



27/06/2022

Grant Scheme Ref: Digital Growth Grant, 2023-2025
Invitation to Application (ITA)

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1. Summary of Grant Funding

- 1.1. The Department for Digital, Culture, Media and Sport (DCMS) intends to provide grant funding to One Applicant or One Consortium of Applicants within the budget of up to £12.09m over two years (up to £6.25m in FY 2023-2024, and up to £5.84m in FY 2024-2025). The final selection of the Grant recipient will be made by a cross-Whitehall panel appointed by DCMS, using the evaluation criteria set out in Section 9 of this Invitation to Application (ITA).
- 1.2. For the purposes of this grant award process, the minimum award will be £10m over two years and the maximum award will be up to £12.09m, inclusive of irreclaimable VAT.
- 1.3. The funding was previously awarded directly to Tech Nation. Tech Nation's current funding period will come to an end in March 2023. Over the last six years, the digital sector has flourished in the UK and we believe this is the right time to assess the tech ecosystem to ensure our future support is tailored to the changing needs of the UK's digital sector and achieves the best value for taxpayer's money. We have designed a robust and open competition, inviting a wide range of organisations to compete for the funding in line with the standard process for Government grants, and have consulted the market to ensure the objectives and activities of the grant are appropriate and aligned to the current and future needs of the sector. There is no set requirement to continue with specific programmes that Tech Nation currently provides. We are interested to hear about new and innovative approaches to delivering the objectives set out in the guidance. We have made public the assessment of the previous grant to Tech Nation, there is an [annual review](#) that was published in 2020 that is also publicly available.

Period of Funding agreement

- 1.4. The Applicant(s) will be expected to start work no later than 3rd April 2023.
- 1.5. The Grant Funding Agreement will be from 3rd April 2023 and end on 1st April 2025, with the possibility of a two-year extension dependent on the subsequent Spending Review outcome and the success of the initial two-year grant funded period. However, if a two-year extension is approved at the next Spending Review, the overall budget envelope available would reduce. Grant funding from DCMS for the grant period will be paid monthly in arrears during the grant period, ending March 2025.
- 1.6. Grants cannot be paid out for any work undertaken prior to countersignature of the Grant Agreement.



2. Introduction

- 2.1. The Government is committed to securing the UK’s status as a global science and technology superpower and making the UK the best place in the world to start and grow a digital business.
- 2.2. Delivery of support services to the digital sector, and developing the growth of regional ecosystems for tech startups and scaleups is a key element of achieving our ambition to fuel a new era of startups and scaleups and to level up digital prosperity across the UK.
- 2.3. DCMS is inviting bids from UK-based organisations that seek to accelerate the growth of tech startup and scaleup ecosystems across all regions and nations of the UK.
- 2.4. Applicants should regularly review updates to the [online competition guidance page](#). This will be updated with any additional information provided by the Department in response to frequently asked questions.

3. Timetable

PROPOSED TIMETABLE AND ADMINISTRATIVE ARRANGEMENTS

Issue ITA	27/06/2022
Deadline for clarification questions from Applicants	04/08/2022
Deadline for Application Submissions	Noon, 15/08/2022
Evaluation of Applications	16/08 - 06/09/2022
DCMS notifies applicants of the competition outcomes	13/09/2022
Project pre-grant set up and DCMS due diligence. Subject to completion, DCMS and the lead partner then sign a grant funding agreement	September-December 2022
Funding start date	03/04/2023
Funding end date	01/04/2025

The proposed timetable is only a guideline. DCMS reserves the right to make any changes it deems necessary to the proposed timetable.

4. Funding Purpose

- 4.1. The digital sector is crucial to the Government’s ambitions for economic growth and levelling up, as the sector typically provides higher than median wages¹ and grew by three times the

¹ DCMS (2020). [DCMS Sectors Economic Estimates 2020: Earnings](#)



rate of the total UK economy between 2015 - 2019 in real terms². However, in order to maximise the growth opportunities of the digital sector and support UK firms to unleash their economic potential, it is important that we address the under-provision of regional tech business support programmes and provide the tools needed for the next era of entrepreneurs and startups to succeed across the UK, particularly in high-growth sectors.

- 4.2. Through the provision of high-quality business support, founders with little or no experience of starting and growing a digital company can learn from others about accessing investment, scaling at pace, protecting intellectual property and maintaining a competitive edge in a fast-moving market place. In doing so, young companies can avoid costly mistakes and can grow faster than companies who do not have the same support.
- 4.3. Business support programmes aimed at accelerating growth are an essential part of digital ecosystems. However, despite the demonstrated benefits of these programmes, there is a need for more specialised support to help founders develop the skills to launch and grow digital businesses. Current growth programme provision is often concentrated in low-risk, established markets and regions. For example, evidence shows that 58% of UK accelerators are based in London, 6% are based in Scotland and 2% are based in Wales³. Taking into account the number of accelerators per number of businesses that are created, there is a particularly low proportion of accelerators in the East of England (3%), South East (6.21%) and South West (4.35%) of England.
- 4.4. DCMS is looking to award grant funding to one grant recipient or one consortium with a mission to address the challenges faced by, and to boost the growth of, innovative tech startups and scaleups across the UK. The successful bidder(s) will put in place activities that deliver on the following objectives:
 - Deliver support services to the digital sector, particularly in transformative/emerging technologies. These services should address key challenges faced by a wide range of tech companies from the seed funding stage to series A/B, their first or second round of financing.
 - Grow regional support networks for tech startups and scaleups. Activities should deliver concrete improvements in three of the areas that were identified in DCMS' [Regional Ecosystems report](#) as crucial to the success of the digital economy. These are: Investment, Innovation, and Business Growth. Support should be tailored to local needs and tech specialisms, and should be developed in partnership with local bodies and existing tech groups.
 - Ensure founders and firms can access digital entrepreneurship and investment readiness training with tailored advice to help develop their skills to start and grow a tech business.

