

North East
Local Enterprise Partnership



Health and Life Sciences Project Development Fund

- Invitation to submit project proposals
- Information for applicants

Open: 30 July 2020
Close: 28 August 2020



Introduction

The North East Local Enterprise Partnership (North East LEP) is committed to driving economic growth resulting in 'more and better jobs' across Northumberland, Tyne and Wear and County Durham. Our aspiration is set out in the Strategic Economic Plan which provides the framework for delivery, including setting out four areas of strategic importance for the regional economy. Health and Life Sciences is one of these areas of strategic importance, where North East assets, expertise and capabilities provide a strong opportunity for growth.

Developing a Strategy for Health and Life Sciences and areas of focus

Health and Life Sciences is identified as an area of strategic importance in the Strategic Economic Plan (SEP), as the sector in the region already has:

- Large GVA and employment footprint
- Major manufacturing capabilities – Active Pharmaceutical Product (API), finished products, niche products, diagnostics, and innovations
- Local science, research and development expertise – driven through our universities and private companies
- Centres of healthcare and life science excellence 'golden assets' - these drive research and innovation
- An excellent healthcare and innovation system
- Significant growth potential of the sector

Its GVA is c £1.5bn pa, with high productivity and capacity for growth and delivery of 'better' jobs. Its growth trajectory as a sector in the region was 30% compared to 8% national growth in the ten years to 2018. 48% of spin-outs from the Northern Accelerator Programme were Life Sciences businesses in 2019. The combined and significant research and innovation assets and the 'health ecosystem' to support the growth potential of this sector is strong and provides the region with the 'USP' it needs to continue to catalyse the growth potential of the sector, which will ensure the region's ability to generate more and better jobs.

A Health and Life Sciences Steering Group has been in place overseeing collaborative work within the framework of the programme and in September 2019, with the support of the Steering Group, the North East LEP was able to appoint a Programme Lead to work with the Group to lead the development of a regional Health and Life Sciences strategy.

Significant work has been undertaken to develop the strategic framework for the programme including:

- Review and strengthen the Life Sciences Steering Group.
- Pro-active analysis of the context and capabilities in the region, and development of a process of oversight of the existing delivery pipeline
- A review and updating of the regional evidence base

This work was brought together at an awayday in March 2020 with the Steering Group. The discussion at the awayday confirmed a shared understanding of the evidence base, of two key pillars of opportunity:

1. **pharmaceuticals manufacturing**; and,
2. opportunity to **strengthen the ecosystem** to support, develop and accelerate commercialisation activity of businesses in the North East.

It also confirmed the prominent opportunity that this combined eco-system represents to **accelerate innovation** and commercialisation of products and services into both the NHS and into the health and pharmaceuticals markets and the range of enabling interventions required to support business growth in the region. See Figure 1: Health and Life Sciences Strategic Framework.

