Regional Innovation Networks for the East Midlands – Prospectus for Applicants

A document prepared by *emda*

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east midlands
development agency

Regional innovation Networks (iNets) for the East Midlands

Prospectus for Applicants

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Contents

1.   Introduction

The East Midlands Development Agency (*emda*) is one of nine English Regional Development Agencies (RDAs) set up by Government in April 1999 to promote sustainable economic development in England. The primary focus of RDAs is to help the English regions improve their relative economic performance and reduce social and economic disparities within and between regions.

To help the region achieve its potential, *emda* is tasked with developing a Regional Economic Strategy (RES), and reviewing it every three years to ensure it remains relevant to the changing needs of the region's economy. Our third regional economic strategy, published in July 2006, provides a shared vision and the route map for the region's sustainable economic success up to 2020.

Our shared vision is that by 2020 the East Midlands will be a *'flourishing region' -* a region made up of growing and innovative businesses. We want to ensure that those already in work can develop even higher level skills, working in or owning, growing and innovative businesses. We also need to overcome the barriers that prevent people from participating in the economy so that we can all be part of healthy, inclusive communities and live in thriving, attractive places. By 2020 the East Midlands will be a flourishing region.

The vision of a flourishing region is underpinned by three themes:
- Raising productivity
- Ensuring sustainability
- Achieving equality

In support of *emda*'s wider objectives for the region's economic progress a Regional Innovation Strategy and Action Plan (the Strategy) has been developed by Innovation East Midlands[1] (InnEM). The Strategy identifies priority areas for investment by *emda,* allowing it to target resources more effectively where there is the opportunity to make the greatest impact or where there is clear evidence of market-failure. The Strategy has been approved by the *emda* Board and interested partnerships are invited to express their interest in helping to deliver regional innovation Networks (iNets) in four priority areas:

- Healthcare

- Transport

- Environment

- Food and drink

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[1] InnEM is the regional Science, Innovation and Industry Council, established by *emda* to lead the development of the Innovation Strategy and Action Plan for the East Midlands (2007-2010) with the aim to grow a long term, sustainable, innovation-led economy.

emda will adopt the following procedure in order to establish the iNets:

Stage 1 Response to Prospectus

Stage 2 Assessment of Responses/Presentation

Stage 3 Discussion with potential iNet partners to finalise proposals

Stage 4 Selection of preferred iNet partners for submission of full Application.

Stage 5 Appraisal of full Application

Stage 6 Grant Award

Stage 7 Contracting

Stage 8 Delivery including Evaluation

emda will provide grant funding for the set up and operational costs of the iNets. This will be awarded on the basis of a competitive process against the requirements set out in this prospectus. iNet partnerships will be expected to maximise funding contributions from partner organisations and other sources, towards costs of the set-up and operation of the iNets. The criteria against which InnEM / *emda* will appraise submissions are set out in section 5 of the prospectus. In making claims under this grant, prospective iNet partnerships should be aware of certain items of ineligible expenditure (see annex III for more details).

In parallel to the establishment of iNets, *emda* will commission, through public tendering processes, a number of complementary innovation projects that will support iNet activity. These items will be subject to separate invitations to tender. They are, however, identified in Annex II of this Prospectus, **iNets will not be able to bid for these projects** but will be expected to clearly align themselves to these complementary activities.

2.   Background

The InnEM Strategy[2] calls for partners to act to ensure innovation actions are coordinated to achieve maximum return for the region. This includes partners ranging from *emda* and InnEM, through to large and small businesses and the knowledge base of universities, colleges and research institutions. The Strategy provides a framework to co-ordinate future investments for greater return, aligned to four strategic innovation themes:

- **Knowledge Exchange:** pro-actively bringing together research expertise and businesses with the aim of increasing the rate and level of innovation.

- **Innovation Support for Business:** supporting businesses (particularly SMEs) to be more innovative, with the aim to drive improved productivity and competitiveness

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[2] InnEM Strategy 2006.

- **Creating the Environment for Innovation:** establishing an integrated network of facilities, organisations and individuals, where innovation success is recognised and celebrated

- **Fostering Enabling and Emerging Technologies:** utilising our research and industry strengths to identify and prioritise investments related to the future prosperity of the region

The Strategy identifies **a three year framework of innovation actions**, setting out detailed requirements for *emda,* InnEM and partners. The Prospectus focuses on those actions that *emda* is inviting partners to deliver. It is designed to be consistent across each of the four priority sector areas in which iNets will operate, and the four themes underpinning the Strategy:
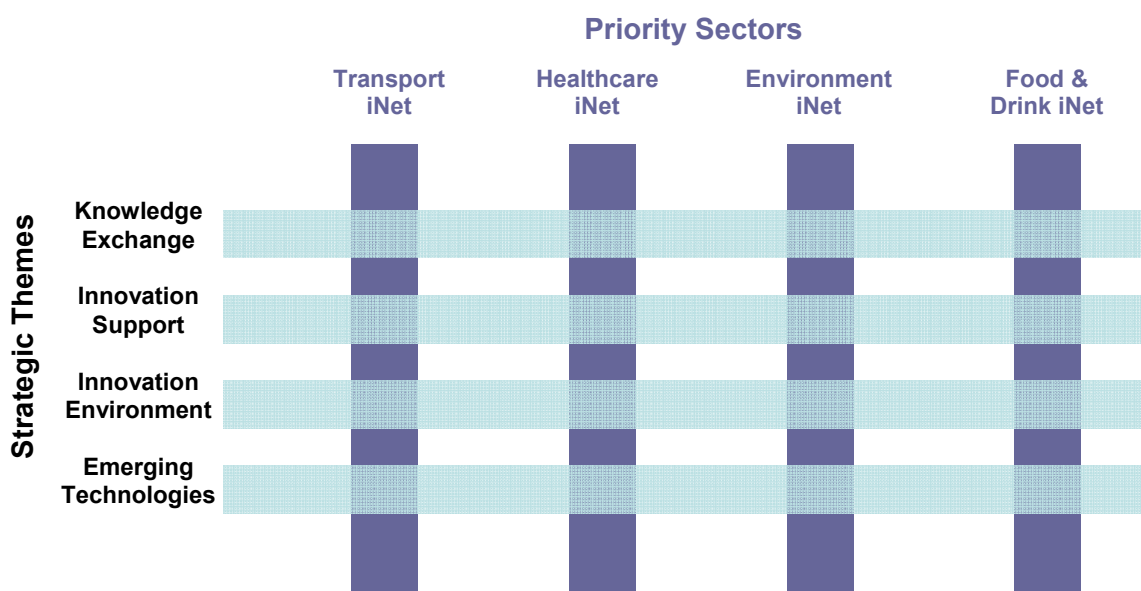
The sectors to be covered by the iNets reflect the four priorities identified in the RES. Plans for public sector intervention to address market failure in these sectors are under development – see Annex 1. These plans should be taken into account in drawing up the proposals for the operation of the iNets.

