

2014 to 2020 European Structural and Investment
Funds Growth Programme

Call for Proposals
European Regional Development Fund

Priority Axis 2: Enhancing Access To, and
Use and Quality of, Information and
Communications Technology

Managing Authority:	Department for Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 2: Enhancing Access To, and Use and Quality of, information and Communications Technology
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Local Enterprise Partnership Area:	Cornwall and Isles of Scilly
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1. Introduction

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. These Departments are the Managing Authorities for each Fund. 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 the Operational Programme and the local European Structural Investment Fund Strategy to aid the Managing Authority’s 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 for England 2014 to 2020.

2. Call Context

On behalf of the national Growth Programme Board, the Department for Communities and Local Government (the Managing Authority) invites applications seeking European Regional Development Fund support under:

Priority Axis Enhancing Access To, and Use and Quality of, Information and Communications Technology

Investment Priorities:

- 2b** Developing Information and Communications Technology products and services, e-commerce, and enhancing demand for Information and Communications Technology

The European Regional Development Fund Operational Programme for England 2014 to 2020 sets out how the European Regional Development Fund will focus on investment to support economic growth and job creation. **Priority Axis 2** of the Operational Programme aims to enhance access to and the use and quality of Information and Communications Technology.

Any application for funding will be required to clearly demonstrate that it meets the requirement of, and makes a meaningful contribution to, the delivery of the relevant Priority Axis of the [European Regional Development Fund Operational Programme](#).

In addition, applications will be expected to meet identified local development need, as expressed in the scope of this call and as set out in the [Cornwall and Isles of Scilly Local Enterprise Partnership](#) European Structural and Investment Funds Strategy.

Applicants are advised to familiarise themselves with the detail of the Operational Programme, local European Structural and Investment Funds Strategy and the relevant documentation listed in sections 5 through to 8 **prior to** submitting an Outline Application.

3. Scope of the Call

3.1. Scope

This call invites Outline Applications which support the delivery of **Priority Axis 2** of the European Regional Development Fund Operational Programme and responds to the local development need set out in the [Cornwall and Isles of Scilly Local Enterprise Partnership European Structural and Investment Funds Strategy](#).

Indicative Fund Allocation:	<p>Indicatively, through this call the Managing Authority expects to allocate up to £3,000,000.</p> <p>The Managing Authority reserves the right to increase or decrease the indicative allocation, or support more or fewer projects subject to the volume and quality of proposals received.</p> <p>There is no indicative allocation of European Regional Development Fund funding between capital and revenue activity, both capital and revenue is eligible dependent on the nature of activities/Investment Priorities set out in the call.</p>
Minimum application level	<p>European Regional Development Fund investment is intended to make a significant impact on local growth. Applications are expected to demonstrate appropriate scale and impact. The Managing Authority does not intend to allocate less than £500,000 European Regional Development Fund to any single project. Consequently projects with a total value of less than £625,000 will not be supported under this call.</p>
Duration of project approvals	<p>Projects should be for a maximum of three years, however the Managing Authority reserves the right to vary the maximum duration in exceptional circumstances.</p>
Geographical Scope	<p>All interventions are confined to activity and beneficiaries within England.</p> <p>Projects should predominantly support businesses based within Cornwall and the Isles of Scilly Local Enterprise Partnership area.</p>
Specific call requirements	<p>As a Less Developed Region the intervention rate available in Cornwall and the Isles of Scilly may be up to 80% subject to compliance with State Aid law.</p> <p>Applicants are responsible for identifying the match funding required to complete the funding package. This can include</p>

	<p>a contribution towards the costs of the provision provided through the project from the businesses themselves.</p> <p>Projects should be capable of providing coverage for the whole of the Local Enterprise Partnership area including the very rural parts of Cornwall and the Isles of Scilly.</p> <p>It is anticipated that an investment will be made in a single proposal to establish and deliver this activity. Applications are welcome from a single organisation or a consortium (with an identified lead applicant) in line with European Regional Development Fund Eligibility Rules Guidance.</p>
Call Deadlines	<p>For this specific call, applications will be assessed after the close of the single deadline.</p> <p>Applications received after the published call close date will not be considered.</p>

3.2. Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 3 of the Operational Programme, one or more of the relevant Investment Priorities and meet the **local development need** expressed in the table below.

