



Department for
Communities and
Local Government



European Union
European Regional
Development Fund

2014 to 2020 European Structural and Investment Funds Growth Programme

Call for Proposals European Regional Development Fund

Priority Axis 1: Promoting Research and Innovation

Managing Authority:	Department for Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 1: Promoting Research and Innovation
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1. Call Context

The 2014 to 2020 European Structural and Investment Funds bring the European Regional Development Fund, European Social Fund and part of the European Agricultural Fund for Rural Development together into a single European Union Structural and Investment Funds Growth Programme for England supporting the key growth priorities of innovation, research and development, support for Small and Medium sized Enterprises, low carbon, skills, employment, and social inclusion.

The Funds are managed by the Department for Communities and Local Government for European Regional Development Fund, Department for Work and Pensions for European Social Fund and the Department for Environment Food and Rural Affairs for European Agricultural Fund for Rural Development. In London, the Greater London Authority acts as an Intermediate Body for the European Regional Development Fund and European Social Fund programmes. Unless stated otherwise, the term “Managing Authority” will apply to all these organisations. The Managing Authorities work closely with local partners who provide;

- Practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets;
- Local intelligence to the Managing Authorities in the development of project calls (decided by the Managing Authorities) that reflect Operational Programme and local development needs as well as match funding opportunities; and
- Advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local European Structural and Investment Funds Strategy to aid the Managing Authorities’ assessments at outline and full application stage.

This call is issued by the Department for Communities and Local Government and invites outline applications in respect of the European Regional Development Fund. European Regional Development Fund is specifically focussed on investment to support economic growth and job creation. The call invites proposals in respect of Priority Axis 1 of the European Regional Development Fund Operational Programme: “Promoting Research and Innovation” against the requirements set out in this call document.

1.1. National Context

The European Regional Development Fund Operational Programme in England recognises that there are needs and challenges common to all parts of the country. In particular, [‘Smart Specialisation in England’](#) recognises that geographies and patterns of innovation are complex and variable and that more needs to be done to

ensure that firms and research institutions are not hindered by artificial or administrative geographies.

The types of actions needed to address England's challenges in terms of converting excellent research into innovation and economic outcomes are the same across the country, regardless of the category of region. The objective of improving how Small and Medium sized Enterprises commercialise research and how they collaborate with research institutions will be taken forward through activities such as knowledge exchange, business engagement, networking and investment support in all parts of England, with the choice of sectors and technologies reflecting the approach of smart specialisation.

The private sector plays a strong role in investing in research and development and accounts for the overwhelming majority of total innovation spend in the United Kingdom. Despite this, Small and Medium sized Enterprises are not participating proportionately - according to the [Innovation Survey](#), only 21.6 per cent of enterprises (with more than 10 employees) were engaged in either product or process innovation. This ranged from 20.5 per cent in smaller firms with between 10 and 49 employees and 29.8 per cent in larger firms (with between 100 and 249 employees). So barriers exist for Small and Medium sized Enterprises in their capacity and propensity to innovate and invest in internal capacity.

Particular barriers include a lack of awareness of the benefits of investing in innovation, its cost and uncertainty about the value that will accrue to the company. These development needs are compounded by a lack of access to appropriate finance, with nearly half of innovation-active Small and Medium sized Enterprises experiencing difficulties obtaining finance. Under Priority Axis 1, activity will seek to strengthen research and technological development and innovation by a range of capital and revenue focused interventions.

The Operational Programme identifies two Investment Priorities which will strengthen research, technological development and innovation:

- Investment Priority 1a – Enhancing research and innovation infrastructure and capacities to develop research and innovation excellence, and promoting centres of competence, in particular, those of European interest; and
- Investment Priority 1b - Promoting business investment in research and innovation; developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and supporting technological and applied research, pilot lines, early product validation actions, advance manufacturing

capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies.

Investment Priority 1a - Enhancing research and innovation infrastructure and capacities to develop research and innovation excellence, and promoting centres of competence, in particular, those of European interest.

Specific Objective: Increase investment in research and innovation infrastructure that catalyses collaboration with the research community especially in sectors identified through smart specialisation.

The purpose of support under this Investment Priority will be to build or enhance infrastructure that in due course will contribute to the greater commercialisation of products, services and processes. This requires that the infrastructure is used directly by enterprises (on an open access basis) or that there is effective cooperation between researchers and the private sector. Enhanced infrastructure and capacities will also underpin activity under the other Investment Priority selected within this Priority Axis.