3. Opportunities for iNet Partners

3.1 innovation Networks (iNets) set-up and operation

3.1.1 iNet partnerships

The central delivery vehicle of the Strategy will be innovation Networks - iNets. These will bring together partnerships of regional businesses, universities, the public sector and innovative individuals (the innovation stakeholders) around a shared interest in a market sector or the technologies that underpin it. Each iNet will be focused on one of the key sectors identified for the region and be based on partnerships that

represent regionally significant concentrations of innovation, technological and scientific excellence. These will also be recognised as a focus for interaction between business and universities in the region, and be capable of contributing resources to the Strategy (see section 6 for more details).

The iNet partnerships will be expected to recruit and employ an iNet team, who will be charged with delivering key innovation actions within the Strategy (described below). The partnerships will be further expected to identify and report on the impact of the iNet team activities to InnEM / *emda.*

In summary, the iNet partnerships should:

> - Direct operations of the iNet and advise InnEM / *emda* on the impact of activities
>
> - Recruit and employ an iNet team (see below)
>
> - Ensure Public funds are appropriately governed in line with *emda* guidance.
>
> - Select and Manage innovation actions and iNet projects as outlined in sections 3.2 and 3.3 below
>
> - Deliver and co ordinate outputs in accordance with the Strategy

3.1.2 iNet team

Each iNet partnership will be expected to establish and operate an iNet team who will be based in an innovation Hub (iHub) and deliver and manage a range of innovation actions under the four Strategy themes. iNet teams will be impartial, independent of any institution and their activities will be transparent and open and this must be evidenced in the iNet application process, ensuring businesses receive the most appropriate solutions to their needs. They will be a full-time resource dedicated to the iNet and delivery of the innovation actions. In this respect they will operate on behalf of their iNet and not the individual members of the iNet partnerships.

The iNet team should include a range of competencies, which will enable them to demonstrate their credibility to business and research stakeholders within the specific iNet sector focus. For example, the iNet Director is expected to have senior experience within the sector and technology field, a track record of delivering outputs in areas such as SME-knowledge base links, as well as high level interactions with the public sector.

The iNet advisors will share some of the same characteristics, but will have specific operational experience in areas such as innovation related business advice, technology commercialisation or research and development. Familiarity with the East Midlands knowledge base and experience of linking SMEs to appropriate specialist providers will also be important.

The work of the Director and advisors will be underpinned by high quality administration support.

A potential staffing complement is set out in the table below. However, it will be up to each iNet partnership to propose a complement within its budgetary constraints.

Potential iNet Staffing per year			
	Year 1	Year 2	Year 3
Total full time staff envisaged, comprising	**4**	**5**	**6**
iNet Director	1	1	1
Senior	0	1	1
Advisor 1	1	1	1
Advisor 2	1	1	1
Advisor 3	0	0	1
Administrator	1	1	1

Under the innovation support for business theme the iNet teams will, where required, provide specialist Information, Diagnostic and Brokerage (IDB) services to businesses in their area of focus. iNet teams will be required to conform with the requirements for professional competencies as described in the National Common Standards Framework for Business Support and Brokerage to conduct these IDB activities. They will exchange and maintain business support product knowledge as part of the regional Business Link (BL) service operated by East Midlands Business Ltd (EMB Ltd) and will be fully integrated into the Regional Business Support Information System (RBSIS). The iNet team IDB activities will be co-branded with those of BL.

Where required the iNet team will carry out IDB activities in their priority sector which will complement the BL service and the intensive support offered through programmes such as the Manufacturing Advisory Service (MAS), the High Growth Business Coaching Scheme and by UK Trade & Investment. A Service Level Agreement (SLA) will need to be established with EMB Ltd and other scheme providers to confirm the activities of the iNets and to clarify the working relationships.

Each iNet Team will be located within the relevant iNet Hub and will:

- Refer businesses to specialist innovation and technology support as required in the specific sector concerned. They will also broker to BL for generic business support to meet their needs as appropriate or for process specific support (e.g. UK Trade & Investment for international business development).

- Not provide in-depth business support directly but will perform an "account manager" role for their client businesses (subject to agreement with EMB Ltd, demand and resource availability) in the specific sector focus of the iNet, moving businesses on to the High Growth Academy or other programmes as appropriate.

- Provide access to specialist intensive innovation & technology support (described further below under '*Delivering high quality innovation support for businesses*').

- Maintain routine working relationships with other iNet teams, with innovation advisors across the region engaged by other partners (e.g. Universities) and with EMB Ltd and other "customer engagement" organisations to answer specialist innovation queries from businesses outside the specific sector focus.

- Identify, develop and provide 'critical intelligence' to stakeholders of the iNets. Critical intelligence is defined as the knowledge and expertise underpinning the work of the iNet team. This includes detailed understanding of innovation needs, market and technology trends relevant to the specific sector.

- Respond to a sector-focused business base, identified following discussions with EMB Ltd, providing specialist IDB support (as defined in the SLA) for businesses within the specific sector focus of the iNets.

- Provide all aspects of governance support to *emda* and InnEM as required.

- Develop, design and assist organisations to create new business support activity to underpin the Innovation Strategy.