Health and life sciences framework

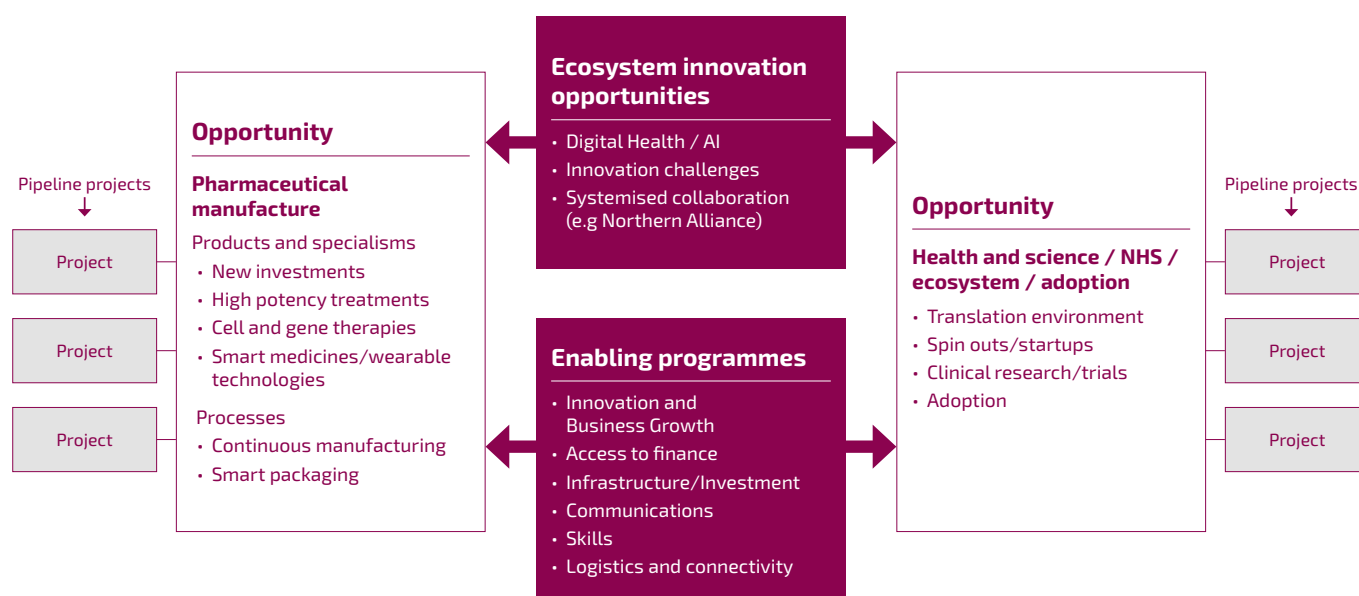


Figure 1: Health and Life Sciences Strategic Framework.

Following the outbreak of Covid-19, the North East LEP worked with small groupings of businesses and business member led organisations across the Health and Life Sciences sector in the North East to understand the impact of Covid 19 on their businesses and across the sector. Intelligence and evidence gathered at the time identified a number of potential opportunities aligned to the evolving Health and Life Sciences strategy, which have come about as a result of the global disruption to pharma supply chains and the inability of the NHS to source 30 essential drugs and medicines in the UK, due to this disruption.

Further dialogue with the Pharma sector, the AHSN and NHS and partners has identified an accelerated opportunity for the North East to position itself (due to the region's innovation and research assets and manufacturing capability) to exploit this opportunity and position the North East as a key location for re- shoring the manufacture (North Shoring) and utilise this as a key catalyst for the region's economic recovery from Covid 19. These and other opportunities have been embedded in to the region's North East Covid 19 Economic Response Group's [Recovery Plan](#).

The overarching vision of the Health & Life Sciences Steering Group is:

'To position the North East to be the UK leader in developing, testing, manufacturing and adopting patient centred treatments, therapeutics and medicines at a time of demographic change' and by doing this, double the number of businesses and double the number of jobs within the sector, by 2030.

This will result in:

1. More and better jobs - in particular higher-level skilled jobs (research, development, design, digital, technical, STEM based jobs)
2. Increase in the number and size of businesses active in health and life sciences activities in the region through growth in new and established businesses and new inward investments
3. New opportunities to further develop the advanced manufacturing capability within the North East (across Pharma and emerging/ new supply chain).

Developing a pipeline of strategic projects

Subsequent work has been undertaken to start to identify the range of project and eco-system interventions which could stimulate accelerated growth within this framework.

Work done includes:

- Engagement with the NE Pharmaceuticals community to develop a clear understanding of the interventions which could be brought to bear to support growth in the sector across skills, supply chain development, innovation, connectivity and logistics.
- Development of deeper understanding of targeted interventions which could strengthen the region's translation eco-system which could accelerate the introduction of new commercial ideas and innovative products into the NHS and wider care system. It seems clear that there is a real opportunity here which has the potential to support new business growth, inward investment and foster research and trials.
- Initial development of understanding of the enabling interventions needed to support businesses in this part of the economy like finance and property. There is more to do on this.

This activity has been significantly accelerated by Covid 19 which has demonstrated both significant growth opportunities and deployment challenges for some parts of the health, life sciences and pharmaceuticals community. In particular it has created a context for accelerated supply chain development as international supply chains have been significantly disrupted; and, for new innovation activity in health and care markets. It has also created existential challenges for some of the pre- commercial businesses with propositions in development for NHS markets- which are the North East's prospective Scale Up businesses of the future.