Investment Priority 1b – Promoting business investment in research and innovation; developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies.

Specific Objective: Increase investment in research and innovation by small and medium sized enterprises, particularly in sectors and technologies identified through smart specialisation.

Specific Objective: Increase the number of small and medium sized enterprises engaged in knowledge exchange, collaborative and contract research and innovation with research institutions, public institutions or large enterprises in order to help them bring new products and processes to market.

The focus of activity under this priority axis is improving commercialisation of new or enhanced products or services by small and medium sized enterprises, whether through increased investment or better collaborations, but this requires the involvement of a much wider group including larger firms in cooperation with their supply chains and other small and medium sized enterprises, higher education institutions, public sector institutions and research centres, Catapult Centres and other centres of excellence.

1.2 Local Development Need

This call will focus on Investment Priority 1a. Where the expectation is that the outcome of this call will result in the award of a single contract, applicants may wish to bid individually, as part of a consortium or a partnership (in line with European Regional Development Fund Eligibility Rules Guidance). Bids which deviate from this will be received, but should provide an explanation for this approach. See below for further details

This call aligns with other United Kingdom and European investment programmes, including the Government Life Sciences Strategy (2011)¹. The Swindon and Wiltshire Local Enterprise Partnership European Structural and Investment Funds strategy² recognises the importance of a smart specialisation approach, combining entrepreneurial and institutional investment with leading local industries. It aims to develop and bring about an innovation ecosystem. This approach to investment by smart specialisation is driven by two factors:

- Spatially clustered key sectors drive the local economy and offer the greatest opportunity for overall growth;
- Promoting investments focused on spatial zones and places is consistent with a cluster approach - the Swindon and Wiltshire Local Enterprise Partnership European Structural and Investment Funds Strategy references 'innovation centres' (or hubs) as being physical or virtual.

The Swindon and Wiltshire Local Enterprise Partnership European Structural and Investment Funds strategy states support to:

- Build the small and medium sized enterprises innovation ecosystem in Swindon and Wiltshire;
- Support small and medium sized enterprises' engagement with entrepreneurial-led innovation schemes;
- Support small and medium sized enterprises in gaining access to expertise in innovation, research, discovery and commercialisation;
- Link the Swindon and Wiltshire Local Enterprise Partnership Strategic Economic Plan³ and Local Growth Deal opportunities to extend benefits of innovation to small and medium sized enterprises.

¹ Strategy for UK Life Sciences (December 2011) <https://www.gov.uk/government/publications/uk-life-sciences-strategy>

² See Swindon and Wiltshire Local Enterprise Partnership European Structural and Investment Funds Strategy: <http://www.swlep.biz/docs/1>

³ See Swindon and Wiltshire Strategic Economic Plan: <http://www.swlep.biz/docs/1>

⁴ Strategy for UK Life Sciences (December 2011) <https://www.gov.uk/government/publications/uk-life-sciences-strategy>

⁵ Defined as businesses operating in the Medical Technology, Medical Biotechnology, Industrial Biotechnology and Pharmaceutical industries and sectors – from “Strength and Opportunity 2013 The landscape of the medical technology, medical biotechnology, industrial biotechnology and pharmaceutical sectors in the UK” <https://www.gov.uk/government/publications/bioscience-and-health-technology-database-annual-report-2013>

This call is for a project that supports all of these objectives.

Health and Life Sciences sector

Health and Life Sciences⁴ are recognised for their national significance in the United Kingdom Life Sciences Strategy. According to the 2013 Business Innovation and Skills Strengths and Opportunity report⁵, the life sciences sector in the United Kingdom consists of 4,980 companies developing, producing and marketing products and services in the pharmaceutical, medical technology, medical biotechnology and industrial biotechnology markets. In total the sector employs 176,000 people in high technology companies across the United Kingdom. The industry sells into a global marketplace with a current total value of £612bn, of which the United Kingdom has a £50bn share of turnover.

The Swindon and Wiltshire Local Enterprise Partnership European Structural and Investment Funds strategy estimated that there were 7,000 jobs in 2012 in the sector in Swindon and Wiltshire. This is nearly four times the concentration of employment relative to national averages and higher than many comparator Local Enterprise Partnerships. The value chain involves major pharmaceutical businesses and world-class research and academic institutions in the United Kingdom being able to contract and collaborate with a diverse range of reputable and effective small and medium sized enterprises to join the wealth-creating process from invention to commercial realisation. The area's businesses can benefit from increased proximity and access to high-class facilities.

