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Scottish Enterprise



# The Ecosystem Fund

## 2023-24

### Proposal Guidance

## **INTRODUCTION: About the Ecosystem Fund 2023-2024**

The Ecosystem Fund (“the Fund”) is designed to support organisations and activities that will facilitate the growth and development of the Scottish entrepreneurial ecosystem by delivering high impact projects during 2023-24.

Following on from the success of the Scottish Government’s STER Tech Ecosystem Fund last year, a new round is opening with funding available for Ecosystem partners and intermediary organisations to bid to deliver new, innovative, and inclusive entrepreneurship support activities across Scotland and internationally. This is a widening of the scope in line with the National Strategy for Economic Transformation (NSET), and specifically including the Pathways Recommendations to include entrepreneurial education, diversity, and inclusion activity and therefore a broader range of partners will be able to submit Proposals for project funding.

The Fund is a Scottish Government initiative as part of the Programme for Government and is being delivered by Scottish Enterprise (SE) on behalf of the enterprise agencies.

### **1. What are the objectives of the ecosystem fund?**

The Ecosystem Fund aims to support organisations that are actively enriching Scotland’s startup ecosystem. The Fund will enable support organisations to better help Scottish entrepreneurs access the resources, knowledge, and connections to thrive.

The Fund will empower organisations to create new and develop or broaden existing activities to new beneficiaries that provide skills development, ideas exchange and collaboration, expert guidance, foster greater levels of innovation, increase access to non-public funding channels, and elevate the visibility of Scottish entrepreneurs.

The Fund is opportunity-focused; seeking initiatives that do not duplicate existing activity but fill gaps in the current ecosystem offering in Scotland.

## 2. What is the ecosystem fund for / not for?

Proposals are invited that will; connect, educate, and empower Scottish early-stage entrepreneurs and startups. The fund is designed to strengthen infrastructure, resources, and support activities accessible to the pre-startup and startup community. While the Ecosystem Fund seeks to nurture startups, it does not provide direct funding for individual companies to grow their businesses.

Applicants must articulate how they will deliver new initiatives or meaningfully improve existing ones, to increase and widen their benefit to entrepreneurs and startups and scale ups.

Applicant organisations will directly participate in and benefit from these programmes but may not apply for themselves to gain capital for their own operations.

The Fund is for new Projects (or broadening to wider groups of beneficiaries) that have a collaborative, ecosystem-wide impact, not activities solely benefiting a single organisation. The goal is to catalyse innovation and fill gaps in Scotland's entrepreneurial ecosystem.

## 3. Who should apply to the fund?

**Ecosystem 'builders':** organisations such as incubators, accelerators, dedicated entrepreneurial support organisations and community groups that support entrepreneurs through programming, resources, and events.

**Industry associations, third sector organisations and non-profits:** groups enabling early-stage entrepreneurialism and startup in the community locally or in their sectors.

**Universities, colleges, and education/training programme organisations:** Academic institutions looking to create new activity to foster entrepreneurial skills and innovation through curriculum or competitions, for example.

**Established companies** looking to deliver new partnership projects with pre-startups, startups or educational establishments through pilots, tech

acquisitions, or accelerator programmes.

**Private organisations** that are highly experienced in entrepreneurial development with Proposals for unique initiatives to inspire ideas, connect and widen the early-stage entrepreneur and startup community to under-represented demographics.

#### 4. Is my organisation eligible to apply?

The Fund is open to Proposals from organisations, which must be Headquartered in Scotland, or have significant operations based here.

Proposals can be from private, public\* or third sector organisations seeking to develop or scale up initiatives which meet the objectives of the Fund themes and align with the Scope of the Fund (detailed in the Scope section below).

We encourage partnership-based, collaborative Proposals, including, where appropriate, collaborations with international partners. Only one organisation may be designated the Lead Organisation and would be the organisation that will contract with SE to receive the Award and be fully responsible for adhering to all terms and conditions of the Award.

To be eligible for public funding from Scottish Enterprise, the Awardee must demonstrate at an organisational level the 7 principles of Fair Work practice and a commitment to Net Zero. Please review the reference documents in the Proposal Form for more detail.