² DCMS (2021). [DCMS Economic Estimates 2019: Gross Value Added](#)

³ [BEIS \(2017\). Business Incubators and Accelerators: The National Picture](#)



- Clearly signpost startups and scaleups to existing initiatives in the private and the public sector across the UK that can help them access finance, talent and markets.

4.5. **This grant funding is seed funding to stimulate the development of a commercial market for tech startup and scaleup support services. We expect the need for this grant would reduce over time. There is a possibility of a two-year extension to this grant depending on Spending Review outcomes, however, the overall budget envelope available would reduce. Bidders are required to demonstrate how the grant funded activities could become commercially sustainable and could continue without continued public funding.**

4.6. Applicants must detail in their applications how they expect to deliver these objectives. Support should be aligned with, and not duplicate, existing initiatives. We welcome bidders' own prioritisation of these objectives and bidders are asked to explain their rationale in the application form. Please refer to section 6 of this document for details of the planned delivery outcomes. For further guidance on consortia applications, please refer to section 8.2.

5. Scope of Grant Funding Requirements

5.1. The principal ambition of the Digital Growth Grant is to accelerate the growth of startups and scaleups in the digital sector⁴ across all regions and nations of the UK.

5.2. As a result of attempting to achieve the objectives set out in 4.4, DCMS expects that targeted services would result in the following benefits:

- Boosting local/regional networks and growth:
Evidence shows that tech clusters play a central role in knowledge sharing and innovation, business competitiveness and economic performance⁵ and that accelerators can support wider regional development, by also increasing venture capital investments in regional startups that have not been accelerated⁶. The delivery partner(s) will be expected to design activities that develop networks and promote growth in UK regions and that take into account the wider benefits of tech clusters.
 - This may come from: providing a more structured environment for founders, investors and experts to connect and work together; developing entrepreneur to entrepreneur engagement so they can learn from peers and stakeholders (e.g. mentoring programme); and / or incentivising private investors to support areas or transformative sectors that they may have overlooked otherwise.
- Improving connections between startups and investors by setting up a respected business support programme that:

⁴ As defined by DCMS's Sectors Economic Estimates. See the [methodology page](#) for more detail.

⁵ Kerr, W and Robert-Nicoud, F. (2020) Tech Clusters

⁶ Nesta, The impact of business accelerators and incubators in the UK (2019)



- gives a strong positive signal to investors around the investability of supported early stage companies.
- helps early-stage companies founders to develop skills to launch and grow businesses (e.g pitch their businesses to investors) and make it easier for them and their teams to access high-quality support (e.g. accessing relevant/tailored mentoring and advice).
- Promoting a more diverse and inclusive digital workforce:

The digital sector is currently not representative of the wider UK workforce. There is underrepresentation in multiple protected characteristics and this becomes even more evident in senior positions. For example, women represent less than 31% of the digital sector workforce but almost half (48%) of the total UK workforce⁷. In addition, in the country's largest tech firms, women make up just 12.6% of board members and 16.6% of senior executives, equivalent to 14.6% female representation across all senior levels in tech⁸.

The provision of targeted services should look at reducing the existing inequality. It could be by providing a platform for underrepresented workers and founders in the digital sector to help them gain skills and knowledge as well as find employment and found start-ups.

5.3. More broadly, we would expect this grant funding to result in the following benefits in the medium to long term for the tech sector:

- An increase in the growth of the UK digital sector, with increases in jobs, investment and Initial Public Offerings in the UK digital sector, contributing to the UK's dominant position as a global leader in tech. A report from BEIS found that accelerator participation is positively associated with startup survival, employee growth, and funds raised⁹.
- Net additional employment. According to an independent impact evaluation of Tech Nation's activities, Tech Nation's growth programmes led to a 14-25% increase in employment growth for participating businesses.
- Better connected tech ecosystem across the UK's regions and nations, with more investment flowing to companies outside London and the creation of more high growth firms leading to an increase in regional GVA. Barclays Eagle Labs report¹⁰ found that the number of high-growth companies in a given region has a strong positive association with the Gross Value Added (GVA) that is generated in a local authority area. For example, local authority areas that are home to 100 or more high-growth companies have an average Gross Value Added (GVA) per person of £138,000, compared to £22,000 for those with less than 100.

⁷ [DCMS \(2021\). DCMS sector economic estimates 2021: employment Oct 2020 to Sep 2021](#)

⁸ [Inclusive Tech Alliance \(2018\). The Inclusive Tech Alliance Report](#)

⁹ BEIS (2019). The Impact Of Business Accelerators And Incubators In The UK

¹⁰ [Barclays Eagle Labs \(2021\) Unlocking Growth Report](#)



5.4. The principal beneficiaries of the activities are tech startups and scaleups who will achieve stronger growth more quickly, as well as their founders and current and future employees who will be better equipped with the skills to succeed in digital business.