Porton Science Park

Porton Science Park is a major government-owned scientific estate on the edge of Salisbury Plain near Salisbury in Wiltshire. Most of the campus area is controlled by security regulations and by-laws. The Porton campus contains a wide range of scientific buildings and research facilities which employ a total workforce of approximately 3,000 people. These include scientists, engineers and other specialist staff working mainly on defence, security and public health advice for government. It is of major importance to the local economy and is also a key science resource for government in relation to defence, security and public health issues.

The majority of the campus land is owned by the Defence Science and Technology Laboratory, which is part of the Ministry of Defence. Defence Science and Technology Laboratory supplies specialist science and technology services to the Ministry of Defence and for wider government. Defence Science and Technology Laboratory leads and undertakes those activities that it would be inappropriate to carry out in the private sector. Also occupying a major facility within the campus is Public Health England, formerly the Health Protection Agency. This body provides

Executive Summary of "Strength and Opportunity 2013 The landscape of the medical technology, medical biotechnology, industrial biotechnology and pharmaceutical sectors in the UK" (as above)

advice and information to health professionals in relation to health hazards, threats and emergencies as well as more general guidance to government and the public on the protection of public health. Public Health England's advice, information and services are underpinned by evidence-based research which it also uses to develop new vaccines and treatments for specific conditions.

Porton Science Park comprises a 7.96 hectare site. Outline planning permission has been granted for 355,502 sq ft of research and development accommodation, and detailed planning permission has been secured for the first phase of a development comprising a 45,000 sq ft innovation building and 'grow-on' space with related infrastructure to enable the remainder of the site to be opened up for the delivery of subsequent phases.

The call for this project is to deliver the first phase of the development – a Health and Life Sciences Incubation centre.

Wessex Life Sciences Cluster

Salisbury National Health Service Foundation Trust⁶ is a specialist regional centre in genetics and other medical fields. As host to the Wessex Regional Genetics Laboratory, it has strong academic links with the Faculty of Medicine, University of Southampton⁷ and has an excellent track record in basic research and service development. In 2012, the University of Southampton industry sector team recognised a strong cluster and came together with local and public authorities, and Swindon and Wiltshire Local Enterprise Partnership, to look at how the sector might strengthen local, regional and national economies.

A result of these initiatives is the Wessex Life Sciences Cluster partnership. This has been set up to take forward the development and realise opportunities for the sector. Its development is linked to the government-sponsored Wessex Academic Health Science Network⁸. Swindon and Wiltshire Local Enterprise Partnership commissioned Wessex Academic Health Science Network to carry out a baseline analysis. Wessex Academic Health Science Network has evidenced the particular strengths in the Health and Life Sciences sector in south Wiltshire, based around the excellence of Public Health England and Defence Science and Technology Laboratory.

The cluster partnership recognises a major economic opportunity to build on existing innovation and expertise, which with support from Local Growth Deal investment can provide a new incubator workspace and infrastructure to unlock private sector development. Porton Science Park campus is identified as crucial to this innovation eco-system.

⁶ <http://www.wrgl.org.uk/scope/Pages/IndexPage.aspx>

⁷ <http://www.southampton.ac.uk/medicine/research/index.page>

⁸ <http://wessexahsn.org.uk/our-services/our-operational-programmes/>

The identified life science cluster currently totals around 140 companies and more than 30 public sector organisations, one of the largest concentrations of high-level containment facilities in Europe. Locally, the cluster is focused on southern Wiltshire around Salisbury, but also at Swindon, which is home to a variety of pharmaceutical companies, such as Canada's Patheon and other multinationals such as Cardinal Health, Becton Dickinson and Vygon. Swindon is also home to much of the United Kingdom's public research headquarters including Research Councils⁹ and InnovateUK¹⁰.

In western Wiltshire towns along the A350 corridor there are a number of cluster businesses such as Atlas Genetics, Theorem Clinical Research and Vectura all deploying research, development and innovation in commercial and competitive environments. Immunology and vaccinology have been identified as a particular strength in the wider Wessex area, with the Universities of Oxford, Southampton and Surrey linking up with Porton establishments and the Pirbright Institute to create a world-class network of capabilities.