The iNet team will have a major role of delivering innovation actions under the Strategy themes:
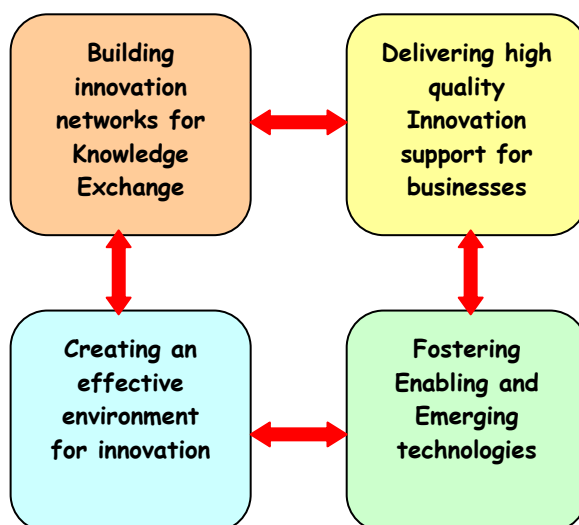
These innovation actions are described in more detail below:

Building innovation networks for knowledge exchange

The iNet teams will take responsibility for hosting and contributing to the regular diarised *networking events* and *enabling technologies events* (as discussed in section 3.3.1 below).

Delivery of high quality innovation support for businesses

The iNet teams will identify innovation needs in client companies, providing *information, diagnostic and brokerage* support, and directing them to the most appropriate type and source of specialist innovation support available. The operational delivery of innovation support will be through a register of accredited specialised innovation support providers – typically consultancies or university commercial providers (see section 3.2.1 below).

The iNet teams will also *stimulate the demand from business for innovation finance* by liaising closely with the fund managers that form part of the East Midlands regional Finance Escalator, with the objective of improving access to these funds for the client companies within their target sector, creating demand for appropriate and targeted financial support packages.

They should act as promoters and brokers of other R&D based funding programmes from EU, national and specific regional funding sources, including those schemes that *emda* is directly responsible for in the region, such as Selective Finance for Investment in England (SFIE) and Grants for Research and Development.

The iNet teams should stimulate demand and facilitate delivery of the Finance Escalator products. This should be achieved through their face-to-face meetings with client companies with innovation and technology needs related to their specific sector and through events, seminars and programmes organised and coordinated by the iNets (see section 3.3.1 below). They should also use the Regional Innovation Portal to promote the regional Finance Escalator products and stimulate take up by SMEs in the region (see annex II for more details).

The iNet teams will effect introductions for client companies to appropriate financial providers in the region, as well as relevant sources of grants or subsidy opportunities available. The iNet teams will also link with existing Business Support activities, including Connect InvoRed to ensure that the iNet clients are adequately 'investment ready' to maximise opportunities available to them to raise finance. The iNet teams should also promote the New Technologies Initiative (NTI), a capital equipment investment scheme that aims to improve the development of technical level skills and research skills.

In order to carry out these activities the iNets will acquire a strong base of critical intelligence from the region that will become a valuable resource in helping financial support providers to react to shortcomings in current provision, and bridge gaps in the Finance Escalator product range.

emda will contribute to the iNets' critical intelligence underpinning this action by commissioning research (see annex II for more details), including a:

- Detailed review of the availability and gaps in the current provision of finance specifically for innovation.
- Feasibility study to test if opportunities exist to create a faster and easier approach to the delivery of products through the Regional Innovation Portal (see annex II).

The iNet teams will also ***stimulate the demand from business for innovation skills*** through their interactions with clients. This should be based on the IDB model, where appropriate working with expert skills advisors to diagnose innovation skills needs and effect introductions to appropriate training providers in the region. It will include referrals to programmes such as Train To Gain and specialist training in the management skills necessary to develop innovative businesses, e.g. Intellectual Property Rights (IPR) management, product and technology strategies and programme/project management skills.

These interactions will gather critical intelligence on skills needs of companies and gaps in innovation-related skills development opportunities. The iNet teams will use this to procure and broker the delivery of a programme of skills training events for clients. These will focus on the management skills necessary to innovate (see section 3.3.3 for more details).

Responsibilities will also include encouragement of entrepreneurship for young graduate scientists and engineers by liaising with the region's HE institutions, HEFCE and the regional graduate recruitment service, Hot Prospects.

In summary, the iNet teams should contribute towards the delivery of high quality innovation support for businesses by:

- Finding and accrediting specialist innovation support providers (see 3.3.2 below)
- Identifying client innovation needs and directing them to the most appropriate form of specialist innovation support provision
- Stimulating demand from business for innovation finance
- Stimulating demand from business for innovation skills

Creating an effective environment for innovation in the East Midlands

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To create an effective environment for innovation the iNet teams will *encourage a culture of, and positive attitude to innovation,* in the region. In particular the Strategy's aims and objectives must be communicated to SMEs, the media and opinion formers of all kinds, intermediaries and partner organisations. A further key group that the iNet team should communicate the innovation 'message' to are the region's young people, including school children, young trainees in business and the public sector and university students and graduates.

The iNet teams will use their critical intelligence to work with partners to contribute to the development and delivery of activities to stimulate a positive attitude towards innovation across the region. In particular they will support the *annual innovation Festival (iFestival) and innovation awards* (see annex II for more details).

The iNet teams will also contribute to the delivery of the *Young Foresight Programme (or an equivalent scheme)* to stimulate and challenge the young people in the East Midlands to think about and imagine the future in which they will live (see annex II for more details).

iNet teams should work with higher education partners to *support innovation and entrepreneurship as part of all students' core studies*. It will be an aim to promote creativity skills training into the primary and secondary level curriculum and to lobby to extend placement opportunities in industry for undergraduates.

iNet teams will work with their stakeholders and organisations such as Business Champions to identify *innovation role models,* drawn from local communities, who have been both willing to innovate and successful. These role models will, supported by the iNet teams, visit schools, colleges and community groups to talk of their own first hand experiences in innovation.