6. The Planned Delivery Outcomes

6.1. In line with the high-level objectives outlined above in section 4.4, applicants will be required to deliver progress against the outcomes set out below. We require applicants to explain how you will deliver the outcomes outlined below in your application. Below each of these outcomes is an indicative list of outputs and Key Performance Indicators (KPIs)¹¹ which we believe would support delivery of the outcome, however, we strongly encourage applicants to propose new and innovative approaches to delivery and measuring impact.

6.1.1. Tech startups and scaleups are supported to access business development and growth programme services, including tailored advice and skills training, leading to their accelerated growth; with a particular focus on companies beyond London.

- Develop or scale tech business support programmes tailored to tech companies across various growth stages and/or across transformative/emerging tech sectors. Programmes could include access to quality mentoring, investment readiness training, legal advice, pitching and innovation showcase events, and supporting participants across different stages of growth and geographies. This could include directing them to funding opportunities, skills provision, workspaces, R&D facilities and testbeds, as well as providing the high-level technical insight to help them engage with the opportunity, fund or facility for their needs as they progress towards commercial adoption. This could also complement activities undertaken by independent providers, VCs, Catapults, local or regional bodies and sector specific support networks in individual vertical or horizontal industry sectors.
- Support companies in emerging and transformative sectors, for example across the seven technology families outlined in the UK Innovation Strategy¹² that currently suffer from under-provision of support and less investment.
- Develop tailored interventions that increase the diversity and accessibility of the sector.
- Enable companies to better access regional networks across the UK, on a peer-to-peer level and with regard to advice and investment. This could include developing

¹¹ These are provided for information at this stage and represent a range of metrics of interest to DCMS. Applications should set out what indicators would be used and DCMS will work with the successful bidder to refine and agree Key Performance Indicators in order to accurately monitor and assess the impacts of the support services.

¹² <https://www.gov.uk/government/publications/uk-innovation-strategy-leading-the-future-by-creating-it>



regular events to showcase regional tech startups to VCs, or educating VCs on investment opportunities in the digital sector.

- Support companies across 'non-traditional' scaling pathways (for example, those who are not going through the traditional seed, series A, B and C scaling journey) to access advice on funding. This could include supporting companies through their commercial adoption journey to connect with corporates and public sector organisations, demonstrate proof of concept, access domestic markets and secure clients, contracts or customers.
- To assess the impact, reach and perceived effectiveness of support services delivered to the digital sector, and how this varies across different characteristics / cohorts, the following indicators could be provided to serve as Key Performance Indicators and as a basis for metrics to measure the wider impact of the support services:
 - Number of companies applying for / receiving support (per region)
 - Breakdown of applicants / founders by protected characteristic (e.g. race, sex).
 - Employment/turnover growth of supported startups and scaleups
 - Number of companies engaged that have not yet received Government-funded business support

6.1.2. Tech startups, scaleups and entrepreneurs, particularly from underrepresented groups across the UK, find it easier to access finance, talent and markets.

- Supporting tech startups and scaleups to understand how to access finance, including Government support such as funding, tax reliefs and investment incentives can support the scale up journey.
- Developing and maintaining communication channels for ecosystem stakeholders to engage with relevant networks, including digital channels such as website-based channels and social media.
- Steering private investment, where appropriate, towards tech startups and scaleups and connecting relevant and/or technical/specialist investors and funders with companies, particularly on a regional level.
- Signpost guidance on procurement opportunities and different types of funding.
- Improve understanding of private and public sector digital skills initiatives that can support the scale up journey. This could include signposting to programmes designed to upskill the workforce for companies seeking to hire new talent. Where possible, these activities should seek to maximise the benefit of existing government interventions.



- To measure the quality and quantity of the grant recipient's outreach and engagement against their signposting of key initiatives, the following indicators could be provided to serve as Key Performance Indicators and as a basis for metrics to measure the wider impact:
 - Sign-up, engagement and satisfaction numbers (net promoter score) of private sector organisations engaged over the course of the grant.
 - Company engagement and satisfaction levels with different services
 - Increased understanding and uptake of existing initiatives that support increased access to finance, talents and markets as result of the signposting provided.

6.1.3. Act as a champion of UK tech startups and scaleups across the UK by leveraging the delivered activities to build a strong pipeline of UK-wide tech sector success stories, thereby contributing to promoting the strength of the UK digital sector as a venue for investment and employment.

- Communications campaigns across different media channels to promote how UK companies supported through the programme are contributing to the strength of the UK digital sector, for example via sector success stories and case studies.
- Organisation, publication and facilitation of events, reports, showcases, and other means of knowledge sharing and promoting how the activities contribute to the competitiveness of the UK digital sector.
- To assess the impact of promotion and awareness-raising activity (both nationally and within individual regions) in meeting the objective of acting as a champion of UK tech, the following indicators could be provided to serve as Key Performance Indicators and as a basis for metrics to measure the wider impact:
 - Number of press releases/digital posts/newsletters/press briefings
 - Reach of media coverage to target audience/ reach in target media / reach of digital posts to target audiences
 - Number of supported companies that go on to list in the UK.
 - Tone of coverage, reaction from third parties, social media engagements, dwell times on site, awareness of training programmes
 - Number of target audience that take part in support programmes

6.1.4. Key components of digital economies regionally (across investment, digital growth and innovation) are improved through tailored local programming, resulting in increases in digital prosperity.