Organisations, both public and private, research and entrepreneurial businesses, are encouraged to work with government and its agencies, such as InnovateUK, to improve linkages. Together the Research Councils and InnovateUK provide a huge opportunity to Wessex Cluster businesses in the form of publically-funded research. The incubation centre will need to encourage a joined-up, entrepreneurial-led smart specialisation approach for the cluster, allowing stronger links between small and medium sized enterprises and the United Kingdom's public research base, much of which is located in the Swindon and Wiltshire Local Enterprise Partnership area.

1.3 Scope of Activity

Applicants will need to demonstrate that proposed projects do not duplicate existing national provisions, demonstrating in particular how operations will complement and align with smart specialisation, e.g. limited set of evidenced-based priorities, collaboration, links with national policies for innovation, to deliver additional outcomes.

This call responds to the needs as defined in the European Regional Development Fund England Operational Programme under **Priority Axis 1**, Investment Priority 1 (a), and the Swindon and Wiltshire Local Enterprise Partnership European Structural and Investment Funds strategy section 4¹¹ and Activity 2.1¹². The call recognises broader plans developed by Swindon and Wiltshire Local Enterprise Partnership and

⁹ <http://www.rcuk.ac.uk/>

¹⁰ <http://www.innovateuk.org/>

¹¹ Swindon and Wiltshire Local Enterprise Partnership European Structural and Investment Funds Strategy paragraphs (in particular): 130 -150 & 176 & 187

¹² Swindon and Wiltshire Local Enterprise Partnership European Structural and Investment Funds Strategy paragraphs: 302-310

local partners¹³ and is made contemporaneously with other funding opportunities, such as the Swindon and Wiltshire Local Enterprise Partnership Board's commitment to allocate £4m from the 2015/16 Local Growth Deal¹⁴ award from Government in July 2014.

1.3.1 Investment Priority 1a - Enhancing research and innovation investment infrastructure and capacities to develop research and innovation excellence, and promoting centres of competence, in particular, those of European interest.

Specific Objective: Increase investment in research and innovation infrastructure that catalyses collaboration with the research community, especially in sectors identified through smart specialisation.

Indicative actions to be supported by the European Regional Development Fund may include:

- Specialist infrastructure/facilities/centres linked to smart specialisation including enhancements to science parks and to improve access to these facilities through digital and physical links;
- Investment in the development and upgrading of innovation space, with capability to serve as a platform or host for innovation and innovative relationships;
- Improved incubation space to enable research and development and innovation;
- Shared use research laboratories and facilities, particularly targeted at the Great Eight technologies as set out in "Smart Specialisation in England" Development of enterprise, innovation and technology hubs and centres of excellence, in line with the approach set out in "Smart Specialisation in England";
- Development and upgrading of appropriate test facilities and deployment infrastructure.

In all cases, actions may include provision of appropriate equipment and staff resources.

Local Context:

This call seeks proposals to design and construct a Health and Life Sciences Incubation Centre (the 'centre'), to be located at Porton, Wiltshire. This will deliver the first phase of development which will trigger private sector delivery of the wider science park. The centre will provide workspace for, and be instrumental in, promoting the growth of small and medium sized enterprises in the Health and Life Sciences sector and associated sectors. As small and medium sized enterprises and

¹³ See The Swindon and Wiltshire Growth Deal: <http://www.swlep.biz/docs/1>

¹⁴ See The Swindon and Wiltshire Growth Deal: <http://www.swlep.biz/docs/1>

the support base for research and public institutions are based both within and outside the Swindon and Wiltshire Local Enterprise Partnership boundary, the centre would be able to extend its reach to all small and medium sized enterprises eligible under the England European Regional Development Fund Operational Programme area.

Outline planning permission has been granted on the site for 355,502 sq ft of research and development accommodation. A masterplan setting out a 10 year plan for the area was published in 2007¹⁵. Planning consent exists for a first phase of development comprising a 45,000 sq ft innovation building and 'grow-on' space with related infrastructure to enable the remainder of the site to be opened up for the delivery of subsequent phases. The land subject to planning consent is in the ownership of the Ministry of Defence. Any successful applicant will need to demonstrate permission from the landowner to build on the site in accordance with the planning consent. Furthermore, the short and longer-term lease, possession and title of the centre and any ownership options should be highlighted by applicants.

