

BCR Consultation on Pool E Grants Sizes – Summary of Responses

Overview

Between 28 April and 12 May 2020, BCR conducted a consultation to seek views on the most appropriate grant sizes for Pool E of the Capability and Innovation Fund.

Under Pool E, BCR is offering £100m of grant funds to eligible bodies over two application rounds: one of £20m focused on organisations that are eligible under previous Pool D criteria, the other of £80m focused on banks and organisations that are eligible under previous Pool A, B and C criteria. This document provides an overview of responses to this consultation.

BCR directly invited 238 organisations to respond to the consultation – primarily those who had already engaged with BCR via previous pools. The consultation was also disseminated widely via the media and various trade bodies.

100 organisations responded. Of those responses, 80 came from the organisations directly engaged by BCR, while a further 20 came from companies who became aware of the consultation via other channels. Of the total 100 responses, 6 were classified as not applicable as they did not provide any feedback on the grant sizes. The remaining 94 responses are analysed below.

BCR has summarised responses across the two application rounds. 57 participants gave feedback for both Application Periods, 20 gave feedback exclusively related to the Application Period for Pool D Bodies (Period One) and 17 gave feedback only for the Application Period for A, B and C Bodies (Period Two).

Application Period One (Pool D Bodies) - Feedback

Two criteria pre-fixed in the ARP design and not open for BCR to change are that grants must exceed £1m and no more than £20m can be allocated to Pool D. For the £20m application round, BCR asked for views on making grants available from £2.5m to £5m.

There were 77 responses for Application Period One (Pool D Bodies), 62 of which (80%) aligned to the proposal in the consultation letter of grants ranging from £2.5m - £5m. 40% of the total were happy with the spread and 22% and 18% advocated the smaller (~£2.5m) or larger (~£5m) ends of the range respectively.

The feedback from the participants was that these grant sizes would support and promote the introduction of new products into the SME markets. We have included two quotes from participants below:

“Upon reviewing your proposal on the split of the funding across the pools I believe this is a fair approach and will provide businesses the right level of opportunity based on what pool they would of previously applied for.”

“For Pool D applicants, grants between £2.5m - £5m feels right.”

Application Period Two (Pool A, B and C Bodies) - Feedback

The consultation specifically asked for input regarding making grants available in multiples of £5m and a maximum grant size of £20m.

There were 74 responses for Application Period Two for Pool A, B and/or C Bodies and these were more diverse in their views. While 61 (82%) respondents agreed with the proposed range of £5m - £20m, there was a marked divergence in views with Pool A and a number of B eligible bodies advocating a smaller number of larger grants (typically in the range of £30-40m) and smaller organisations advocating a larger number of smaller grants. The larger organisations submitted compelling reasons for why their proposals would help BCR meet the CIF objectives, including commentary on their ability to mobilise and implement large scale change programmes and the potential to leverage their established position within the market to achieve more sizeable impact. Below are quotes from A and B Bodies:

"...A single award of the £80M or a split into two £40M awards, (aligned to an internal capital commitment from applicants) would provide a meaningful investment base to support the deployment of a broad range of targeted, customer orientated initiatives which can have a wider impact on competition and provide enhanced support for businesses in challenging times. This structure more appropriately reflects the construct of the original Pool A/ Pool B awards which was intended to maximise competition benefits."

"our ... view is that the funds should be split between two larger grants, each of at least £30 - 40m, with the remaining monies split into smaller but equal amounts."

"...1 grant of £30m, 1 grant of £20m each and 3 grants of £10m each. Predicated on firms committing to a corresponding spend equal to the amount of the grant and each award predicated on achieving a minimum of 2 key deliverables, (1) One of which should be driven by market share and (2) Commitment to the number of innovative digital propositions to the SME market in light of changing market dynamics..."

There was also, however, strong support for grants in the region of £10m, typically from Pool C Bodies who were well supported in the consultation. While there was some support for grants of £5m, the majority of those interested in smaller grants were also eligible for Pool D.

Below is a quote from a Pool C body:

"... In a nutshell, we believe you will get the maximum 'bang for your buck' by distributing grants across a range of sizes...(1) Prioritise tech-led companies who can deliver product innovation, (2) Diversify risk and extend your reach and (3) Address the current uncertainty..."

The press release outlining final grant size decisions can be found [here](#).