In summary, the iNet teams should create an effective environment for innovation in the East Midlands by:

> - Encouraging a culture and positive attitude to innovation
> - Facilitating the delivery of the Young Foresight Programme (or equivalent)
> - Supporting innovation and entrepreneurship as a core part of all students' studies
> - Identifying and supporting innovation role model visits to schools, colleges and community groups

> ### Foster and promote enabling and emerging technologies

The iNet teams will contribute critical intelligence to the *emda*-commissioned criteria for **selecting and prioritising emerging technologies** (see annex II for more details), as well as the identification of funding sources to support the academic and business stakeholders.

Where possible the iNets should look to build on university experience and industry relationships already developed, for example through EU and national research programme funding. It will look at how such programmes, with potential to nurture emerging technologies, can bring together different funding sources such as Research Council and regional grants to support the academic and business stakeholders.

The iNets will provide financial support for **research and development programmes based on HE collaborations**. This shared HE collaboration fund is intended to deliver sustainable competitive advantage for the region. In supporting this activity the iNets will strengthen the ability of HE institutions to lever in additional research funding by investing directly in a series of Research and Development Programmes.

In parallel to the HE collaboration fund the iNet teams will also identify and facilitate access to **bid support** for SMEs, to enhance the level of funding won from national and EU research and development funding programmes (see annex II for more details).

A number of **enabling technology events** will also be commissioned by *emda*. Here, the iNet teams will attend and contribute as necessary, as part of their IDB and critical intelligence activities (see annex II for more details).

In summary, the iNet teams should foster enabling and emerging technologies by:

> - Contributing intelligence to the selection and prioritisation of emerging technologies
> - Administering a shared HE collaboration fund
> - Providing access for SMEs to bid support for research and development funds
> - Attending and contributing to enabling technologies events

3.1.3 iNet governance

The preferred governance model for the iNets is summarised below. Where iNet partnerships wish to propose an alternative structure they should clearly demonstrate how it meets the principles outlined in this prospectus.

A contractual relationship will be established between the iNet partnerships and *emda* for the delivery of the items specified in this Prospectus. InnEM will take responsibility for overseeing the strategy and informing *emda* of progress.
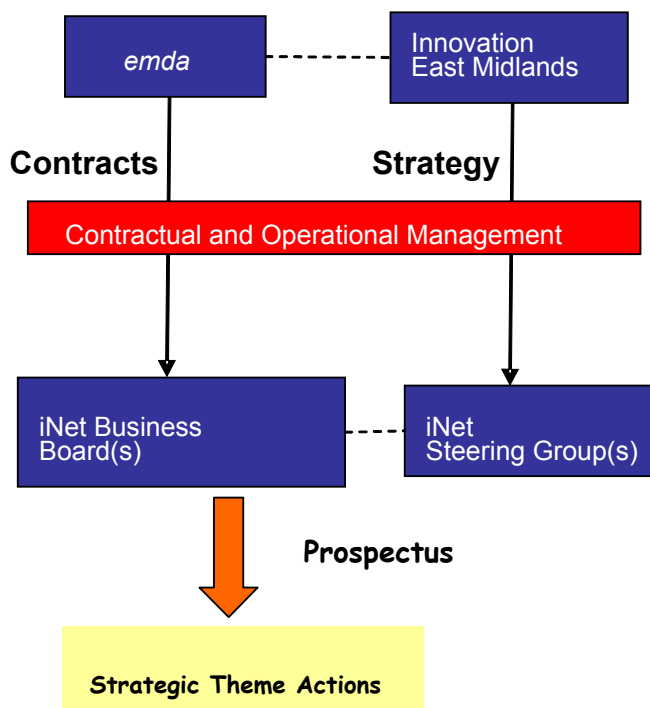
Under the preferred model, each iNet will consist of a formal partnership of stakeholders formed as a ***not for profit organisation***, established solely for the purpose of delivering the iNet. This entity will not be allowed to tender for activities outside of the Strategy.

iNet partnerships will convene a ***business board*** to direct its operations and hold accountability. This should include representatives of iNet partnership members and *emda* reserve the right to attend in an observer capacity. The boards will have overall responsibility for the operation and performance of the iNet, including a duty to direct the activities of the iNet, oversight of financial performance, compliance issues and stakeholder relations.

In addition, each iNet should also establish a ***steering group***. This will bring together relevant regional stakeholders from the sector and technology focus of the specific iNet to advise on the strategic impact of the iNet. The iNet steering group should

comprise senior representatives from the region, meet on a quarterly basis and be chaired by an InnEM Council member or their nominee -.supported if necessary by additional advisors, co-opted from business or academia to provide specific expertise.

The iNet steering groups will have two functions:

- Informing the evaluation of the strategic impact of iNet activity against the overall objectives of the Strategy.
- Ensuring that iNets function as a fully inclusive partnership including advising the iNet business boards on the allocation of the innovation action funds.

The iNet board will recruit, appoint and oversee the work of an **iNet Director** and the iNet team. The iNet Director will have day-to-day responsibility for the management of the iNet and ensure that the business board is fully informed of the operational delivery progress (and deviations) of the iNet towards targets and outputs. The Director will also report to *emda* on operational issues (see below for details). This should form a regular schedule of meetings.

The iNet business board will establish a regular meeting schedule and will be responsible for providing monitoring reports to *emda* at regular intervals, arranging their voting and decision-making procedures according to best practice in corporate governance.

emda will agree with the iNet business board the procedures and standards to be used by them in appraising and allocating funds from the innovation action funds. This process will be subject to periodic auditing by *emda*. The iNet board, however, must seek advice from the iNet steering group in cases where there are likely to be perceived or real conflicts of interest, and where unusual or significant issues are identified.

Indicative funding available for the set up and operation of iNets: £1.02M, for the period April 2007 – March 2010. Within this figure *emda* will make an appropriate contribution towards overheads, within reasonable limits.

The iNet team will be expected to maximise funding contributions from partner organisations and other sources.

In summary iNet partnerships will establish good governance, through, but not limited to:

- Implementing the iNet as a not for profit organisation
- Convening a Business Board to direct its operations and hold accountability
- Establishing a Steering Group from the wider stakeholder community
- Adopting transparent processes to avoid conflict of interest

It is recognised that the governance model may vary across the iNet's, reflecting the existing infrastructure of organisations operating in each sector.