There is now a case for more detailed work to be done to strengthen the intervention logic and business cases behind these projects, with a focus on taking these strategic opportunities and mitigating challenges. In some cases, there is a time limited window of opportunity to take advantage to 'Northshore' (the re-shoring of pharmaceutical products and manufacture of essential medicines and drugs) and strengthen and build a significant supply chain within the North East- which has been created by the disruption caused by Covid 19 - to global supply chains.

The North East LEP is working with cross-sector partners to develop, and support through delivery, an integrated pipeline of projects and interventions across the sector. This funding call is part of our approach to supporting this work. The total budget for the fund is £300,000 from the Local Growth Fund (LGF).

Call focus - project proposals invited

Applications are invited for grant requests of up to £50,000 toward the costs of project development work which will support the preparation of business plans, feasibility studies or other relevant activities to prepare funding applications for large-scale, strategic capital and/or revenue projects to improve the competitiveness and/ or enabling Health & Life Sciences related infrastructure of the North East.

Project proposals will require a minimum level of match funding of 20% of total project development costs; this can take the form of financial cash match funding or in-kind match support.

We are inviting applications from the region's Health and Life Sciences community to:

- Bring forward plans for detailed proposals which can be implemented to take opportunities or mitigate risks to business capacity in the region as a result of Covid 19
- produce detailed business cases for projects which can be taken forward within the Strategic Framework of the Health and Life Sciences strategy with respect of:
 - Growth in the pharmaceuticals manufacturing sector (and supply chain market opportunities)
 - Strengthening of the eco-system around the translation of knowledge, products, services and processes into the health and care system
 - Enabling services and interventions to support business growth

This project development fund will provide upfront support to accelerate the specification and business case for projects which will be key to future growth, with an expectation of significant funding being made available to support the projects in the long-term, either within the region or through other sources of investment. Successful applicants will be expected to set out how the resulting asset and project will be sustainable in the long-term.

We are inviting project proposal applications for detailed project development/ business cases and feasibility studies. Grant awards will normally be up to a maximum of £50,000, and most projects will be expected to submit applications within this budget; however, on an exceptional basis a higher level of funding, subject to State Aid may be considered.

Strategic economic context

The North East Strategic Economic Plan provides the strategic economic policy context to focus investment in the North East for the period 2014 to 2024. Delivering the SEP is crucial to achieving the North East LEP's primary objective of establishing more and better jobs within a more productive North East economy.

Projects are required to clearly demonstrate how they meet the requirements of, and make a meaningful contribution to, the delivery of relevant priorities set out in the North East [Strategic Economic Plan](#).

This funding call is part of our approach to supporting the development of a strong pipeline of capital and revenue projects and infrastructure to support the future growth of the Health & Life Sciences Sector in the North East. This project development funding will be awarded on a competitive basis.

Projects supported will be those which match the strategic aspirations set out in the Strategic Economic Plan and the Health & Life Sciences Framework with significant potential to demonstrate a particularly high level of impact in this area of strategic importance.

Selection Criteria

The Health & Life Sciences Project Development Fund is being funded through the Local Growth Fund which is targeted at the long-term economic growth of an area through jobs and business. Projects supported through this fund will be designed to maximise and achieve a meaningful contribution to these aims by preparing competitive proposals which can move closer to delivery and secure investment; as stand-alone strategic development projects these are not likely to generate new jobs or businesses directly. Applications will be measured against the following selection criteria.

