



Department
for Business
Innovation & Skills

UNIVERSITY ENTERPRISE ZONES
PILOT

Guidance for Bidders

JANUARY 2014

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Executive Summary

As part of the Government's long-term economic plan, a new £15million scheme will allow universities to drive local growth plans and support entrepreneurship and innovation.

University Enterprise Zones (UEZs) will provide capital funding to locations across England. The zones will allow business spaces to be built that can host a range of new high-tech companies in the early stages of their development. These innovative small businesses will then be able to share the expert knowledge at the university, helping them to grow and prosper.

Introduction

University Enterprise Zones aim to:

- Encourage universities to engage further with business and with LEPs in driving innovation and growth at local level.
- Encourage businesses with innovation potential to engage with universities.
- Address the issue that there is little or no appetite in the private sector to invest in buildings on science parks providing office, workshop and laboratory space for small firms (incubator and grow-on space).

The pilot comprises £15 million capital funding over three years (14/15 to 16/17). In many university areas there is a shortage of investment in office, laboratory and workshop space for innovative small businesses. UK Trade & Investment (UKTI) will also work with the local partners to attract overseas investment to the zone. The success of the new zones will be seen in increased numbers of innovative small businesses clustered around and engaging with universities

Funding and Eligibility

Under the pilot, £15m capital funding is available which will fund 3-4 pilot zones. Each bid will be restricted to a maximum of £5m.

Universities in the 8 Core City Local Enterprise Partnerships (LEPs) area are eligible to apply. The 8 Core City LEP areas are Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle and Nottingham and Sheffield. Bids are restricted to one per LEP area and should be submitted by a lead university.

Applying for Funds

Funding is will be awarded on a competitive basis. Bidders are asked to submit applications, using the form provided, and emailing it to uez@bis.gsi.gov.uk by 31 March 2014.

The application form is designed to allow you to expand text boxes as required, so there is no word limit per question. However, applications should not exceed 11 pages, including the cover page. Annexes are permitted, though they should only

contain relevant additional supporting documents, and any key pieces of evidence should be summarised clearly. The document must be in Arial Size 12 Font.

Potential bidders may ask for clarification but no advice can be given on the details of any bid.

Assessment Information

The decision on successful bidders will be made by David Willetts, Minister for Universities and Science, based on advice from an assessment panel who will scrutinise bids.

The criteria against which bids will be assessed are highlighted in bold below:

a. Project Proposal:

An outline of the project, including an estimate of its total capital cost and arrangements to meet any additional operating costs.

- i. The proposal should include location of the zone, whether there is a sector/technology focus, existing infrastructure and partnerships involved in developing it. It should also describe details of incubator and grow-on space and the overall offer to businesses.
- ii. Evidence the proposal will generate wider economic and social benefits, and should be enumerated where possible, demonstrating a robust appraisal methodology.
- iii. Evidence the proposal is targeted at innovative and high growth SMEs (as opposed to providing more generic business park facilities)
- iv. Evidence of market failures justifying government intervention

b. Project Objectives and Demand for Services:

Amount of funding applied for (maximum bid is £5m). Objectives of the project and potential demand for the services and size of the market.

(Note: Funding is capital only and bids should set out how this funding will be deployed to increase the amount of incubator/grow on space within the UEZ)

- i. Evidence of market failures justifying government intervention on the specific bidding site
- ii. Evidence of the potential demand and that the project can meet its objectives
- iii. Evidence that the proposal is aligned with wider Government objectives including the Industrial Strategy, emerging technologies and local growth initiatives.

c. Financial Information:

Indicative amount and nature of co-investment (this should be at least twice the amount of funding applied for), and compliance with State Aid rules. We will require evidence that the co-investment will be available.

- i. Proposals should explain the scale and timing of co-investment funding relative to public investment, and to institutions' own contributions.

- ii. Evidence that public investment does not duplicate the efforts of other private or public schemes. The requested investment should support a significant improvement in capacity, and the project should be an additional development that has not benefitted previously from substantial public investment.
- iii. Eligible co-investment can be in the form of:
 - Private sector investment
 - Charity funding
 - University's private income (not including other Government funding)
 - Horizon 2020 funding
 - Contributions in-kind can be accepted, but proposals must demonstrate its value and how that has been calculated.
 - Local authority and ERDF funding, provided that the overall package is State Aid compliant.

Bidders will need to submit letters confirming support from partners.

**d. Strategic Partnerships and Objectives:
Contribution to LEP Strategic Economic Plans and partnership working with LEPs, local authorities and other partners.**

- i. Evidence that the proposal for a UEZ supports the LEP Strategic Economic Plan. This should be based on a strategic plan for the UEZ with clear objectives and relevant targets for business interaction to be achieved by specific dates.
- ii. Clear offer of cooperation from the relevant local planning authority or authorities, including simplified planning constraints on the zone, by means of a Local Development Order or other suitable mechanism, or a compelling explanation as to why this is not appropriate.
- iii. Evidence that the UEZ will be sustained through sustainability of operating model and funding and collaborations with other organisations and users.

**e. Indicative Plans and Milestones
Indicative plan that shows the timetable for establishing the zone and the delivery of its facilities. An outline of the risks (management, financial, commercial), strategies for their mitigation and contingency planning.**

- i. The timetable should allow this funding to be allocated and spent across the three year period

State Aid

When applying for funding, bidders should take into account the need for the funding allocated to be compatible with existing legislation. For example, institutions should consider issues of state aid. Guidance on state aid is available from the Department of Business, Innovation and Skills at <https://www.gov.uk/state-aid>. If in doubt, bidders should seek legal advice. We will expect such issues to be considered in the risk register for the bids.

Evaluation and Monitoring

We expect successful bidders to participate in the evaluation of outcomes from the pilot scheme and the monitoring of the contract throughout its term to ensure compliance.

Timetable

An indicative timetable is below

Activity	Timing
Submission of application forms	31 March 2014
Assessment Panel	April 2014
Final Decisions	May 2014
Successful bidders announced	June 2014
Contracts approved	June 2014
Initial payments made	July 2014

Freedom of Information

BIS is subject to the Freedom of Information Act 2000, which gives a public right of access to information held by a public authority. This may result in applications, communications between BIS and institutions, information arising from this work, or the outputs from the work undertaken being subject to disclosure if a valid request is made. We will comply with such requests in accordance with the legislation and our own policies.

Institutions can if they wish provide potentially sensitive information (such as information relating to commercial interests) in a separate annex attached to the application form. This will highlight to us that there are concerns about disclosure.

Where we consider it to be appropriate and practicable we will seek views of applicants before disclosing this information in response to a Freedom of Information request. The applicant acknowledges that the information provided in the annex is of indicative value only, and that BIS may nevertheless be obliged to disclose this information. Our assumption will be that all information in the main application documents can be disclosed on request.

Further information about the Freedom of Information Act is available at www.ico.org.uk

Contacts

Enquiries can be sent to uez@bis.gsi.gov.uk, or alternatively contact your BIS Local Relationship Manager.

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Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000

If you require this publication in an alternative format, email enquiries@bis.gsi.gov.uk, or call 020 7215 5000.

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