We will only make Awards to organisations that are compliant with respect to paying the real Living Wage (rLW) to all staff and any contractors working on the project and where the organisation can demonstrate clear channels for employee voice. More detail on these requirements is included in the Proposal form and organisations applying to the Fund must note that evidence of Fair Work practices may be required.

*\*Local economic development groups and academic institutions are eligible; however, core government agencies and entities are not.*

## 5. What kind of proposals are sought?

The fund is open to proposals that align with any of the 5 themes of this Fund:

1. **Entrepreneurial Social Infrastructure**
2. **International Spotlight on Scottish Entrepreneurship**
3. **Sustainable Impact & Scaling Deep**
4. **Widening Participation to Under-Represented Groups**
5. **Entrepreneurial Education**

More details of the scope of examples of each theme and typical activity are in the 'Scope' section below.

## 6. How much funding is available?

Proposals of **between £10,000 and £50,000** are sought (VAT is ineligible). Examples of eligible, and non-eligible spend are in the Eligible Spend section below.

In exceptional circumstances, a very limited number of higher awards may be available if the Proposal demonstrates clear strategic economic importance and impact. There is an opportunity in the Proposal form to state a case for higher amounts of funding for additional outputs and impact. Any additional amounts awarded will be based both on the strength of the case made, and on availability of the Fund.

## 7. How will proposals be assessed?

Proposals will be assessed in 3 stages.

**1. Eligibility.** Eligibility checks will be carried out to ensure that your organisation is a suitable potential Awardee. This will include, but is not limited to, having the HQ or substantial operations in Scotland, having no flags or

sanction registered against your organisation on Companies House, passing legal Sanctions checks concerning trade with Russia and Belarus, adherence to Fair Work principles and practice, and checks against SE's CRM.

**2. Specialist Assessment.** Our teams of assessors will review Proposals against each of the themes and will be scoring according to the following criterion:

- alignment with the objectives of the Fund
- feasibility of the proposed delivery within the timescale
- extent to which the applicant has justified the amount of Funds requested
- assessors' quality score on the kind of activity, beneficiaries, outputs, and likely impact of the proposed activity

**3. Final Decisions.** A final Validation Panel of senior SE and Scottish Government representatives will meet to review the assessors scores and agree the final distribution of the Fund according to the quality of the Proposals and availability of Funds. The decisions will be final.

Following the final decisions, all applicants will be informed of the outcomes of their Proposal. Organisations can request feedback on the outcome of their application by requesting this in writing to [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk). Feedback will be sent within 10 working days from the date of request.

## 8. How will funding be awarded?

Successful Proposals will be issued with a Grant Award Offer from Scottish Enterprise which will include a Purchase Order number for sending invoices for payment. This Offer – and all associated paperwork – must be returned in a timely manner before the contract becomes live and projects begin.

To enter the contract with SE, Awardees will need to complete and return a form called '[Minimal Financial Assistance](#)' which is a legal requirement. Awardees will also be contacted by SE's Finance Team to register your business on our payment system, if not already registered.

The Award will then be paid in three milestone-based instalments. Details of eligible and ineligible spend is listed in the 'Eligible Spend' section below.

## 9. When must projects be delivered?

All proposed activity must be delivered, and all Project costs incurred by **31<sup>st</sup> March 2024**.

This is a hard deadline, and as well as based on quality, Projects will be assessed for feasibility of delivery within this timescale. Therefore, be ambitious, but realistic when submitting your Proposal.

## 10. Where should projects be delivered?

We want activity to be as accessible as possible and therefore welcome project delivery taking place anywhere across Scotland, and especially in disadvantaged areas where beneficiaries may have additional challenges in accessing entrepreneurial support activity.

International visits within the scope and objectives of the Fund are also welcomed as a means of showcasing Scottish entrepreneurial talent overseas and building networks with international supporters and potential investors.

## 11. What is the timeline?

The Fund will be formally launched by the Scottish Government and Scottish Enterprise on Wednesday 30 August 2023 at 13:00.