This call seeks an applicant to take the initial step to build physical workspace as part of a longer-term plan for the campus. The centre should become an entrepreneurial and focal hub for the Wessex Life Science Cluster and for other key sector businesses utilising research, development and innovation processes and expertise. The call is specifically for the building and construction of appropriate workspace that helps accelerate business growth. It should be able to provide workspace for small and medium sized enterprises working on research and commercialisation of new products. The workspace would be a setting for invention, discovery, experimentation, proving, collaboration and commercialisation, combined with entrepreneurial prowess. It would be a place proximate and accessible to facilities and services, such as research expertise and enabling technologies. As well as providing research, development and innovation capable facilities for small and medium sized enterprises, further phased initiatives will provide opportunities for small and medium sized enterprises, large companies, public authorities, innovation and academic networks, higher education institutions and research agencies to work together.

The centre should bring about opportunities for small and medium sized enterprises to gain footholds and sustain viable commercial models by providing a focal point for external support and enabling interaction with research and academic institutions. It will be a drive for private sector investment, acting as a catalyst for further developmental phases, and will provide the means for sustained growth of innovative small and medium sized enterprises in the sector. In particular, the centre could promote the combined use of key enabling technologies. The centre should aim to ensure that it is well connected. It should be built with a capability that allows

¹⁵ <http://www.wiltshire.gov.uk/land-at-porton-down-masterplan-2007-february.pdf>

businesses to utilise and exploit big data and Information and Communication Technology, now or in the future, as these technologies become key to public and personal health products and solutions.

Strong evidence, including from the European Court of Auditors¹⁶, suggests that incubators and the services offered within should be closely tied to the needs of the client base. Effective business support and consultancy activity, including links to higher education institutions and research bodies, should be paramount in both the planning of centres and throughout and beyond the project delivery period.

As funding under this call will only be able to support capital expenditure for the Health and Life Sciences Incubation Centre, it is anticipated that the Managing Authority will make calls relevant for revenue funded business support (subsequent services) in due course. Investments will be made to increase the amount, benefit and value of innovation, research, discovery, knowledge acquisition and collaboration undertaken by small and medium sized enterprises to benefit commercialisation competitiveness and growth.

Therefore, the centre should be capable, in due course, of facilitating the deployment of a full-range of tools, networks and other support methods (subsequent services) which:

- Increase the number of businesses engaged in research, development and innovation, including collaborations overseas;
- Support commercialisation of research, development and innovation results through start-ups or licensing;
- Improve overall public infrastructure for research, development and innovation;
- Support the introduction of new products and services to markets, including international trade.

The centre will support employment in the south Wiltshire area, as well as within the value chain across the Swindon and Wiltshire Local Enterprise Partnership area and beyond into central southern England. As a key resource to the local and southern England economy, its use should be promoted to all eligible small and medium sized enterprises within the England European Regional Development Fund Operational Programme area.

A centre should address both immediate and long-term market failures which exist. These are:

- Reluctance by private sector developers to invest at the early stage of a health and life sciences science park;

¹⁶ Special report: Has ERDF successfully supported the development of business incubators? (European Court of Auditors, 2014)

- The significant costs associated with lengthy research, development and innovation, such as for legal and professional services as well as the actual proving and validation of new products. During early stage research, development and innovation for product developments, business assets are wholly intangible. The slow realisation of these intangible assets into income streams can preclude growth or dilute opportunity. A centre should be capable of self-sustaining future growth;
- The Swindon and Wiltshire Local Enterprise Partnership area is the largest Local Enterprise Partnership area without a public university or research institute. This limits the ability of smaller businesses to engage with research, discovery and innovation support due to cost and proximity. It is noted that the Oxford-Cambridge-London regional research cluster is guided by three world-class universities. Businesses in the Wessex cluster need to be able to compete on a similar level with those in south east England - by establishing a focal point, small and medium sized enterprises can collaborate more easily with the wider cluster and public institutions on an internationally recognised platform;
- Local stakeholders have been concerned that there has been a lack of coordination in the Life Sciences sector in southern England. This lack of coordination works against business and organisations clustered in Wessex. A centre would provide positive wider benefits from “knowledge spill-overs” and create more capacity in the locality and further afield;
- Due to the diversity and excellence of businesses in the cluster, a simple *laissez-faire* approach is still likely to see growth. However, simply leaving the future of the cluster to the market may see it diminish in scale, lose competitiveness and see its knowledge base move elsewhere.

There is capacity and ability in the United Kingdom to grow the Life Sciences sector. Growth needs to be underpinned by the scientific centres of excellence at Porton Science Park and the wider base encapsulated by the Wessex Life Science Cluster. The applicant is invited to demonstrate how its proposal will tackle these market failures and realise opportunities.