LOCAL DEVELOPMENT NEED

Local Economic Context :

One of the strategic objectives within the Conditions for Growth strand of the Cornwall and Isles of Scilly Local Enterprise Partnership European Structural and Investment Funds Strategy is 'To invest in digital infrastructure and digital skills for growth'.

Through the Convergence 2007-2013 Programme, over £50m European Regional Development Fund was invested in rolling out superfast broadband infrastructure across Cornwall and the Isles of Scilly, which has resulted in the region having one of the best rural networks anywhere in the world. By the end of June 2015, fibre-optic broadband coverage had reached 95% of the region, with 89% of premises able to access superfast broadband speeds of 24+Mbps, and take up of the broadband infrastructure being some of the highest in the country. Business take up of the infrastructure has also been high, with more than 9,000 businesses connections.

Despite this progress, peripherality remains a continuing constraint for Cornwall and the Isles of Scilly, with the physical distance from national and international markets seen as a key issue prohibiting businesses from growing and accessing new markets. The significant investment made during the Convergence programme in broadband infrastructure has helped address this issue but the problem has not gone away completely. This is in part because, although take up of broadband has been high, many businesses have been slow to recognise the competitive advantage that using Superfast can bring. Whilst they are aware they can access faster broadband speeds, businesses do not always understand what can be achieved from using them. Consequently, businesses need to be supported in understanding how these new and emerging technologies can be fully applied and exploited and encouraged to understand how Information and Communications Technology can increase business performance and access new markets.

The purpose of this call is to identify an organisation that can address this gap by working with small and medium sized enterprises, including social enterprises, to enable them to make productive use of digital technologies.

Local Priorities:

Proposals should demonstrate alignment with local development need and priorities including:

- Investing in a demand stimulation programme to drive exploitation of digital technology by businesses;
- Providing advice and support to ensure that businesses make effective use of the investments that have been made in digital infrastructure;
- Supporting businesses to make effective use of digital connectivity to enable them to overcome peripherality, access new markets, improve productivity and efficiency, and innovate new products and services;
- Supporting businesses to ensure they have the access to the skills they need to maximise their potential using Information and Communications Technology including maximising e-commerce potential through web presence, online training, use of cloud technology, use of communication and collaboration tools, use of flexible and agile working, and big data opportunities. This should include working closely with any European Social Fund skills provision and any National Skills provision.

Cornwall is geographically peripheral and predominantly rural in nature. There are a number of key towns but the population and business base is widely dispersed, with some areas relatively remote from both public transport and main road links. The Isles of Scilly lie 28 miles off Land's End and are comprised of an archipelago of small islands, five of which are inhabited. Transport links by sea and air are reduced in the winter months, and are often subject to disruption due to adverse weather conditions. Applicants are therefore encouraged to demonstrate how activity will be delivered across all the geographic areas, including and with specific reference to those areas which are difficult to reach.

Any applicant should explain how they will work in close partnership with the proposed Growth Hub. This would include working with the navigators in the Growth Hub to offer a joined-up service for the businesses as well as sharing information between projects with regular communication.

Any applicant should explain how they will deliver a programme of activity that encourages businesses to be ambitious, thereby delivering broader and longer terms impacts, including higher value job creation.

Any applicant should explain how they will keep abreast of new initiatives coming on stream in Cornwall and the Isles of Scilly as a result of delivery of the European Structural and Investment Fund/Integrated Territorial Investment Strategy and explain, where appropriate, how links will be developed.