- Develop local programmes and/or partnerships that support the development of entrepreneurial skills tailored to local needs (for instance, there is difficulty attracting mid-career programmers and senior executives with experience in successfully



scaling tech businesses outside London and the SE¹³) and facilitate partnerships and investment for startups and scaleups to increase business growth and wider regional ecosystem impacts.

- Develop programmes / partnerships that increase the establishment of angel networks and entrepreneurial ecosystems at a regional level.
- Convene regional ecosystems through virtual and in-person networking events, working with existing tech business groups and stakeholders.
- Targeted systems mapping and gap analysis which demonstrates the different stakeholders and networks involved in (regional) tech ecosystems, what has worked well and can be replicated, and key points of intervention that can achieve positive impacts for regional digital growth.
- To assess the impacts on at least three areas of the digital economy and to demonstrate the growth of regional support networks for startups and scaleups, the following indicators could be provided to serve as Key Performance Indicators (KPIs) and as a basis for metrics to measure the wider impact:
 - Number of investor pitches with startups and scaleups per region
 - Equity and debt investment for startups and scaleups per capita
 - The number of angel investors and seed stage deals per region
 - Digital sector enterprise birth, death and survival rates per region
 - Increase in networking and collaboration events with local tech stakeholders
- These impacts will need to be shown at regional / local levels (e.g. NUTS2 and NUTS3) to evidence impacts of services on specific regions. The results of thijs could then be evaluated to allow for more targeted support services for the regions.

6.1.5. HM Government is better assisted in understanding the gaps, challenges and opportunities of tech ecosystems across the UK, supporting the development of a robust evidence base for future policy changes.

- Engaging with key tech stakeholders across industry and government, including local government, regional networks and working across vertical and horizontal digital sectors.
- Provide DCMS and HMG with information about regional challenges and successes to further develop digital ecosystems policy.

¹³ [DCMS Regional Digital Ecosystems Report \(2021\)](#)



- Providing regular reporting and insights to DCMS on key indicators, trends, and opportunities/challenges for policy development purposes.
- To measure the quality and quantity of the grant recipient's assistance to HM Government, the following indicators could be provided to serve as Key Performance Indicators (KPIs) and as a basis for metrics to measure the wider impact:
 - Number of regional roundtables hosted
 - Number of policy reports produced (inclusive of data gathered from the support services provided)

6.1.6. The successful bidder is established as a comprehensive and trusted provider and information point for tech startups and scaleups across the UK without ongoing reliance on public funding in future years; and is able to demonstrate how it will commercialise the grant-funded activities.

- Develop a robust commercial sustainability plan, including how existing or new commercial revenue streams will be created or maintained beyond the funding period.
- Clear demonstration of track record in securing funding from a variety of sources, particularly non-government funding.

6.2. As a result of the aforementioned benefits in section 5.3, we would expect an indicative net impact of additional employment growth and additional Gross Value Added in the UK's digital sector.

6.3. The outputs, outcomes and impact the Applicant predicts need to be specified in their proposal and must be specific, verifiable and measurable. Applicants will need to align their approach to the evaluation framework that DCMS will put in place. Applicants should seek to maximise delivery outcomes within the limit of available funding.

7. Project activities / Delivery plan

7.1. As part of the application form (available on the competition guidance page), the Applicant should describe what specific activities will be delivered to achieve the funding's objectives as set out in sections 4 and 6 of this ITA. Applications should provide a clear description of the project, stating its expected outcomes and outputs. The description should summarise the expected benefits and plans for measuring and monitoring them.

7.2. Applicants will need to demonstrate that they have credible plans for delivery. Applications should evidence that the project plan and work packages have been thought through and that there is a robust approach to governing the project and managing risks. Applications should provide a clear description of how initial activities will commence and should detail the process for setting up the project.



8. Eligibility Criteria of applicants

8.1. This competition is open to applications from UK based registered entities. Applicants may take the form of sole legal entities or may wish to combine to form consortia, joint ventures (JVs), unincorporated associations or partnerships. This may, for example, apply to entities who feel that alone they do not have the capacity or capability to address the size and scale of the Department's requirement. Applicants are responsible for determining the most appropriate approach to delivering their proposal.

8.2. Specific eligibility criteria for the competition are below:

- Applicant(s) must be registered entities and have a significant UK presence and deep knowledge of the UK tech sector.
- Public sector organisations¹⁴ are not eligible to receive this funding.
- Individual people are not eligible applicants.
- All awards will be made subject to successful due diligence checks. Such checks will include, but not be limited to, a review of financial statements to ensure financial viability, a review of proposed governance structures, adverse media checks and legal entity checks. DCMS reserves the right to take account of other factors that have a bearing on a bidder's suitability.

8.3. The following additional guidance applies to applicants who put forward a joint approach:

- A Lead Partner that shall submit an application on behalf of all Parties to the JV/consortium must be identified; The Lead Partner shall be responsible for all communication with the Department during the competition process. The Lead Partner will be the prime recipient of grant funding and who will be responsible for managing the consortium's activities and for allocation of grant funding to other consortium members.
- As part of their application, the applicant must submit a structure diagram identifying the roles and relationships between the Partners including all relevant companies, their respective parent or ultimate holding companies. The structure should make clear who will be responsible for delivery of the grant and ensure that, as a minimum, the legal obligations and liabilities of the applicant are borne by an entity or entities which satisfy the financial and economic requirements set out in the ITA. Where the group is proposing to create a separate legal entity, such as a special purpose vehicle

¹⁴ For the purposes of this grant, we consider public sector organisations to be Ministerial Departments, non-Ministerial Departments, Non-Departmental Public Bodies, Local Authorities, and Mayoral Combined Authorities. We do not consider Universities and/or Higher Education Institutions to be public sector organisations.



