?	£8,000	£3,200	£4,800	40%
Example 2 – what if you have overspent?	£12,000	£4,000	£8,000	33%

What happens at the end of your project

Once you have returned the completed grant form and supporting evidence, we will check the information and if complete and accurate, we will process the payment within two weeks.

We will send you the final state aid letter stipulating the amount of state aid you received under the GBER Article 28 and further information about grant document retention.

Following payment, we may contact you as part of the evaluation of the project, and in line with the GDPR section, we may pass your contact details to the evaluation team. You may also be contacted by the ERDF Programme's auditor if the project is selected for an audit which involves verifying source documentation for the grants scheme. Please note that this may happen after the completion of the ERDF Programme and mean that you will be required to retain the grant documentation until 2033.

Part four: Full application form help notes

Section 1: About your business

Business Name

This should be the same name as the one in the EOI.

Contact person

This will be the person we will be liaising with regarding your submission.

Registered business address

This is the address you have used to register your business.

If you are located in a different place, please add details below

If you run your business from a different address than the registered one, please tell us here and explain why.

What is the type of your business

Please tick one of the options. If your type of business is not listed, please tick “other” and insert more information.

Date incorporated

Date should follow the format dd/mm/yy. If your business is not incorporated, please leave blank.

Date commenced trading

Date should follow the format dd/mm/yy. If your business is not trading, please leave blank.

VAT number

If you are VAT registered, please enter your VAT number; otherwise please enter N/A.

Number of employees

Indicate the number of full time equivalent employees (36+ hours) at the time of the application. Please do not include apprentices, volunteers or agency staff.

Business Sector

Tell us which sector your business operate in using the drop-down menu.

Business Standard Industrial Code (SIC)

Insert the SIC for your business. This is the code/s which you will have used to register your company – for more information including a list of all codes, go to <https://www.gov.uk/government/publications/standard-industrial-classification-of-economic-activities-sic>

Short description of your business

Tell us about the day-to-day activities of your business in no more than 100 words.

Section 2: Financial information

Financial year end

Please input a figure in £ based on your last financial accounts.

Turnover

Please input a figure in £ based on your last financial accounts.

Net profit before tax

Please input a figure in £ based on your last financial accounts.

Shareholders Funds

Please enter figures in £ for each year of the last 3 years of your business financial accounts. If you do not have accounts for 3 years, insert N/A for the year/s for which you do not have accounts.

2e. State Aid

The Catalysing Innovation project is part financed by the 2014-20 European Structural and Investment Funds Growth Programme for England, European Regional Development Fund Programme. Therefore the amount of State Aid subsidised support your business may receive is capped. Please indicate previous funding received over the last 3 financial years under GBER article 28.

Section 3: Innovation, Research & Development

Research and Development activity and collaboration

Tell us if you have carried out any research and development activity recently. For example, this may include working with a University, Catapult or other research partner.

Research and Development spend

Please input a figure in £ if you have invested in R&D or innovation in the last financial year. If not, enter nil.

New products and process innovations over the last 3 years

Tell us whether you have developed any new products and process innovations over the past 3 years.

Section 4: Your proposal

Please answer each question and ensure you are providing sufficient information in order to enable us to assess your application (see page 5 of the guidance).

Activities and timescale

Project description

This question is your opportunity to demonstrate the detail of your proposal and how it uniquely responds to the criteria and themes. Please consider all the details outlined in the question so that we have a comprehensive picture of your idea and its value against the grant amount.

Market research

Describe the market research you have carried out to date and any potential competition you have identified.

Supplier's proposal

Tell us if you have already identified a proposal from any supplier (see page 3 of the guidance under Activity eligibility).

Project start

Please confirm that you are in a position to start the project within 3 months. The exact project start date will be agreed at the grant approval stage.

Project duration

Select one of the proposed options: less than 2 months, 2 to 4 months, 4 to 6 months and over 6 months. The project's start and completion dates as well as final payment will be agreed at the grant approval stage.

Project outcomes

The Innovation SuperNetwork grants scheme has 4 key outputs:

- Product or service new to the business that has been developed
- Product or service new to the market that has been developed
- Collaboration with a research institution (e.g. university)
- Employment increase in full time equivalent roles

Please note that you are not required to deliver all outputs; select those which you think are relevant to your project.

The outputs definition can be found here:

<https://www.gov.uk/government/publications/european-structural-and-investment-funds-outputs-and-results>

Please note that you will be required to provide evidence of achieved outputs at the end of the project and up to 6 months later. In the full application form, please tell us which following outputs your project will achieve:

Product or service developed which is new to the business

The evidence we will require includes: a self declaration to confirm new to the business product/service, date of product/service launch, details of the new product/service (marketing/literature). If not progressed to market, more information of product/service status and its progression will be requested.

Product or service developed which is new to the market

The evidence we will require includes: a self declaration to confirm new to the market product/service, date of product/service launch, details of the new product/service (marketing/literature). If not progressed to market, more information of product/service status and its progression will be requested.

Collaboration with a research institution

The evidence we will require includes contact name and contact details of the research institution and if available a letter or agreement between the business and research institution, with a summary of activity.

Employment increase / jobs created

Please report any anticipated jobs which will be created as a result of activity supported by the grant and tell us when you anticipate these jobs will be created. Please note that jobs can only be reported if they have an intended life expectancy of at least 12 months. Jobs which have been created as a result of realignment of posts across a business cannot be counted.

A written confirmation from a senior member of staff confirming the overall increase in employment levels within the business will be required as evidence, as well as basic details relating to the post-holder.

Project Budget

Project budget and resourcing

As per the guidance and conditions of this scheme your grant cannot exceed 50% of the total project budget. You will have to secure 50% match funding and provide details of this before grants can be awarded. Please insert the grant value requested and total project value in £.

If your business is VAT registered, the figures should exclude VAT. If your business is not VAT registered, the figures should include VAT.

Finally

Anything else you would like to tell us?

You may want to tell us whether your project could be phased, how you are planning to pay your supplier, or how much support you need to deliver your project.

Financial Health Check

Under the [ERDF regulation](#), SMEs in financial difficulty are not eligible to receive support including grant funding. We are asking you to confirm that you're not in such position defined below. If your financial accounts are not publicly available in a detailed format (e.g. on the companies house website), we will ask you to submit additional financial information to carry out due diligence prior to issuing a grant offer.

'Undertaking in difficulty' means an undertaking in respect of which at least one of the following circumstances occurs:

(a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and 'share capital' includes, where relevant, any share premium.

(b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.

(c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

(d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

(1) The European Parliament's and Council's directive 2013/34/EU of 26 June 2013 on annual financial reports, consolidated financial reports and associated accounts for certain company types, on adjustment of the European Parliament and Council's directive 2006/43/EC and on nullification of the Council's directive 78/660/EEC and 83/349/EEC (EUT L 182 of 6.29.2013, p. 19)