3.2 Delivery of innovation draw down funds

To facilitate the delivery of the Strategy *emda* will maintain a number of innovation draw-down funds, and make these available to the iNet teams. Administration of the granting process may be subject to a common grant mechanism operated by *emda*. Details of these funds are described below.

3.2.1 Innovation support to business fund

A key role for the iNet teams, as identified above, will be to identify innovation needs in client companies, providing IDB support and directing them to the most appropriate type and source of specialist innovation support available.

The iNet teams will be able to provide a contribution to the costs for companies for the take-up of intensive innovation support. The iNet teams will be able to provide contributions towards either basic support (up to 3 days) or advanced support (up to 10 days) depending on requirements and growth potential. This support should be acquired from an accredited specialist provider. It must be noted that iNet teams cannot deliver this specialist support but must manage the process.

Companies identified for support should be based in the East Midlands and meet a series of eligibility criteria for example but not limited to:

- meet minimum criteria related to identifiable business innovation needs in a sector or technology relevant to the iNets
- demonstrate innovation needs that can only be addressed through specialist providers

- be an SME – defined according to EC criteria – including number of employees (fewer than 250), and turnover (no more than 50 million euro, or an annual

balance sheet total, based on total assets net of depreciation, of no more than €43 million)[3].

Indicative funding available for Innovation Draw Down Funds: £425,000, with equivalent match from beneficiaries, for the period April 2007 – March 2010. These funds will be available through a separate application once iNets are established.

3.2.2 HE Collaboration Fund

emda will create a fund to support HE collaborations[4] around significant research programmes. This fund is expected to lever additional funding on a competitive basis from other research and development sources such as HEFCE, National Technology Strategy Calls, HEIF and FP7 and target commercial exploitation in the East Midlands.

HE institutions will be expected to make a contribution, alongside *emda*, to the total funds allocated for shared collaborative R&D.

Access to the fund will be via an *emda* application process the iNet team will be provided guidance on priorities from the iNet steering group. Potential collaborations must meet the requirements of: relevance to the regional economy; prospects for successful leverage of additional funds; and willingness to contribute funds to shared collaboration. Application for these funds will be made via the relevant iNet.

Indicative funding available for HE Collaboration Funds: £750,000, with £190,000 match funding from beneficiaries, for the period April 2007 – March 2010. These funds will be available through a separate application once iNets are established.

3.2.3 Establishing an iHub. (iHub capital refurbishment fund)

The iNets will be expected to have a physical location or locations around the region.

These locations will be called iHubs. Such iHubs will be an innovation or research centre involving academia and business partners.

The precise configuration of the iHubs will be an item that the iNet partnerships will need to consider as part of its response to this Prospectus. At a minimum, the iNet will need to ensure that there is good quality office accommodation for the relevant iNet team as well as the opportunity to clearly identify the presence of the iNet by branding and professional presentation within the facility selected as the iHub. It is likely that meeting and workshop facilities will be necessary as will a small amount of exhibition space for the sector's use. In some iNets it may be appropriate to consider incorporating the provision of technical facilities that are key to innovation and technology within the sector. Each sector iNet is lilkely to be different in this respect.

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[3] More detailed guidance can be found in the EC publication 'The new SME definition' at: http://europa.eu.int/comm/enterprise/enterprise_policy/sme_definition/sme_user_guide.pdf.

[4] Involving at least two or more regional HEI collaborators.

The iHubs will also act as host for the iNet team and be capable of holding the regular programme of events, including activities designed to raise awareness of the benefits of enabling technologies, specifically digital and design technologies.

Different options exist for the development and operation of an iHub. In some cases it could be an existing innovation, research or technology transfer centre involving academia and business partners. The aim will be to use the facility to assist the iNet in establishing and maintaining close links with centres of innovation and technology activity across the region and to provide a visible 'presence' for the iNet.

In other cases, it may be more appropriate to organise the iHub around a series of physical facilities across the region that already operate at the interface between research and business. This networked approach may be most appropriate where the sector concerned embraces a wide range of technologies at the heart of its innovation activities, and where the partnership in the region is able to demonstrate that it can maintain its focus without the need for a single iHub.

The iNet partnership may consider that an investment in capital infrastructure and facilities is both desirable and necessary to ensure that the full potential of the iNet and its contribution to the region's innovation activities in the relevant sector can be achieved. *emda* will, if deemed necessary and appropriate, provide match funding for the refurbishment of iHub buildings. It will expect the iNet business boards to make an appropriate case for their use.

Funding may also be available in exceptional cases for *emda* to provide match funding for the construction of an iHub for the Environmental iNet, should no building of sufficient stature be available. Such an application will need to be considered carefully to ensure that existing buildings are not available for refurbishment, and that true 'market failure' exists. Should such conditions be met *emda* will wish to ensure that funding and subsequent ownership of the iHub are subject to state aid guidelines. It is likely, therefore, that a public sector partner will best meet these requirements.

The iHub capital refurbishment fund will only be available to the iNet partnerships, and subject to *emda* internal appraisal and state aid guidelines. It will therefore be for the iNet boards to make the case to *emda* and a substantial contribution is expected for this.

Indicative funding available for iHub capital refurbishment: a maximum of £250,000 with equivalent match funding from beneficiaries for refurbishment. However, for the Environmental iNet this may be raised to a maximum of £3M with £2M contribution from beneficiaries. These funds will be available through a separate application once iNets are established.

In summary, iNets will have access to:

> - an innovation support to business fund
> - a shared HE collaborative research fund
> - an iHub capital refurbishment fund

3.3 iNet events and other activities

iNets will be expected to procure items under this category through competitive and open public tendering. Such tendering processes should be transparent and compatible with *emda's* procurement guidelines.

3.3.1 Diary of innovation network events and activities (including enabling technologies and processes events)

The iNet partnerships will be expected to host a programme of events and activities to facilitate innovation supply and demand, and drive interactions between the various stakeholders. These events and activities should be focused and driven by specific objectives, and themed according to innovation issues relevant to the respective iNet stakeholder group. Topics may include raising awareness of innovation good practices, new technological developments and opportunities for collaboration. They will draw on the experience of successful innovator 'role models' and provide the opportunity for SMEs to interact with their peers, discussing innovation issues and making contacts with innovation support providers. iNet partnerships should also work with relevant partners to host a small number of enabling technologies and processes events.