- The Fund opens for Proposals from 13:00 on Wed 30 August 2023
- Proposal Forms downloaded from <http://www.scottish-enterprise.com/ecosystem-fund>
- Potential applicants have the option to attend one of two optional online Information and Q&A sessions: Session 1: 14:00-15:00 Friday 1 September 2023 or Session 2: 10:00-11:00 Monday 4 September 2023, by emailing [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk) to register.
- Closing date for proposals – **13:00 Monday 25 September 2023**

- Assessment of all eligible Proposals – **Tuesday 26 September to Friday 13 October 2023**
- Funding awarded – **By the end of October 2023**
- Delivery of proposed activity – **From October 2023 to 31 March 2024.**
- Interim Project Report Deadline for submission to SE – **31 January 2024**
- Final Project Report Deadline for submission to SE – **30 April 2024**
- Deadline to invoice for final instalments of award – **30 April 2024**

## 12. What is the scope of the Fund?

### The Ecosystem Fund Themes

Applicants are required to identify which of the **5 Themes** their proposed Project falls under.

Projects may naturally have cross-cutting themes in several areas; however, Applicants should identify a lead Theme for their project and apply under that Theme in the Proposal Form.

This will greatly assist in the assessment process, and choice of Lead theme does not predicate success or otherwise in your application.

**1. Entrepreneurial Social Infrastructure** e.g., community activity & networking, sharing best practice, providing opportunities for collaboration.

**2. International Spotlight on Scottish Entrepreneurship** e.g., connecting with investors, highlighting Scotland as an entrepreneurial hub for the world, world class events which can attract international investment in Scottish talent and to attract and encourage retention of entrepreneurial talent from overseas.

**3. Sustainable Impact & Scaling Deep** e.g., scaling deep, creating a fairer, greener society & economy, encouraging net zero practices in start-ups, wealth building in communities through entrepreneurial activity

**4. Widening Participation to Under-represented Groups** e.g., creating

access to entrepreneurial activity for under-represented groups including – but not restricted to - women, young people, those with disabilities or neurodiversity and those from ethnic minorities or disadvantaged geographies, decreasing barriers and inequalities.

**5. Entrepreneurial Education** e.g., projects which actively support enterprise education, role models for those in full-time education, opportunities for those in education to participate in entrepreneurial activity, industry/education partnerships.

### **12b. Can I apply to both the Pathways Pre-Start Fund and Theme 4 [Widening Participation] of the Scottish Ecosystem Fund?**

The recently launched [Pathways Pre-Start Fund](#) is a separate Fund with its own application and assessment process and is being administered directly by the Scottish Government. You should ensure that any Proposal submitted to this Ecosystem Fund aligns with the aims (see the description in Section 19), prior to applying as **a project can only receive support from one Fund**. You should apply to the Fund that most closely aligns to your proposed activity.

The [Pathways Pre-Start Fund](#) is aimed at encouraging early engagement for currently under-represented groups of people to specifically encourage *consideration of entrepreneurship, inspiring and educating on the opportunities of entrepreneurialism and promoting entrepreneurial mindset and skills*. It is intended for activity which will widen awareness and participation in enterprise activity to those not currently engaged.

Under Theme 4 of this Fund [Widening Participation], we anticipate that beneficiaries are likely to already be engaged in entrepreneurship activity, even if still at an early stage (e.g. idea generation, pre-start, researching opportunities).

**If you remain unsure which Fund is most appropriate for your Project, please contact [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk) and our team can help.**

### **13. Can our organisation submit more than one proposal?**

If the projects are **entirely distinct** from one another, e.g., under a different primary Theme and with entirely different objectives and outcomes, you may

submit more than one Proposal. Please note that approval is by Project, and not by organisation. Therefore, each Proposal will be assessed on its own merits.

#### **14. Can our organisation apply on behalf of a partnership or collaboration?**

The Assessors welcome Proposals that can scale up activity or reach broader audiences through collaboration. Collaborative activity is therefore strongly encouraged. Ensure that all partners are mentioned in the Proposal Form.

Only one organisation may be deemed the Lead Organisation (preferably the larger or more established organisation). The Lead Organisation will be fully responsible for the contractual and legal obligations and conditions of the Award and should therefore have the processes in place to contract, accept legal liability for the contract, submit invoices and any required evidence on time.