(SPV), they should provide details of the actual or proposed percentage shareholding of the constituent members within the new entity and details of its legal and operational structure.

- The applicant must submit written confirmation from each Partner that they authorise the Lead Partner organisation to act on their behalf in relation to this grant application.
- If awarded a grant, unless otherwise stated in your application, each of the Partners shall be jointly and severally responsible for the due performance of any grant agreement with the Department.
- Applicants must advise the Department if there is any change to their legal status and/or composition during or after the appointment process, and the Department reserves the right to disqualify applicants where significant or material changes occur.

8.4. The Applicant must submit only one application for grant funding. Individual organisations are not permitted to apply as part of more than one consortia.

9. Application and assessment

9.1. You must submit your application (with all of the required documents) to the email address DCMSdigitalgrowthgrant@dcms.gov.uk by the date set out in the timetable in section 3.

9.2. The Applicant or Consortium Lead Partner must submit the following mandatory documents:

- Your Application Form, with all questions answered, within the word count. This can be found on the [gov.uk](https://www.gov.uk) competition guidance page. You must also complete the Summary Information section, Mandatory Checklist, Authorisation section, and the following appendices:
 1. Theories of Change
 2. Delivery Plan (Gantt chart)
- Finance Form - these should cover the full grant term, and upload at least one year and up to three years of latest accounts as well as a current financial year forecast. These documents are used to understand proposed costs and to aid DCMS' due diligence process - see Project costs guidance in section 11 below.
- Written confirmation from each partner that the lead partner can act on their behalf (if applicable)
- Consortium Structure Diagram (if applicable)

9.3. You can only use the application form and templates provided on the competition guidance page on [gov.uk](https://www.gov.uk). They contain specific guidance on information you must provide. The application form and templates contain specific fields. It is important that you complete each field and submit a fully completed form and templates. Incomplete applications may be



considered ineligible and not sent for assessment. The application form and templates must not be altered, converted or submitted as a different file type. In evaluating your responses we value brevity and the maximum word limit is fixed. Appendices and tables will not be included in this word limit but should be only used where necessary.

- 9.4. DCMS reserves the right to ask for additional information, clarifications and corrections following the submission deadline. Additional information submitted at the request of DCMS must meet any timing, format and length requirements we may specify at the time.
- 9.5. Bidders are requested to ensure their answers are concise and relevant to this specific grant, and refrain from uploading extensive generic corporate documentation or marketing literature. Excessive generic material may result in the bid being deemed unacceptable and excluded from the process.

Evaluation criteria

- 9.6. Responses will be evaluated under the headings in the summary table provided below. Further information can be found in Appendix A. Please note that any proposal that is not compliant with the Terms and Conditions of the Grant Funding Agreement may be rejected. No importance should be attached to the order in which these criteria are listed but each section making up the criteria is weighted, showing the relative importance of each criteria (expressed as a percentage). This is made up of 6 sections as shown below:

Section	Weighting (%)
A. Project vision	5
B. Project activities, outcomes, outputs and expected benefits	20
C. Delivery plan	20
D. Capability and experience	20
E. Project sustainability	15
F. Finance	20

- 9.7. We will evaluate each response in line with the published scoring methodology. All proposals will be assessed from both technical and commercial perspectives to ensure that best value for taxpayer’s money is being achieved.
- 9.8. Bids shall be evaluated by a panel appointed by DCMS. Each panel member shall undertake an independent evaluation. There shall be a minimum of three (3) technical experts evaluating the quality and technical criteria. Once complete, a moderation meeting shall be held where the panel shall reach a consensus on the results.



9.9. The technical experts evaluating will include: Cabinet Office Complex Grants Advice Panel; Financial Business Partner; Commercial Business Partner; Deputy Director of Digital and Media Analysis; and DCMS Tech Sector Team Policy Leads.

9.10. Bids shall be evaluated against the Evaluation Criteria as set out in this ITA. Bidders must provide answers to the relevant section. For weighted technical and quality elements, the following scoring methodology shall be applicable. Weighting values indicate the relative importance of the question in the overall evaluation. DCMS shall award the Grant to the Bidder which submits the highest scoring response.

Score	Quality	Description
0	No evidence	No evidence provided that the Proposal meets the requirement. No confidence that the Bidder can meet the requirement.
1	Minimal Response	Limited evidence to support that the bid meets the requirement, with major concerns leading to the conclusion of a low level of confidence that the Bidder can meet the requirement.
2	Acceptable Response	Acceptable evidence provided to support that the bid meets most of the requirement with minor concerns leading to the conclusion of a medium level of confidence that the Bidder can meet the requirement.
3	Good Response	Good evidence to support that the bid meets all material aspects of the requirement leading to a high level of confidence that the Bidder can meet the requirement.
4	Excellent Response	Comprehensive evidence provided to support that the bid fully meets all aspects of the requirement, leading to the conclusion of a very high level of confidence that the Bidder can meet the requirement.