3.3.2 Finding and accrediting providers

The iNet teams will need to identify a panel of organisations who are able to provide specialist innovation support (see 3.2.1 above) to selected SMEs. All specialist providers should be accredited according to a process that is consistent with the BL service.

3.3.3 Skills training events

The iNet teams will also be expected to procure and host a programme of innovation skills events. These events should draw on the iNet teams' critical intelligence on skills development opportunities and seek input from partner agencies with expert skills advisors. Events should be themed according to innovation issues relevant to the respective iNet stakeholder group – for example management skills necessary to develop innovative businesses (IPR management, product and technology strategies, and programme management).

The iNet teams will also contribute towards innovation skills development in the region through their IDB activities and links to programmes such as the emerging High Growth Academy. This will entail diagnosis of innovation skill needs and introductions to appropriate training providers in the region. It will also provide

information on the skills development opportunities that exist in the region for their client companies. These interactions will gather critical intelligence to support the skills training events, as well as the wider aims of the Employment, Skills and Productivity Partnership (esp) .

3.3.4 Develop & implement criteria for selecting and prioritising emerging technologies and processes

The iNet teams will work in close liaison with the region's key stakeholders to implement *emda's* criteria for selecting and prioritising emerging technologies, as well as the identification of funding sources to support the academic and business stakeholders. This process will be overseen by the respective iNet steering groups and will result in the selection (between and across iNets and national and EU priority areas) of emerging technologies being fundamentally driven by the stakeholders, who are the most appropriate players to provide knowledgeable insights into the topics. The iNets will utilise the critical intelligence gathered from the region, drawn from a range of sources including market analysis, technology trends, business demand, university research expertise and knowledge exchange experience to identify emerging technology opportunities.

Indicative funding available for iNet events and other activities: £250,000,for the period April 2007 – March 2010. These funds will be available through a separate application once iNets are established.

In summary the iNets will access *emda* funding to procure a number of innovation events and activities, including:

> - A programme of innovation Network events, and enabling technologies and process events
> - Identifying and accrediting specialist innovation support providers
> - Skills training events
> - Development and implementation of criteria for selecting and prioritising emerging technologies and processes

4.   Activity outcomes, targets and outputs

The following **activity targets are identified on a 'per iNet', annualised basis**. The funding identified within the Action Plans is volume related (to outputs)[5]. It should be noted that these are the <u>minimum</u> outputs that are expected to be delivered by the

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[5] For iNet operational periods of less than one year *emda* will require targets and outputs to be agreed on a pro rata basis.

iNets. The level of outputs to be generated will be a key factor in assessing the value for money aspect of iNet proposals.

4.1 iNets

4.1.1 Innovation support to businesses

	Year 1	Year 2	Year 3
Number of companies receiving basic innovation support (3 days)	30	35	50
Number of companies receiving advanced innovation support (10 days)	10	15	25

See section 3.2.1 for more details

4.1.2 HE collaboration fund

Leverage target for shared fund	iNet funding is expected to leverage 3 x equivalent funds from other sources

See section 3.2.2 for more details

4.1.3 Regular diarised network events

	Year 1	Year 2	Year 3
Network events per month	1	1.25	1.5
Business attendees at each event	25	25	30
Academic attendees at each event	25	25	30

See section 3.3.1 for more details

4.1.4 Enabling technologies and process events

	Year 1	Year 2	Year 3
Number events per annum	3	3	3

See section 3.3.1 for more details

4.1.5 Skills training events

	Y 1	Y 2	Y 3
Number of events per annum	5	5	5
Number of attendees per event	20	25	30

See section 3.3.3 for more details

4.1.6 Companies identified for R&D bid support

	Year 1	Year 2	Year 3
Number of companies brought forward for support	10	15	20
Leverage assumption	Target - 40% success rate for funds raised and average award of £150,000 per company		

See section 6.1.1 for more details

4.1.7 Companies identified for the regional emerging equipment grant fund (healthcare)

	Year 1	Year 2	Year 3
Number of companies brought forward	20	20	20

for support			

See section 6.1.1 for more details

4.2 Emda Targetry Framework outputs

emda is focussing on delivering quality innovation outputs, targeted at knowledge intensive companies, high quality jobs and individuals with higher level skills. The following table has been derived from global figures contained in the Strategy and is based on standard *emda* output definitions. Like the activity targets noted above they do not take account of the phasing that *emda* will apply to the creation of the iNets. Prospective iNets will need to consider both the level of outputs they expect, and how they propose to maximise the quality of their contribution towards the headline figures on a pro rata basis. The precise breakdown between iNets is something that will be discussed with prospective iNet partnerships.

To ensure that the Strategy objectives are met, a comprehensive process of monitoring and evaluation will be established. The performance of the actions will be assessed on an individual basis by *emda* and its partners. InnEM will also create a mechanism for independent evaluation of the overall programme.

4.3 Expected outcomes

The iNets will be expected to deliver the outcomes noted in the Strategy. This should:

Output	Year 1	Year 2	Year 3	Total
1. Jobs created or safeguarded	58	192	305	555
2. People assisted to get a job	-	-	-	-
3. Businesses created or attracted	-	-	-	-
4. No. businesses assisted to improve performance	68	193	320	580
4a. HE / Business collaborations	105	315	512	932
5. Public / private infrastructure investment levered (£m)	-	-	-	-
6. People assisted in skills development	150	438	600	1188

- Increase the number of businesses investing in innovation
- Raise the overall level of business investment in innovation
- Improve the effectiveness of ideas commercialisation

- Recognise and build on our regional strengths to ensure sustainable competitive advantage
- Increase the frequency and value of business : university interactions
- Support the development of appropriately skilled individuals
- Raise the profile of innovators, celebrating success and learning from experience

