

Title: Receipt of revenue for the administration of UKRI Local Innovation Partnership Fund

Portfolio: Home to a Growing and Vibrant Economy

Responsible Director Phil Witcherley, Director of Economic Growth and Innovation

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Report Summary

The purpose of this report is to seek approval for the North East Combined Authority (the North East CA) to act as Lead Bidder for the region's allocation of the UK Research and Innovation (UKRI) Local Innovation Partnership Fund (LIPF). While the principal grant allocation will be managed directly by UKRI, the North East CA, if designated as the Lead Bidder, will be eligible to receive up to £300,000 in revenue funding to cover administration costs and to support the coordination of the programme across the North East.

Approval of this delegated decision will allow the North East CA to progress with the necessary arrangements to unlock the operational expenditure funding, ensuring robust governance and value for money in the use of public funds.

Recommendations

It is recommended that:

1. The Chief Executive agrees that the North East CA acts as Lead Bidder on behalf of the Local Innovation Steering Group for the region's allocation of the UK Research and Innovation (UKRI) Local Innovation Partnership Fund (LIPF); and
2. The Director of Finance and Investment accepts £300,000 revenue expenditure from UKRI to support the North East CA as Lead Bidder for the North East in the development of the LIPF.

A. Summary of Investment Proposal (Context)

1. Background

The Local Innovation Partnerships Fund (LIPF) is a new £500 million UKRI-led programme. It has been designed to empower innovation leadership through local 'triple helix' partnerships. The triple helix partnership brings together collective strengths of research and knowledge generation from academia, commercial expertise and market application from industry, and public sector leadership and strategic direction from civic institutions. Partnerships can also integrate community groups or third sector organisations to reflect a 'quadruple helix' partnership.

The North East CA, alongside other Mayoral Strategic Authorities, has been named by UKRI as part of the Earmarked Strand of the LIPF. This means that at least £30 million of LIPF funding is earmarked for the North East, and through the local innovation partnership the region will be invited to put forward a portfolio of projects for consideration by UKRI. However, the funding will not be devolved to the North East CA. UKRI will administer grants to successful applicants, maintain oversight of project performance, and have overall responsibility and accountability for the LIPF.

The North East CA has facilitated the creation of a Local Innovation Steering Group (LISG) comprising civic leadership, universities and colleges, research institutions, business representatives and a representative of the voluntary sector. The LISG will fulfil the role of the triple helix partnership for the purposes of the LIPF. Within the parameters set by UKRI, it is this body that will oversee the project portfolio development process. At the LISG meeting on 18 December 2025, the LISG agreed to

nominate the North East CA as the Lead Bidder, with responsibility for the formal submission of the project portfolio to UKRI.

Under the design of the fund set out by UKRI, the Lead Bidder is responsible for:

- Convening and coordinating on behalf of the LISG partnership (as required).
- Managing the project portfolio development process, overseeing portfolio prioritisation through the LISG partnership.
- The formal submission of the project portfolio for quality assurance by UKRI, ensuring it reflects the local innovation strategy, the collective ambition and capabilities of the region and responds to all readiness criteria.

2. The Investment Proposal

2.1 Outputs and Outcomes

As the designated lead bidder, the North East CA is eligible to apply for funding up to £300,000 to cover the operating expenditure of the partnership. This funding will be used to develop a project portfolio that will unlock the earmarked £30m investment for the North East.

This operational funding will be used to cover the development of an evidence base and the identification of developed and emerging innovation clusters across the North East, the hosting of the Local Innovation Steering Group (triple-helix partnership), administration of a call for projects and the assembly and submission of a project portfolio, alongside specialist advisory costs (including an external appraisal of the projects that form the final portfolio submission) incurred in unlocking the fund. This would enable the North East CA to facilitate collaboration among regional partners, and ensure the effective allocation of LIPF funding. The proposed approach will maximise the impact of national innovation funding within the region, supporting economic growth and strengthening the North East's innovation ecosystem.

Successful projects selected through this process will also deliver specific outputs and outcomes. Outputs from the programme are likely to include job creation, productivity improvements, and increased knowledge transfer activity. Outcomes are likely to include regional economic growth aligned with national and regional economic objectives. This Delegated Decision report is restricted to the North East CA acting as lead bidder and the receipt of operational expenditure allocation that is available for the designated Lead Bidder organisation.

2.2 Timetable for Implementation

Milestone	Forecast Date
Readiness Check Deadline	3 February 2026
Portfolio Deadline	5 May 2026
Implementation	2026 - 2031

2.3 Evaluation

UKRI requires that the organisation receiving and administering funding must:

- Accept full accountability for proper use of the grant.
- Maintain appropriate governance structures

UKRI will issue a grant funding agreement, along with full Terms & Conditions for the funding, prior to payment of the £300,000 operational expenditure payment.

2.4 Appraisal

UKRI is responsible for due diligence in relation to the allocation of the operational expenditure. Projects submitted to the Local Innovation Steering Group will be externally appraised.

B. Potential Impact on North East Combined Authority Objectives

A condition of the LIPF allocation is that the project portfolio to be supported will be aligned with regional economic objectives. Innovation is identified as a key driver in the North east CA Local Growth Plan, cutting across our key priorities and programmes.

C. Key risks

- UKRI requires transparent governance and conflict-of-interest management. Failure to demonstrate this in the readiness check could delay or jeopardise funding.
- Over-spend Risk: if costs exceed £300,000, the North East CA would need to cover the shortfall.
- UKRI retains ultimate control over project eligibility and funding decisions. The lead bidder is not the accountable body for capital grants, but reputational risk exists if the portfolio fails UKRI's readiness criteria.

D. Financial and other resources implications

The financial profile for the project/programme is included below:

Funding source	2026/27	Total
<i>LIPF OpEx</i>	£300,000	£300,000
Total	£300,000	£300,000

The UKRI funding will be used for:

- Staffing costs for CA staff working directly on the LIPF programme
- Consultancy support to assist with the preparation of the evidence base and drafting the response to the readiness check
- External appraisal costs for the projects submitted to the Local Innovation Steering Group, prior to the submission of the project portfolio to UKRI
- Additional overhead costs for legal, finance, and governance support.

E. Legal implications

The Monitoring Officer's comments have been included in this report.

The lead bidder must be a legally constituted organisation in the UK, such as a Mayoral Combined Authority, university, or other eligible public body.

Acting as lead bidder involves entering into a formal agreement with UKRI through its Funding Service, which imposes compliance with UKRI's terms and conditions for grant administration.

F. Equalities implications

The North East CA follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

Due regard should be given to:

- Eliminating discrimination.
- Advancing equality of opportunity.
- Fostering good relations between people with different protected characteristics.

UKRI also embeds Equality, Diversity and Inclusion (EDI) principles in its funding programmes. Lead bidders are expected to demonstrate how their governance and delivery approach supports inclusivity and diversity.

G. Consultation and engagement

The Local Innovation Steering Group has provided an opportunity for engagement across a wide innovation partnership. The call for projects will be open.

H. Appendices

None

I. Background papers

J. None

K. Contact officers

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L. Glossary

UKRI – United Kingdom Research and Innovation

LIPF – Local Innovation Partnership Fund

LISG – Local Innovation Steering Group (the triple helix partnership)

M. Consultee

Cabinet Member:	Director/Head of Service:	Director of Finance and Investment:	Monitoring Officer:
Yes	Yes	Yes	Yes