Assessment process

9.11. Following evaluation of the applications and moderation of scores, any application with an unweighted score of 1 or below (serious concerns) against any individual competition question, including where an error has been made by the applicant, will not be considered further. All remaining applications with an average evaluation score against all competition questions (i.e. the weighted score across all competition questions) of 2 and above will be considered.

9.12. Initial eligibility checks will be undertaken on all applications against the scope, funding and eligibility requirements set out in Section 8 of this ITA. If an application passes the sift and minimum threshold outlined in section 9.11, it will progress to evaluation and will be scored against the scoring scale and then ranked based on total score. If an application does not pass



the sift, we will notify the Applicant or Consortium Lead Partner. The results of the evaluation will be shared with all evaluated applications.

10. Subsidy control

- 10.1. This grant constitutes a subsidy and as such subsidy control rules apply regardless of the type of organisation that is being grant-funded or supported via grant-funding.
- 10.2. Before awarding the grant, DCMS will need to ensure that the grant is compatible with all subsidy control requirements which are in force. This will include the requirements in the new Subsidy Control Act 2022 if it is in force at the time. If DCMS is not able to satisfy ourselves that the grant is compatible with our legal obligations, we would not award the grant.
- 10.3. Standard grant terms and conditions require the Grant Recipient to ensure that the activities funded by the Grant are compatible with, and do not put DCMS, in breach of, the Subsidy Control Rules. In practice, this means, for example, changing any part of the agreed upon Project/Funded Activities in a way that would make the grant non-compliant with the subsidy control rules. DCMS can tell grant recipients on what basis the grant has been assessed to be compliant with the subsidy control rules and give guidance on what they should not do and what records they need to keep to show compliance with the subsidy control rules. However if bidders/grant recipients want independent legal advice on this, they need to seek this themselves.

11. Project costs

- 11.1. The Digital Growth grant will offer grant funding up to a maximum of £12.09m from April 2023 to March 2025. The grant will be offered up to the following limits across the two financial years covered by this timeframe.

Financial Year 23/24 (April 2023 - March 2024): Up to £6.25m

Financial Year 24/25 (April 2024 - March 2025): Up to £5.84m

DCMS cannot consider requests for funding over these limits per financial year. Grant funding will be paid upon receipt of proof that eligible expenditure has been incurred and will be processed monthly in arrears.

- 11.2. The Applicant should present a financial breakdown of their proposed delivery under the following headings: people, programme delivery, travel and subsistence, overheads and other. The financial breakdown should be submitted by completing the template provided, 'Digital Growth Grant Finance Form'.
- 11.3. The form also provides for organisations to upload three years worth of accounts, expected turnover for the current financial year and organisational details. This information is required to support DCMS' due diligence process for applications and must be provided.



- 11.4. Although the funding is provided on a full cost recovery model, Applicants are entitled to additional support to further the aims of the project. “In kind contributions” should not be submitted as part of the financial breakdown but instead may be referred to in a commentary or within the project plan.
- 11.5. When completing the financial breakdown, the following should provide a useful summary of what the grant funding may and may not be spent on.

The Grant **may be** spent on:

- staff costs where they directly relate to programme activity, i.e. salaries, employer’s national, insurance contributions and employer’s contributions to any occupational pension scheme or stakeholder pension scheme;
- overheads proportional to the work carried out including rent, non-domestic rates, heating, lighting, cleaning;
- postage, telephone, stationery and printing;
- travel and subsistence;
- running conferences, seminars and events;
- plant and equipment, tools, information technology equipment;
- auditor’s fees relating to the funded work only;
- communications materials in all media (subject to Cabinet Office controls);
- paying for specialist help (e.g. market research, communications expertise, related research) (subject to Cabinet Office controls).
- giving evidence to Select Committees; running a small grant scheme;
- attending meetings with Ministers or officials to discuss the progress of a taxpayer funded grant scheme;
- responding to public consultations, where the topic is relevant to the objectives of the grant scheme. This does not include spending government grant funds on lobbying other people to respond to the consultation;
- providing independent, evidence based policy recommendations to local government, departments or Ministers, where that is the objective of a taxpayer funded grant scheme, for example, ‘What Works Centres’; and
- providing independent evidence based advice to local or national government as part of the general policy debate, where that is in line with the objectives of the grant scheme.
- redundancy payments where such expenditure is incurred directly as a result of the application of TUPE to staff currently employed by Tech Nation and delivering DCMS grant funded activity.

Grant **must not** be spent on:



- paid for lobbying, i.e. using grant funds to fund lobbying (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, Government or political activity; or attempting to influence legislative or regulatory action;
- using grant funds to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of the grant;
- using grant funding to petition for additional funding;
- payments for works or activities which the grant recipient, or any member of their Partnership has a statutory duty to undertake, or that are fully funded by other sources;
- contributions in kind;
- gifts;
- employee benefits;
- depreciation, amortisation or impairment of fixed assets owned by You;
- the purchase of land or the purchase and construction of buildings;
- any amounts that do not represent an additional cost exclusively incurred as a result of the work described in the grant application, unless otherwise agreed in writing with DCMS;
- interest payments or service charge payments for finance leases;
- dividends declared;
- statutory fines, criminal fines or penalties;
- costs incurred prior to the date of the Offer Letter including pre-existing debts i.e. provisions, contingent liabilities or contingencies;
- expenses such as for entertaining, specifically aimed at exerting undue influence to change government policy;
- input VAT reclaimable by the grant recipient from HMRC; and
- payments for activities of a political or exclusively religious nature.