#### **15. How will the project(s) be monitored?**

Awardees will be required to have a monthly 'check in' with an allocated SE Contact. Any delays, elevated risks or problems with the Project that could impact on ability to spend the Award as agreed in the contract, must be alerted to the SE Contact immediately.

The SE Contact will work with the Awardee to try and resolve any issues, however, the contractual obligation to deliver the Project(s) cannot be extended beyond 31 March 2024.

Submission of a Final Project Report and all required invoices and associated evidence cannot be extended beyond 30 April 2024. Therefore, all Projects must be actively managed on that basis as Milestone payments are dependent on planned activity taking place.

The Lead Organisation will be asked to complete a Survey at the end of Projects so that we can collect feedback and confirm the outcomes from all Projects. This Survey will be repeated after 12-18 months to gather evidence of the longer-term impacts of Funded activity. Appropriate record-keeping is therefore

important.

## **16. Can the project be changed once the award is made?**

Some minor changes to projects are to be expected, e.g., event dates being moved, number of participants fluctuating, programmes being altered to better fit the participants etc. However, Awardees must be proactive about staying in touch with the SE Contact to be sure that any changes are made known to SE, any unforeseen impact on the Contract is discussed and managed as appropriate.

Moderate or significant material changes to your Project must be proposed and discussed *in advance* with the SE Contact and may mean, in some cases, that an Amended Contract is required. This could impact on the amount, terms, and conditions of the Award, so ensuring that any changes to Projects, big or small, are done with prior agreement with SE to avoid any issues.

## **17. What if we cannot deliver the Project, for any reason?**

At any point where you become aware that your proposed project is not going to be deliverable, inform the SE Contact as a matter of urgency. They will work with you to explore any potential solutions. Only in circumstances where no alternative solution can be found, would we void your contract and your entitlement to the Award would be withdrawn. Any milestone payments provided in advance of planned activity which does not take place, may be recoverable by SE.

## **18. What is eligible and non-eligible spend?**

All proposed spend should be justified as proportionate and appropriate for successful delivery of the aims of the Project and clearly aligned to the Themes of the Fund.

**Eligible Spend; *including but not restricted to the following...***

- Venue and catering costs for in person events
- Event printing collateral; signs, badges

- Digital collateral to promote or support events/initiatives e.g., licensing/hosting, website updates, content, marketing, PR, media buying.
- Event management fees
- Event delivery fees e.g., staging, AV, signage.
- Speaker / Special Guest Fees
- Content production e.g., videos, toolkits, guides, and other information or learning materials.
- New staff costs (contractors, freelancers, fixed term hires) directly attributed to the project delivery and for the duration of the Project only (NB: existing staff costs are not eligible, and all staff costs must be at or above the real Living Wage)
- Community group compensation; honorariums/fees for local community groups/charities/CICs/volunteers contributing to projects.
- Supporting or providing childcare services to make events more accessible to parents/carers.
- Providing accessibility accommodations e.g., adaptations to marketing, operational delivery of events, sign language interpreters, wheelchair ramps, assisted listening devices at events or venues/locations.
- Converting existing materials e.g., content/website/resources to be more inclusive and accessible.
- Documentation: Videography, photography and transcription services to document and share event content.
- Transport e.g., costs for participant, speaker/guest mileage, bus, rail, and flights *where necessary*. The lowest carbon option should be chosen wherever possible. Note: costs towards any flights must be economy for flights within the UK and EU. Contributions must be economy, premium economy, or business class for flights out with the EU. First class flights or rail travel is not eligible, though a *contribution up to the cost of business class* is eligible where first class travel is required and agreed in advance by contacting [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk)
- Accommodation – speaker/guest/participant accommodation can be contributed to or covered where necessary and proportionate to the event and outputs of the Project (e.g., accommodating participants at a retreat would be necessary, but not for attending day events)

- Consultancy costs where directly delivering activity for and with early-stage entrepreneurs (i.e., feasibility studies, research not specifically related to support for under-represented groups is not eligible)
- Staff Training – is eligible where it has a direct relevance to the specific entrepreneurship Project e.g., net zero, fair work, disability awareness.
- Research - specifically into entrepreneurial attitudes/barriers/needs of under-represented groups.
- Business advice/mentoring fees where directly delivering activity for and with early-stage entrepreneurs (i.e., not for supplementing existing mentoring programmes or arrangements or for advising established companies).
- VAT – where organisations are not VAT registered, this is eligible and can be included in your costs against this project.
- Other costs associated with the delivery of the project as described in the Proposal Form that are fair, appropriate, and proportionate to the proposed outputs.