Scoring Assessment Matrix

Criteria	5	4	3	2	1	0	Max Score
Strategic Fit with SEP and Call	Very strong, fit, key element of SEP		Modest links to either SEP or call			No links to SEP or call	10
Fit with Health & Life Sciences Strategic Framework and call focus	Very strong fit with Strategic Framework.		Modest links to Strategic Framework.			No links	10
Scale of Impact	Final scheme shows a very high impact, long-term on a key North East sector	Final scheme shows a high and long-term impact on a key North East sector	Final scheme shows a clear positive and long-term impact on a key North East sector	Final scheme shows a positive and lasting impact on a relevant sector	Final scheme shows some impact but is not well established or relevant sector.		5
Scale of 'full' Project follow on investment	Final scheme likely to be higher than £10m total costs		Likely to be between £6-8m total cost		Likely cost lower than £5m		5
Outcomes	Demonstrates clear / relevant outcomes and potentially very good value for money		Likely to provide some of the defined outcomes and represent reasonable value for money			Unlikely to meet any of the defined outcomes and offer value for money	5
State Aid Risk	Independent legal opinion supports compliant route or confirm no State aid.	Applicant identifies a compliant State Aid route.	Relevant State Aid issues understood and clarified	Relevant State Aid issues understood but currently unable to be clarified	No appropriate consideration of State Aid provided	Request not compliant with State Aid.	5
Deliverability Risks	Considered to be have a high chance of success & completion by 31/3/2021 - risks well managed		Moderately likely to succeed and be delivered by 31/3/2021, some risks with strategies in place			Considered to have a very low likelihood of successful completion by 31/3/2021 / multiple high level risks with no clear management	10
						Score	/ 50

Selection and Assessment Process

Applications will be scored on competitive basis against the criteria set out in this call. Applications will be scored against the matrix above and must reach at least 30 to be progressed. Any application that scores zero in any category will not be considered.

The call for applications will close on the **28 August 2020 at 11.59pm**. Applications will be assessed by a panel made up of members of the LEP Executive team on **4 September 2020**,

Priority Projects which have been approved by the Assessment Panel will then be subject to appraisal and are expected to receive final determination by **19 October**, with an expectation that grant contracts will be finalised during **November 2020**.

Projects will be appraised in line with the LEPs Assurance Framework and will be compliant with the HM Treasury 'five case' model. The projects will be appraised within the LEP for approval by the Chief Executive Officer on the recommendation of the Strategy & Policy Director of the LEP

Applications should set out clearly both the

- Long-term aspiration and contribution of the intended final project against the strategic objectives and prospective future investment funds
- The need and deliverability of the initial funding to prepare the project for funding applications and delivery.

Projects which are not selected due to limited funding may be still be held in a reserve list. The LEP will seek to provide feedback, advice, and support to these projects where possible as part of the regional Health & Life Sciences project pipeline.

Deliverability

You must be able to demonstrate that the project activities are realistic and necessary. The project needs to demonstrate how this will be achieved within the timescale, with a business case supported by robust costings and clear delivery milestones.

Delivery and financial completion is required by the 31st March 2021. The project needs to demonstrate how this will be achieved within the timescale, with a business case supported by robust costings and clear delivery milestones.

In addition, you must demonstrate that you have identified and are managing risks to delivery, this may include, for example: securing planning approval, match funding and land ownership depending on the stage of development.

State Aid – how might this impact on my request for funding?

The percentage of funding you request may be limited by State Aid regulations. State Aid can be complex and often projects will need to source their own specialist advice to understand how this will impact on the level of funding that can be applied for and associated obligations.

In some projects no State Aid will be involved. Either way, we ask you to carefully consider this matter and explain your projects position.

Where projects may involve State Aid you should identify how this may be legally granted. The North East LEP has an approved State Aid scheme with the European Commission covering a range of General Block Exemption Regulations. Applicants are encouraged to [read this document](#) before returning their application.

Interested in submitting an application?

We welcome informal contact and discussion from interested parties to help you assess the eligibility of your project or to answer any queries. Please contact:



Katherine Forbes

Katherine.forbes@nelep.co.uk

07557 609810



Ben McLaughlin

Ben.mclaughlin@nelep.co.uk

07920 247770

What happens next?

If you are interested in submitting an application please contact either Katherine Forbes or Ben McLaughlin (details above) for the relevant application form and guidance.

Please send your completed application form to Ben.mclaughlin@nelep.co.uk. Before doing so please ensure that you have followed the guidance, completed all questions and entered an electronic signature. Submission must be received by midnight on the **28 August 2020**.

Other supporting documents

Please consider the following documents that are available on the North East LEP website and that may help you with your application.

- North East [Strategic Economic Plan](#)