Tetricus¹⁷ currently operates a business facility at Porton. It is home to mainly spin-out businesses from the Porton research institutions which employ approximately 120 people. The Swindon and Wiltshire Local Enterprise Partnership Local Growth Deal recognises the difficulties encountered in sustaining the Tetricus operation in the restricted area due to its limited lifespan and constrained opportunities to develop the facilities. The desire for a new centre is to provide better and more appropriate workspace for small and medium sized enterprises. This proposal, for a purpose-built centre in an unrestricted public area that provides openly accessible workspace appropriate to businesses, would be additional to the current provision.

¹⁷ <http://www.tetricus.co.uk/index.php>

The call intends to make European Regional Development Fund available to support the construction of an incubation centre. Applicants are invited to submit:

- An overall specification for up to 45,000 sq ft of specialised incubation workspace, as a research infrastructure operation open to any relevantly-disciplined small and medium sized enterprise;
- Evidence of permission to build on the site from the landowner, such as can be expected at the stage of development, such as heads of terms agreement;
- Outline specifications for the interior workspace, with evidence of it being designed for the purpose of small and medium sized enterprises carrying out experimental development, industrial research, fundamental research as well as general commercialisation of goods and services in initial stages of a business¹⁸;
- These plans (such as design briefs or specifications for the building layout, the shared and/or exclusive facilities that will promote research, development and innovation, such as laboratory type and specification) should show how the centre will function in a way that allows small and medium sized enterprises to become better able to carry out research, development and innovation; to prepare for the commercialisation of products and services following research, development and innovation; and also to derive income from their research, development and innovation services offered on the open market. Information about the type and scale of utilities to be brought onto the site, including for Information and Communication Technology and data exploitation, would be welcomed;
- Some detailed description about how the workspace will accelerate growth by providing appropriate facilities that increase the number of small and medium sized enterprises engaged in knowledge exchange, collaborative and contract research and innovation with research institutions, public institutions or large enterprises in order to help them bring new products and processes to market.

Funding will be offered as a single contract for the construction and maintenance of the incubation workspace. Funding will be in the range of £2m to £3m European Regional Development Fund.

2. Call Requirements

- An *indicative* budget of £3 million has been allocated to this call. This is intended as a guide and may be reviewed;

¹⁸ Initial stages of a business are regarded as the 'start-up' phase of a business, which is up to five years since its registration.

- All applications are competitive. Proposals can only contain activities which are eligible for European Regional Development Fund;
- Proposals should be for a minimum of £500,000 European Regional Development Fund;
- Applicants will need to have eligible match funding for the balance of costs which must be from a source other than the European Union;
- Projects should be capable of providing coverage of the whole of the Swindon and Wiltshire Local Enterprise Partnership area;
- All procurement must demonstrate compliance with European Union regulations;
- Applicants must demonstrate compliance with State Aid law; and
- All expenditure and activities will be subject to rigorous audit and non-compliance may lead to financial penalty.

European Regional Development Fund cannot be used to duplicate existing activities or activities that do not address market failure. European Regional Development Fund can only be used to achieve additional activity or bring forward activity more quickly. Applicants must be able to demonstrate that what they are proposing is additional to what would have occurred anyway or enables activity to be brought forward and delivered quicker than otherwise would be the case.

The proposed project must not duplicate or undermine existing business support services operating nationally or locally.

For projects including premises, applicants will be required to demonstrate that there is demand that is not met by existing supply. There are further additional requirements for business incubators set out in the Operational Programme 'Guiding Principles' section for Priority Axis 1.

3. Required Deliverables

Operations will be expected to achieve the following Programme Deliverables, the definitions of which can be accessed at the [European Regional Development Fund Operational Programme](#).

ID	Indicator
C1	Number of enterprises receiving support
C2	Number of enterprises receiving grants

C4	Number of enterprises receiving non-financial support
C5	Number of new enterprises supported
C6	Private investment matching public support to enterprises (grants)
C26	Number of enterprises cooperating with research entities
C28	Number of enterprises supported to introduce new to the market products
C29	Number of enterprises supported to introduce new to the firm products
P1	Number of researchers working in improved research or innovation facilities
P2	Public or commercial buildings built or renovated

Applicants will need to be able to demonstrate how they will achieve the deliverables committed to within their proposal along with any methodology used to record it. Applicants will also need to ensure robust systems are in place, and be able to describe, capture and record targets. All operations will be required to collect data and report progress against the deliverables with each claim. Where an operation underperforms against their deliverables, they may be subject to a performance penalty.