Other examples of expenditure, which might be prohibited, include the following:

- bad debts to related parties; and
- Tribunal awards, compensation or payments by way of settlement for employment related claims including, but not limited to, compensation for unfair dismissal or discrimination (but excluding redundancy payments to the extent permitted above);
- overheads allocated or apportioned at rates materially in excess of those used for any similar work carried out by the Applicant;
- activity that results in commercial gain or profit;
- loans;
- cash contributions for Landfill Tax refunds;
- costs resulting from the deferral of payments to creditors;
- other finance charges;
- costs involved in winding up a company;
- payments into private pension schemes;



- payments for unfunded pensions;
- compensation for loss of office, bad debts arising from loans to proprietors, partners, employees, directors, shareholders, guarantors, or a person connected with any of these;
- travel and subsistence that would give rise to a taxable benefit were the cost to be incurred by, but not borne by, an individual;
- other tax (except PAYE);

11.6. **Value added tax.** The grant offer will be made on the basis that the costs presented to the Department take account of all VAT liabilities. If it is later found that the project costs increase because an error has been made about whether VAT can be recovered, DCMS will not increase your grant to cover this. If the Applicant is, after all, able to recover VAT, which it had included in the costs put forward to DCMS, the Applicant will be liable to repay all or some of the amount it recovers, to DCMS.

11.7. DCMS may seek to recover some or all of the grant if the Applicant is performing unsatisfactorily or if the project ceases activity. DCMS may not require all or part of the grant to be repaid where the reasons for unsatisfactory performance or early cessation of work is beyond the control of the Applicant and reasonably unforeseen by the Applicant.

12. TUPE

12.1. The attention of applicants is drawn to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”). Please note that DCMS would be neither the transferor nor transferee of the staff in the circumstances of any grant agreement awarded as a result of this grant competition. However, DCMS is of the view that TUPE is likely to apply to this grant if the incumbent is not the successful applicant and depending on the nature of the activities that the new grant recipient proposes to carry out, although DCMS makes no representations and gives no warranties in this regard. It is your responsibility to consider whether TUPE applies in the specific circumstances of your application, including if you are proposing to submit an innovative bid, and to apply accordingly. Applicants are advised to seek independent professional advice as to the application of TUPE and to form their own views as to whether TUPE applies before submitting applications. Applicants must identify in their bid whether or not they expect TUPE to apply and provide supporting reasons for why they expect TUPE will or will not apply. If you have a contrary view to that of the department on the applicability of TUPE please indicate this in your application giving your reasons.

12.2. Anonymous staffing information (in respect of staff carrying out activities funded by DCMS under existing grant arrangements) and the TUPE exit provisions in DCMS’ grant agreement with Tech Nation are available on request. Prospective applicants will be required to complete and submit a signed Non-Disclosure Agreement to obtain access to this information (Please contact DCMSdigitalgrowthgrant@dcms.gov.uk). This information must be treated on a



confidential basis and will be released to you on the understanding that you will not copy or use the material except for the purposes of preparing your application and that you will return it and delete any copies of it should you be unsuccessful in this competition.

- 12.3. The staffing information available has been obtained from Tech Nation (the current grant recipient). Whilst DCMS has obtained this information in good faith, DCMS makes no representations and gives no warranties or guarantees, whether express or implied, as to the completeness or accuracy of the staffing information provided by Tech Nation. DCMS has no control over the content of the staffing information and has not verified or approved the data. Applicants should carry out their own due diligence in this regard. It remains your responsibility to ensure that your application takes full account of all the relevant circumstances.
- 12.4. DCMS understands that Tech Nation's view is that TUPE may apply to this grant if Tech Nation is not the successful applicant, depending on the nature of the activities the new grant recipient proposes to carry out. DCMS is sharing the staffing information provided by Tech Nation so that this may be considered by applicants as part of their own due diligence in relation to the application of TUPE. Applicants should note that the data is not intended to amount to advice on which they should rely. Applicants should obtain independent professional advice before taking, or refraining from, any action on the basis of the staffing information.
- 12.5. In the event that additional information becomes available, DCMS reserves the right to change, update, amend and re-issue the staffing information during the competition.

13. Monitoring and Evaluation

- 13.1. An independent evaluation of the grant activities will be undertaken and an external research organisation will be appointed by DCMS to undertake this. The applicant will need to work closely with the research organisation to help inform the evaluation plan which will focus on measuring the impact of the grant outputs through qualitative and quantitative analysis on applicable support services and deliver the evaluation in FY24/25. This is expected to be funded from the second year's grant budget with around £125,000 of programme funding allocated to the evaluation.
- 13.2. While a research organisation will be appointed by DCMS, applicants are expected to work closely with DCMS to ensure that the relevant and robust data that is needed for the evaluation is collected in order to demonstrate the success, effectiveness and the sustainability of the activities over a period of time. There will be a range of data that applicants will need to provide to the research organisation, including but not limited to, the potential indicators and outcomes outlined in section 6, plus additional KPIs suggested by the applicants - further details of this will be outlined to the successful applicant. Additionally, the evaluation would also seek to capture wider programme/delivery learnings.