5. Eligibility criteria

This prospectus is a competitive process and decisions will be made on the basis of the stated criteria below. Proposals will be evaluated and decisions will be made by *emda* / InnEM staff. The response to the prospectus in delivering the iNets are set out in this prospectus should meet the following eligibility criteria:

Eligibility Criteria	
Sector expertise	Relevant and proven expertise and knowledge in the sector in question, as evidenced by links to emerging sector plans.
Clear Organisational structure and leadership	Lead body identified. Commitment to collaborate Legal status of iNet established (on a not for profit basis)
Appropriateness of collaboration partners	Collaboration partners must demonstrate and potentially include representative organisations of Academia, Research Institutions, Business Support Agencies, and the Private Sector operating in the selected INet sector. These Partners must act together and not independently.
A partnership based around concentrations or centres of technological and scientific excellence in the region	Demonstrated by mapping information/ industry support and letters of support.
Recognised as a focus for Knowledge Transfer between business and universities	Evidence of Knowledge Transfer activity
Prepared to contribute resource / assets to the operation of iNets and proposed activity.	Demonstration of ability to bring further funding to iNets and iHubs from partner

	organisations and other sources.
Governance	Partnerships and Collaborations must provide clear Governance controls and procedures, in line with Public funding requirements.
Financial	Evidence provided by the partnership that costs for establishing the iNet and IHub are within budgetary guidelines and deliver good value for money in relation to inputs and outputs. Indications provided of match funding support with value. Financial control mechanisms must be evident.

6.   Form of submission

Eligible organisations that are interested in responding to this prospectus must submit their proposal in line with the requirements detailed below. An assessment matrix has been included providing interested parties with the framework of how they will be assessed at this stage. Submissions should follow the same sequence.

- A demonstrable understanding of the potential scope of the project and those issues that will be critical to the implementation in the relevant iNet sector and long-term development of the project and the sector specific needs identified in the annex specifically Sector Implementation Plans. Respondents should also be cognisant of the overall Strategy (included within the Prospectus pack).
- Details of the proposed iNet partnership including competences, resources and systems of the members and evidence of Eligibility listed above.
- The qualifications, experience, expertise and skills of individuals assigned to the project.
- Methodologies proposed for establishment and delivery of the iNets.
- Timings for establishment and operation and outputs expected for each iNet
- Financial Information of proposed iNet structure and funding requirements including cost breakdown.
- Details should be provided on how Conflicts of Interest will be avoided and how impartiality will be supported.
- Details of the proposed Quality Management Systems, monitoring and evaluation measures and standards.

- Details of the proposed policies and procedures relating to staff recruitment, equal opportunities, health and safety, data protection, freedom of information, and general codes of conduct and business ethics.

Interested organisations should note that *emda* may wish to stagger the implementation of the iNets over a maximum of 18 months. It is likely that it will pursue this through selection of the strongest proposals for early implementation. However, other selected partnerships will receive guidance from InnEM and *emda* to prepare for subsequent launch.

The timetable is as follows:

Stage 1 Response to Prospectus by: 19th March

Stage 2 Assessment of Responses/Presentation

Stage 3 Discussion with potential iNet partners to finalise proposals

Stage 4 Selection of preferred iNet partners for full submission of Application by: 13th April

Stage 5 Receipt of Full Application for appraisal by: 1st May

Stage 6 Grant Award by: 31st May

Stage 7 Contracting by: 31st May

Stage 8 Delivery

It must be noted that funding for iNets has not been approved by *emda* at the date of going to publication. No Grant Awards will be made until *emda* have approved allocation of funding.

Your full response to this prospectus, as detailed above must be submitted to:

Dr Martin French
Innovation East Midlands
East Midlands Development Agency
Apex Court
City Link
Nottingham
NG2 4LA

By 9am on Monday 19th March 2007

Three copies of your submission are required.

Submissions arriving after this time and date will be rejected and returned to the submitting organisation, unless clear evidence of posting (by first class on the day preceding the closing date) is available. Submissions by fax will not be accepted.

If you require further information concerning the award process, please in the first instance contact Nicola Culliford, InnEM Coordinator, at nicolaculliford@emd.org.uk, tel: 0115 988 8577 or at the address supplied above. No questions will be answered that provide a competitive advantage to any party.

Annex I: Sector documentation

See the separate draft documents:

- Construction
  - ➤ EM Construction Innovation Sector Strategy v2.2 (draft)
- Food & Drink
  - ➤ Food & Drink RES Implementation Plan Draft
  - ➤ Food & Drink RES Implementation Plan Draft - spreadsheet
- Healthcare
  - ➤ Healthcare RES Implementation Plan Draft
  - ➤ Healthcare RES Implementation Plan Draft - spreadsheet
  - ➤ Healthcare RES Implementation Plan Appendices Draft
- Transport Equipment
  - ➤ East Midlands Aerospace Strategy Draft 0906
  - ➤ East Midlands Aerospace - Justification for market failure interventions
  - ➤ Leisure Marine Strategic plan draft 0610
  - ➤ Marine clusters market failures 0610
  - ➤ Motorsport Sector Innovation plan 2006 -2009 DRAFT V2.4
  - ➤ Rail Sector Strat v 4 November 2006 (2) (draft)
  - ➤ Rail market failure matrix

Annex II: InnEM / *emda* complementary activities

In parallel to the activities of the iNets *emda* and InnEM will be delivering a series of complementary innovation activities that will also contribute towards the Strategy. These will fall into two broad areas:

- Items that *emda* will procure itself. This includes actions that 'cut across' more than one iNet.

- Items that *emda* will fund and deliver on the basis of internal resources.

iNet partnerships will not be able to bid for these activities but iNet teams will ensure that their activities are fully integrated into these complementary measures, and will be required to contribute their critical intelligence and support as necessary.

emda procured items

Bid Support

The iNet teams are tasked with identifying SME companies that could benefit from access to specialist support in order to win funding from national and EU programmes. *emda* will support this activity by establishing a framework agreement with bid support consultants in the region. This specialist support will be available to the iNet teams in order to maximise the level of research and technology funding won from National and EU sources for the region. *emda* will provide funding for a new programme of bid support and the iNets will identify and provide mentoring for companies to go through the process of winning funding, e.g. from FP7 and national technology calls.