**Ineligible Spend; *including and not restricted to the following...***

- Existing initiatives - Proposals should preferably be for new activities or existing activities that are being significantly developed/scaled up to reach broader groups and widen participation/accessibility. This Fund is not for ongoing programmes, or core costs.
- Existing staff costs that constitute your business-as-usual obligations should not be included. **However**, where a case is made for redeployment of staff(s) on a full or part-time basis to deliver the specific Project, SE will consider this on a case-by-case basis and you should make this clear in your Proposal form if you intend to include costs relating to any existing staff members. Contact [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk) prior to including existing staff costs in your Proposal if you require any clarity.
- Business as usual, operational costs – anything that the organisation would have to pay for anyway, regardless of this Project, business travel/meeting costs, general staff training/CPD.
- Capital costs; purchase of facilities, equipment, hardware.
- Professional Service Fees – accounting, legal, insurance fees incurred in the course of business as usual or Project delivery.

- VAT – where organisations are VAT registered, VAT is **not** eligible and cannot be included in your costs against this project.
- Research, e.g., R&D, feasibility studies, the Fund is action-oriented
- First class travel by rail/air is ineligible.
- Superfluous accommodation costs are not eligible e.g., over-staying, or where the accommodation was unnecessary for the delivery of the outputs of the project.

**Important:** Awardees must retain all records, receipts, and invoices for a minimum period of three years following the close of the contract. SE will undertake spot checks on spend incurred under the scope of this contract. Where spend cannot be evidenced, SE reserves the right to claw back funding. When checking evidence, SE will be guided by principles of fair, appropriate, and proportionate spend of public funding on the agreed activity. Should you have any queries on eligible spend that is not answered below, please contact [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk) to discuss prior to incurring spend.

For any questions of clarity on eligible / ineligible spend, you must contact [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk) prior to incurring spend for pre-agreement to avoid risk of being unsuccessful based on ineligible spend.

**19. SCOPE OF FUND WITH ACTIVITY EXAMPLES**

Thematic Pillar of the 2023-24 Fund	<b>3 SCOPE STATEMENTS –</b> <i>i.e., what do we mean by this Theme, what outcomes do we want to see resulting from activity in this theme?</i>	<b>3 EXAMPLES OF ACTIVITY</b>
<p><b>1. Entrepreneurial Social Infrastructure</b></p>	<p><b>Funded activities will:</b></p> <ol style="list-style-type: none"> <li>1. Build active and vibrant communities within/across the ecosystem, in which start-ups/founders exchange ideas, learn from each other and collaborate.</li> <li>2. Improve support for founders, so founding teams can access</li> </ol>	<ul style="list-style-type: none"> <li>• Meet-ups, networking events.</li> <li>• Education for entrepreneurs, founders, or entrepreneurial company leaders</li> <li>• Investor readiness and introduction events.</li> </ul>