14. Performance Reporting & Responsibilities



The reporting requirements are detailed in the Agreement and include:

- 14.1. Applicants must produce a Delivery Plan for each financial year which is approved by DCMS before the commencement of delivery, setting out: the Grant Recipient's strategy; implementation plan; financial forecasts; overview of management and internal financial reporting procedures, corporate governance arrangements and key policies; and a commercial sustainability plan setting out how the Grant Recipient will continue to deliver the grant activities beyond the grant funded period.
- 14.2. Compliance with the Delivery Plan will be monitored on a monthly, quarterly and annual basis, with a final report reflecting on the impact of the activities initiated by the grant funding no later than June 2025. If an Applicant fails to meet these milestones and/or provides unsatisfactory reports, DCMS reserves the right to require the Applicant to repay all or part of the grant funding.
- 14.3. Applicants must ensure that, as part of the monthly Grant Claim submission, DCMS receives:
 - A summary progress report outlining performance against Your 2023/24 Annual Delivery Plan KPIs and agreed outputs
 - A statement of anticipated expenditure in the form of a cash flow forecast for the upcoming month and a cash flow statement detailing all year to date Eligible Expenditure incurred in respect of the Funded Activities including demonstrating that £nil reserves would be generated from the Grant;
 - A statement of actual Eligible Expenditure incurred in respect of the Funded Activities up to the end of that period, in addition to Monthly Management Accounts;
 - A full year Eligible Expenditure forecast;
 - Detail on salaries, key purchasing decisions, key risks including issues of key person dependence, gaps in management, succession plans, financial management and governance and Subsidy Control compliance;
- 14.4. Applicants must produce a quarterly Programme Management Report that will provide an updated quarterly forecast, including details on any material changes in the breakdown of proposed spend.
- 14.5. The grant shall be reviewed annually and the review will take into account Applicants' delivery of the grant activities against agreed outputs of the Agreement. The Applicant must produce an Annual Report demonstrating the impact of the activities to date, including how it has met the milestones and KPIs, and a reconciliation of expenditure against the annual grant budget.
- 14.6. No later than **3 months from the end of the Grant Period**, the Applicant will provide DCMS a Statement of Grant Usage that has been audited by an independent accountant and a final financial statement detailing the use of the Grant Funding Reporting templates available from PCF and will be included in the Grant Agreement.



Appendix A - Evaluation Criteria

Section	Weighting (%)	Description
A. Project vision	5	<p>This section is for applicants to demonstrate suitable ambition and credibility in terms of how the funding will provide leadership, direction and momentum.</p> <p>Applications should set out a clear and compelling vision of how the funding will address unmet needs and will complement existing market provision to maximise impact and contribute to the strength and competitiveness of the UK tech sector.</p>
B. Project activities, outcomes, outputs and benefits	20	<p>This section is for applicants to describe what specific activities will be delivered to achieve the funding's objectives as set out in the specification.</p> <p>Applications should provide a clear description of the project, stating its expected outcomes and outputs. The description should summarise the expected benefits and plans for measuring and monitoring them.</p>
C. Delivery plan	20	<p>This section is for applicants to demonstrate that they have credible plans for delivery.</p> <p>Applications should evidence that the project plan and work packages have been thought through and that there is a robust approach to governing the project and managing risks.</p> <p>Applications should provide a clear description of how initial activities will commence and should detail the process for setting up the project.</p>
D. Capability and experience	20	<p>This section is for applicants to demonstrate that the organisation has sufficient technical skills and experience, the ability to implement a UK-wide approach and the financial and resource capacity to deliver the requirements of the specification.</p> <p>Where applicable, applications should provide a clear overview of the consortium partner organisations and their roles.</p>



Section	Weighting (%)	Description
E. Project sustainability	15	<p>This section is for applicants to outline how the funded activities will lead towards commercially-viable products and services that have the potential to be sustained without future government grant funding.</p> <p>Applications should demonstrate how activities will contribute to stimulating a genuine market for the provision of tech business support services and over what time period.</p>
F. Finance	20	<p>This section is for applicants to give a clear overview and explanation of the costs of delivery that can be related to the proposed delivery plan; and confidence that financial management and control of the consortium will deliver good value for money.</p> <p>Applications should specify the revenue grant required to deliver the outcomes that will be delivered.</p>



Appendix B - Updates to the ITA

Please see below for a list of changes made to this ITA since its publication on 27 June:

1. Section 8.2 updated with 'corporate' removed from registered entities, now reading: Applicant(s) must be registered entities and have a significant UK presence and deep knowledge of the UK tech sector.
2. Section 9.2 updated to clarify that at least one year and up to three years of accounts need to be provided, now reading: Finance Form - these should cover the full grant term, and upload at least one year and up to three years of latest accounts as well as a current financial year forecast.
3. Section 11.1: Typographical error corrected. The funding available for Financial Year 24/25 is up to £5.84m, not £5.584 as was originally published as this was an error.
4. Section 11.5: 'Running a small grant scheme' moved up to potentially eligible expenditure.
5. Section 12.2: Alongside the staffing information, we are also providing the TUPE exit terms in DCMS' grant agreement with Tech Nation. Please note that the TUPE exit terms contain an indemnity for the benefit of any Replacement Grant Recipient at clause 67. DCMS does not provide any warranties or representations in this regard and applicants are required to conduct their own due diligence and take their own independent legal advice.