There must be a fully evidenced audit trail for all contracted deliverables.

4. General Information

Essential information to support the drafting of an application and delivery of a successful European Regional Development Fund funded project is available at the [European Growth Funding](#) website pages.

4.1 Compliance and Eligibility

When developing an application, Applicants should refer to [guidance](#) on eligible Applicants, activities and costs. These are for guidance only and Applicants should take their own specialist advice if in doubt. It is the responsibility of the Applicant to ensure that the rules and guidance are adhered to both at application stage and following approval.

European Structural and Investment Funds are governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation listed in the 'key documents' section prior to submitting an outline application. If successful, Applicants will enter into the standard Funding Agreement and must abide by the standard terms and conditions contained therein. Applicants are therefore strongly advised to read these terms and conditions to ensure that they

would be able to enter into such an agreement prior to responding to the call. Once a Funding Agreement has been issued it should be signed and returned within a short timescale.

4.2 Intervention Rate & Match Funding

European Regional Development Fund is the funding which is used where no other funding can be obtained (the funder of last resort). The maximum European Regional Development Fund contribution rate for the operation is 50%. This means European Regional Development Fund can contribute **up to** 50% of the total eligible project costs subject to State Aid regulations. The level of European Regional Development Fund awarded will be the minimum in order for the project to proceed. The remaining 50% or more must come from other eligible sources.

European Regional Development Fund is not paid in advance and expenditure must be defrayed prior to the submission of any claims. Applicants may be asked to demonstrate how they are able to cash flow the operation.

4.3 Applicants

Applicants must be legally constituted at the point of signing a Funding Agreement, and be able to enter into a legally binding Funding Agreement. The Applicant will be the organisation that, if the application is successful, enters into a contract for European Regional Development Fund and therefore carries the liability for ensuring that the terms of the European Regional Development Fund Funding Agreement are met by them and to all delivery partners. If there is more than one organisation applying for the funds, a lead organisation must be selected to become the Applicant. It is this organisation that carries the responsibility and liability for carrying out a compliant project.

The Managing Authority will consider the Applicant's track record, both positive and negative. If the Applicant has been involved in the delivery of previous European grants and any irregularities with this (these) grant(s) have been identified, the Managing Authority will look into these and expect to see how and what steps have been taken to ensure that these have been addressed to mitigate the risk of further irregularities in the future. It is acknowledged that some organisations will be new to European Structural and Investment Funds funding and will not have a track record.

4.4 Cross Cutting Themes/Horizontal Principles

All applications received under this call should demonstrate how the Cross Cutting Themes have been addressed in the project design and development. Cross cutting themes for European Regional Development Fund are 'equality and anti-discrimination' and 'sustainable development'. Further information is available in the [European Regional Development Fund Operational Programme](#).

4.5 State Aid & Revenue Generation

Applicants are required, in the Outline Application, to provide a view on how their proposal complies with State Aid law. Applicants must ensure that projects comply

with the law on State Aid.¹⁹ Grant funding to any economic undertaking which is state aid can only be awarded if it is compatible aid, in that it complies with the terms of a notified scheme or is covered by the De Minimis Regulation. Guidance for grant recipients, explaining more about State Aid, is available; it is important that Applicants take responsibility for understanding the importance of the State Aid rules and securing their full compliance with them throughout the project, if it is selected into the Programme.

The Managing Authority is not able to give legal advice on State Aid. It is the responsibility of the Applicant to ensure that the operation is State Aid compliant.

Where the Applicant does not perceive that there is any State Aid, it should state whether or not it considers Articles 61 and 65(8) of regulation 1303/2013 to apply. This revenue should be taken into account in calculating eligible expenditure. Article 61 refers to monitoring revenues generated after completion of the project, and Article 65(8) how to deal with differences in the forecast and actual revenues at the end of the operation. The details of this will be tested at the full application stage.

4.6 Funding Agreement

The Funding Agreement is a standard, non-negotiable and legally binding document. Any successful Applicant will be subject to the terms and conditions contained within this agreement. Applicants are strongly advised to seek their own advice to ensure that they would be able to enter into and abide by the terms of the Funding Agreement.

Failure to meet any of the conditions of the agreement or the commitments within the application will result in claw back of funding.

Applicants should be aware that additional provisions and securities may be included within the Funding Agreement to protect the investment. These will be further discussed if relevant following the Full Application stage.