3.3. Operational Programme Investment Priorities

Applications must specify the activities to be delivered and are expected to directly contribute to **one or more** of the following Investment Priorities:

Investment Priority	2b – Developing Information and Communications Technology products and services, e-commerce, and enhancing demand for Information and Communications Technology.
Specific Objectives	Increase the number of Small and Medium Sized Enterprises making productive use of digital technologies.
Indicative Actions	<p>The support provided through this specific objective will help Small and Medium Sized Enterprises to be able to understand and use Information and Communication Technology products and services appropriate for their business. It will complement action under the other investment priority in this axis as well as action under Priority Axes 1 and 3:</p> <p>Under this investment priority, actions that the European Regional Development Fund may support include:</p> <ul style="list-style-type: none"> • Support for Small and Medium Sized Enterprises to update or introduce new Information and Communication Technology business models which will drive business performance • Provision of coaching, advice, consultancy, mentoring and support for Small and Medium Sized Enterprises to access new markets through improved Information and Communication Technology connections • Provision of coaching, advice, consultancy, mentoring and support for to develop Information and Communication Technology skills strategies • Provision of coaching, advice, consultancy, mentoring and support for to implement productivity improvements from use of Information and Communication Technology • Demand-side voucher schemes • Demonstration and pilot projects, showcasing how

	<p>Small and Medium Sized Enterprises can stimulate innovation through smart use of Information and Communication Technology</p> <ul style="list-style-type: none"> • Support for diffusion of results from demonstration and pilot projects • Support for the integration of Small and Medium Sized Enterprises in digital supply chains through the smart use of Information and Communication Technology <p>Activities will target Small and Medium Sized Enterprises, including Social Enterprises.</p>
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4. Required Outputs under this Call

Projects must deliver against the Priority Axis 2 outputs and results of the European Regional Development Fund 2014 to 2020 Operational Programme. For projects coming forward under this call the expected outputs and results are:

ID	Output Indicator
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
C29	Number of enterprises supported to introduce new to the firm products
P3	Additional businesses with broadband access of at least 30Mbps
P4	Additional businesses taking up broadband with speeds of at least 30Mbps

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund, will achieve the deliverables committed to within the proposal. The application should clearly state the methodology used to determine the levels of outputs proposed.

All operations will be required to report regularly on progress toward achievement of targets. This will need to include both quantitative and qualitative data relevant to the appropriate geographical areas. Applicants will need to explain how they will collect and record this information to maintain a fully evidenced audit trail. It should

be noted that if an operation fails to deliver contracted deliverables, a performance penalty may apply.

5. Application Process & Prioritisation Methodology

There are two stages to the European Regional Development Fund application process;

- (i) Outline Application and, if successful
- (ii) Full Application.

Acceptance of an Outline Application to progress to full application stage does not in any way indicate or constitute an offer of European Regional Development Fund grant.

Applicants must fully complete the [Outline Application](#) which will be assessed by the Managing Authority against the national [Selection Criteria](#).

Outline Applications will be assessed in two stages, Gateway assessment and Core assessment.

Gateway assessment considers:

- applicant eligibility;
- activity and expenditure eligibility; and
- fit with the National Operational Programme and the local development need set out in section 2.

Proposals that fail the Gateway assessment will be rejected. Proposals which pass the Gateway assessment will then be assessed against the Core assessment criteria:

- Strategic Fit
- Value for money
- Management and control
- Deliverability
- Compliance
 - Procurement
 - State Aid
 - Publicity requirements
- Cross cutting themes
 - Environmental sustainability
 - Equal Opportunities

Having assessed projects against these criteria the relevant Local Economic Partnership area European Structural and Investment Fund Sub-Committee will advise the Managing Authority on the alignment to local economic growth conditions and opportunities within the context of the Operational Programme and local European Structural and Investment Fund Strategy to aid the Managing Authority's assessments (at outline and full application stage).

Please note that the Managing Authority's decision is final and there are no appeals. If you wish to complain about the calls and application process, please follow the procedure set out at

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/complaints-procedure>

6. General Information

6.1. National Eligibility Rules

When developing an application, Applicants must refer to the [National Eligibility Rules](#) setting out the requirements of the 2014-2020 European Regional Development Fund Programme. It is the responsibility of the Applicant to ensure that the Rules are adhered to both at application stage and following approval. Failure to do so can lead to financial penalties leading to recovery of up to 100% of grant. Applicants are strongly advised to seek specialist advice if in doubt on any requirement.

European Regional Development Fund eligibility rules apply to **all** project spend within the eligible costs, including match funding.