Regional Emerging Technologies Equipment Grant Fund

In order to support the drive to increase the region's research and development activities *emda* will build on the New Technology Initiative (NTI) and establish a *Regional Emerging Technologies Equipment Grant Fund* for specialised equipment or facilities. This will initially be available only to the healthcare iNet teams (the other iNet areas are already covered by the NTI programme), to stakeholders, specifically SMEs and HE institutions, and based around the NTI criteria for selection.

Regional Innovation Portal

All iNets will be connected to and promoted through the Regional Innovation Portal, the Innovation East Midlands web site. *emda* will fund the development and ongoing maintenance of this portal. It will be the focal point within the region and the natural point of contact for anyone outside of the region with an interest in innovation. The portal will make high profile use of digital technology to support iNets and their innovation stakeholders, together with enabling cross iNet collaboration to respond to those innovations that have wider applicability, or arise from outside of the initial iNet focus.

In parallel to the development activities *emda* will commission a feasibility study to explore the potential to deliver light touch financial products through the portal.

A Regional Innovation Infrastructure Strategy

To ensure iNets are appropriately integrated into investment plans for innovation facilities *emda*, SSPs and other partners will develop a regional innovation infrastructure strategy. This will help to ensure that future investments made by *emda* and partners are aligned to the needs of the Strategy. In parallel, *emda* will also implement a framework that will allow it to assess the progress of physical infrastructure towards its overall objectives and identify the competencies necessary for inclusion within the *emda* innovation infrastructure map, and assess funding applications based on progress made against this framework.

Annual Emerging Technology Review

In support of the iNets work in this area *emda* will commission an Annual Emerging Technology Review. This review will enable *emda* to monitor and give guidance on technology developments from both within and outside of iNet activities. The review will provide another piece of critical intelligence which could be used to plan longer-term public and private sector investment in emerging technology areas where the region could potentially establish a leading position.

InnEM also propose to adopt the role of the Regional Technology Strategy Board (RTSB) to provide technology guidance and steering to the iNets – and provide a link to the National Technology Strategy (NTS) Board. Their role will be to consider the results of the study and identify promising areas to recommend. This will also provide a natural two-way link, to both inform the NTS on priorities in the East Midlands and to promote the NTS priorities in the region.

Young Foresight (or equivalent) Programme

The iNet team will also contribute to the Young Foresight Programme (or a regional equivalent) to stimulate and challenge the young people in the East Midlands to think about and imagine the future in which they will live and work. The exercise will be conducted, in conjunction with schools, colleges and HE institutions and supported by the iNet teams as necessary with the support of experienced facilitators as necessary. The results of the exercise will be examined and analysed to ensure that the specific and unique characteristics of the region's young people are taken into account in the design of future education, training and careers services in the region.

Annual innovation Festival (iFestival) and Innovation Awards

emda will support the creation of an annual iFestival and regional innovation awards targeted at schools, colleges, universities and SMEs (to be commissioned by InnEM / *emda*). This activity will help to attract maximum publicity and celebrate the regions strengths and achievements.

Regional Innovation Intelligence

To facilitate the work of the iNet teams *emda* will commission a number of studies designed to ensure that the IDB service provided is accurate and that the product offerings are optimised. This will include reviews of:

- gaps in current innovation support provision
- the availability and gaps in the current provision of skills development specifically for innovation
- finance provision gaps

These studies will involve in-depth consultation with the various product providers in the region.

Design and Innovation iHub Review

emda will consider if and how a Design and Innovation Hub, identified in the Cox Review, can be integrated into the iNets. This action will be managed with close cooperation with the Design Council.

Direct *emda* funded activities

InnEM Secretariat

This body will continue to support the activities of the InnEM Council. As part of this task it will create an independent impact evaluation mechanism.

Regional Innovation Marketing Support for iNets

The Regional innovation marketing and communications strategy will be built around establishing the InnEM name to raise the profile of innovation and clarify the messages through consistent marketing. The focus will be on supporting and promoting the iNets with specific activities in line with the four Strategy themes.

The *emda* marketing team will provide marketing support to the iNets to enable them to communicate effectively with their audiences. This will provide for consistent delivery across the iNets in terms of producing marketing collateral and event management. To support the delivery of consistent messages and to build a higher profile for the Strategy opportunities for badging all regional *I* innovation activities with InnEM marketing and graphics will be investigated.

Annex III: Ineligible expenditure

No payments will be made by *emda* in respect of the following items:

- expenditure incurred before Commencement Date of the Agreement;
- overheads allocated or apportioned at rates materially in excess of those used for any similar work carried out by the applicant;
- costs incurred prior to the date of the offer letter;
- notional expenditure;
- payments for activity of a political nature;
- depreciation, amortisation and impairment of assets purchased with the help of the Grant;
- provisions;
- contingent liabilities;
- contingencies;
- profit made by the Recipient;
- dividends;
- interest charges unless under an approved State Aid scheme;
- service charges arising on finance leases, hire purchase and credit arrangements;
- costs resulting from the deferral of payments to creditors;
- costs involved in winding up a company;
- payments for unfair dismissal;
- payments into private pension schemes;
- payments for un-funded pensions;
- compensation for loss of office;
- bad debts arising from loans to employees, proprietors, partners, directors, guarantors, shareholders or a person connected with any of these;
- payments for gifts and donations;
- entertainments;
- reclaimable VAT;
- statutory fines and penalties;
- criminal fines and damages;
- legal expenses in respect of litigation;
- expenditure on activities of a political or exclusively religious nature;
- expenditure supported from other government sources, local authority Grants, charges paid by leaseholders, or EC structural funds, to the extent that the combined Grants and other support total more than 100% of the Project or scheme costs;

- expenditure on works or activities which any person has a statutory duty to undertake, except where there is strong justification in terms of the regeneration outputs or impacts that will result, e.g. in the case of beneficial activity brought forward, or carried out in a way which best promotes sustainable regeneration as a result of Grant support;

- any liability arising out of negligence;

- payments made in advance of need.