4.7 Procurement

All costs delivered by the Grant Recipient (the Applicant) and/or delivery partners must be delivered on an actual cost basis. Other costs must be procured in line with European Union regulations. The most common error identified during audit has been failure to comply with relevant procurement regulations and crucially to maintain a full audit trail to prove that they have complied with the relevant regulation. Robust and transparent procurement is required to ensure that Grant Recipients:

¹⁹ Article 107(1) of the Treaty on the Functioning of the European Union provides that: "Save as otherwise provided in the Treaties, any aid granted by a Member State or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market."

- Consider value for money;
- Maximise efficient use of public money; and
- Maintain competitiveness and fairness across the European Union.

It is recommended that Applicants seek their own legal advice pertaining to their procurement and requirements to publicise any tendering opportunities.

The Managing Authority is not able to give legal advice on procurement. It is the responsibility of the Applicant to ensure the project is compliant in this respect.

5. Application Process & Prioritisation Methodology

There are two stages to the European Regional Development Fund application process; Outline Application and if successful, Full Application. Applicants must fully complete the Outline Application via LOGASnet (section 9 refers). Guidance is available on the [European Growth Funding](#) website pages. Applications will be subject to a Gateway Assessment undertaken by the Managing Authority under the following criteria:

- Applicant eligibility;
- Activity and expenditure eligibility; and
- The fit with the European Regional Development Fund OP and the call.

Proposals that pass the Gateway Assessment will move into the Core Assessment which consists of the following:

- Strategic fit;
- Value for money;
- Management & control;
- Deliverability;
- Procurement / tendering; and
- State Aid compliance.

The Managing Authority will seek advice from partners when considering applications to ensure its assessment is informed by local economic growth conditions and opportunities within the context of Operational Programmes and the local European Structural and Investment Funds Strategy. This will include the relevant Local Enterprise Partnership Area European Structural and Investment Funds Committee and other partners deemed relevant to the application.

The assessment and any prioritisation will be undertaken using only the information supplied as part of the application process. The Managing Authority cannot accept further detail outside this process.

Non-public sector Applicants who are successful at the Outline Application stage may be subject to due financial diligence checks by the Managing Authority, prior to submission of a Full Application. Applicants will be required to submit accounts, and to clarify financial or other organisational information. New Applicant organisations may be required to provide details of a guarantor.

6. Support

Please note that this is a competitive call and to preserve impartiality we are unable to enter into correspondence with applicants over their Outline application. Details of where guidance can be found are contained throughout this calls document. In exceptional circumstances, if there are issues with accessing this guidance, please contact: SW.ERDFenquiries@communities.gsi.gov.uk

7. Key Documents

- Outline Application Form;
- Outline Application Form Guidance;
- Local Enterprise Partnership area's European Structural and Investment Funds Strategy;
- Eligibility Guidance; and
- Target Definitions.

8. Document Checklist

Failure to provide the following documentation will result in the application being rejected

Outline Stage:

- Fully completed Outline Application;
- Financial Tables;
- Outputs, Results and Indicators Tables; and
- Three years financial accounts (if private or voluntary and community sector).

9. Document Submission

Completed Outline Applications must be submitted via the [LOGASnet system](#).

Please note that Applicants will require a user ID and password in order to access the LOGASnet system. Details on how to register on the system can be found on the GOV.UK website [European Growth Funding](#) website pages. Please allow up to 10 days to receive your login details.

10. Timescales

Launch of Call advertised on gov.uk.	27 th March 2015
Deadline for submission of Outline Application	27 th May 2015

Outline Application forms not received by the deadline will not be assessed. Outline Applications which are not fully completed will be excluded.

For this call applications will normally be required to **commence delivery/activity within three months** of the award of contract.

Any changes related to the deadline for the submission of the Outline Application form will be notified on the [European Growth Funding](#) website pages.

11. Formal Agreement of the European Regional Development Fund Operational Programme

The information and references in the call are based on the latest version of the [European Regional Development Fund Operational Programme](#) and are correct at the time of publishing. The Operational Programme may be subject to further amendment during its final negotiations with the European Commission, and subsequent calls will reflect any changes, to the extent that they may affect the terms of calls, that are made. In relation to the present call, the Managing Authority will take the possibility of relevant changes to the Programme into account when assessing outline and full applications, and where such changes occur will notify Applicants of any issues that arise, and propose a method of dealing with them.