	<p>guidance, advice and know-how from around the ecosystem.</p> <p>3. Propagate best practice by facilitating start-up education, networking and peer-support.</p>	
<p><b>2. International Spotlight on Scottish Entrepreneurship</b></p>	<p><b>Funded activities will:</b></p> <ol style="list-style-type: none"> <li>1. Highlight the Scottish ecosystem to the world and, in turn, encourage the best talents, investors and founders, nationally and internationally, to choose Scotland.</li> <li>2. Promote Scotland as an open and attractive ecosystem with high-growth, investable companies</li> <li>3. Address market failures in Scotland which have, thus far, prevented our ecosystem from scaling a 'tentpole' conference event which will be attractive to overseas companies and investors.</li> </ol>	<ul style="list-style-type: none"> <li>• International visits with cohorts of high-growth Scottish companies</li> <li>• Meetups/events to connect start-ups to international investors/talent</li> <li>• Media activity (webinars, podcasts, videos, blogs etc.) to increase visibility of Scottish startups internationally</li> </ul>
<p><b>3. Sustainable Impact and Scaling Deep</b></p>	<p><b>Funded activities will:</b></p> <ol style="list-style-type: none"> <li>1. Help make Scottish start-ups a driver of positive change for the economy, environment and wider society.</li> <li>2. Enable connections between organisations specialising in environmental change to support start-ups to evolve</li> <li>3. Generate opportunities for Scottish start-ups to support the creation, of, or an increase in community wealth in localities.</li> </ol>	<ul style="list-style-type: none"> <li>• Programmes focused on supporting startups developing solutions for sustainability challenges like renewable energy, decarbonization, circular economies, and responsible sourcing.</li> <li>• Events connecting environmental organisations with startups to foster innovation around issues like climate change, waste reduction, green tech, and conservation.</li> </ul>

		<ul style="list-style-type: none"> <li>• “Funding challenges” around societal issues to catalyse startups to develop impactful solutions on targeted problems.</li> </ul>
<b>4. Widening Participation to Under-represented Groups</b>	<b>Funded activities will:</b> <ol style="list-style-type: none"> <li>1. Encourage entrepreneurship among groups and communities which are currently under-represented.</li> <li>2. Help to reduce inequalities, discrimination and barriers in entrepreneurship.</li> <li>3. Improve access to startup financing, facilities and professional services for founders from under-represented backgrounds.</li> </ol>	<ul style="list-style-type: none"> <li>• Direct business support activity to those in under-represented groups e.g. networking, mentoring, events, peer support, leadership and skills development</li> <li>• Supporting investment readiness and access to finance for under-represented groups</li> <li>• Activity in support of Pathways Report recommendations</li> </ul>
<b>5. Entrepreneurial Education</b>	<b>Funded activities will:</b> <ol style="list-style-type: none"> <li>1. Support entrepreneurial education in its widest sense, including but not limited to those delivered in formal education settings (primary, secondary, tertiary institutions)</li> <li>2. Drive entrepreneurial mindsets</li> <li>3. Embed entrepreneurial learning in mainstream learning environments.</li> </ol>	<ul style="list-style-type: none"> <li>• Learning and teaching projects</li> <li>• Business and education partnership development activity</li> <li>• Projects in support of developing role models and summer school-type approaches</li> <li>• CPD to support educators/teachers</li> <li>• Activity in support of Entrepreneurial Campus recommendations.</li> </ul>

## How to apply?

Download the Proposal Form from the Ecosystem Fund page <https://scottish->

[enterprise.com/ecosystem-fund](https://enterprise.com/ecosystem-fund)

Once fully completed, **email your Proposal as a Word document**, with all restrictions disabled, to **enquiries@scotent.co.uk** no later than the deadline of **13:00 on Monday 25 September 2023**. Late or part-completed Proposals will *not* be accepted.

**Please ensure that:**

1. Your organisation is eligible to apply to the Fund
2. Your proposed Project(s) are aligned with the scope of the Fund
3. Your proposed use of the Funds are classed as eligible spend
4. You have fully completed all sections of the Proposal Form

Contact the delivery team at [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk) with any queries prior to submitting your Proposal as we cannot discuss your Proposal after the deadline.

### **Where can I get help to complete my proposal?**

The SE High Growth Entrepreneurship Team can be contacted at [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk). We are happy to explain any aspect of the Proposal form or the process. If you have additional accessibility needs, please contact the Team for support.

Once your proposal has been submitted, and after the deadline of Monday 25 September 2023 we will not be able to enter any discussion about Proposals until the outcome of the full assessment and decision process concludes.

For any general questions, please contact the SE High Growth Entrepreneurship team at [entrepreneurship@scotent.co.uk](mailto:entrepreneurship@scotent.co.uk).

## **The Ecosystem Fund – Proposal Guidance**

V1.2