The European Regional Development Fund is governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation, (Section 8 Key Document refers) prior to submitting an Outline Application. If successful, Applicants will enter into a 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 are 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 30 days, unless otherwise agreed with the Managing Authority.

6.2. Eligible Applicants

Section 4 of the [National Eligibility Rules](#) sets out who is eligible to apply.

Applicants must be legally constituted at the point of signing a Funding Agreement. If the application is approved the Applicant organisation will enter into a legally binding Funding Agreement and therefore will carry the liability for ensuring that the terms and conditions of the Funding Agreement are met.

If there is more than one organisation applying for the funds, a lead organisation must be selected to become the Applicant with the remaining organisation(s) acting as Delivery Partner(s). In this situation the Applicant would be responsible and liable for the Delivery Partner(s) and ensuring the project is operating compliantly.

During the application process 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 have been identified, the Managing Authority will expect to see how and what steps have been taken to ensure that the risk of further irregularities in the future is mitigated. It is acknowledged that some organisations will be new to European Structural and Investment Funds funding and will not have a track record.

6.3. Contribution Rate & Match Funding

European Regional Development Fund is normally expected to intervene where no other funding can be obtained (i.e. the funder of last resort). The level of European Regional Development Fund awarded will be the minimum in order for the project to proceed.

The maximum Contribution Rate is 80% of the total eligible project costs subject to State Aid regulations.

The remaining 80% or more must come from other eligible sources as specified under section 6 of the National Eligibility Rules. Applicants will need to demonstrate that they have eligible match funding in place for the balance of costs. Other European Union funds cannot be used as a source of match funding.

European Regional Development Fund investment is limited by State Aid regulations and where the award of European Regional Development Fund would constitute State Aid the European Regional Development Fund grant rate may fall below the 80% maximum.

European Regional Development Fund is paid quarterly in arrears and expenditure must be defrayed prior to the submission of any Grant claims. Applicants may be asked to demonstrate how they are able to cash flow the operation.

6.4. Project Timescales

European Regional Development Fund funding will normally be approved for three years, however the Managing Authority reserves the right to extend the contract term in exceptional circumstances.

Projects approved through this call are expected to:

- Submit a detailed and complete full application within three months of formal selection at outline stage. Projects which fail to meet this deadline may be deselected,
- Commence delivery (defraying European Regional Development Fund eligible costs) within three months of formal approval. Projects which fail to meet this deadline may be deselected, and
- Be completed by June 2023.

6.5. Capital Projects

Applicants seeking European Regional Development Fund to support a capital project (i.e. land and/or property) will need to meet Building Research Establishment Environmental Assessment Method or Civil Engineering Environmental Quality Assessment 'Excellent' for new builds and 'Very Good' for refurbishments.

Applicants will need to provide evidence of how they will achieve the rating required (unless otherwise agreed with the Managing Authority).

Applicants will need to demonstrate that they have the rights and permissions to undertake the project and must provide:

- Proof of current interest in the land and/or property, which includes evidence of the freehold ownership or any lease arrangements that may be in place; and
- Evidence of the approval of any planning permission, or in certain circumstances a clear statement on the process for securing such consents and any risks to the project.

Royal Institute of British Architects Stage D costs must be supplied with the Full Application and be certified by an independent Quantity Surveyor and Land/Property contributions certified by a Real Estate Valuation expert who are current and chartered members of the Royal Institute of Chartered Surveyors/ Chartered Institute of Builders or equivalent body.

Successful Applicants will be required to provide security to the Managing Authority in the form of a Legal Charge and/or Deed of Covenant over the land and/or property. Applicants will be responsible for registering the charge at their own cost.

6.6. 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](#).

6.7. Additionality, Duplication and Displacement

Additionality is a core principle of European Regional Development Funding. Applicants must be able to demonstrate that the activity paid for out of European Regional Development Funding adds value to new or existing activity. Projects need to demonstrate that without the support of European Regional Development Funding the activity would not have taken place.

European Regional Development Funding cannot support activities that duplicate existing provision/services within the region.

Applications need to identify and evidence the beneficiaries will use the service and demonstrate that the project does not displace other activity available in the market place.

6.8. 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.¹ 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.

¹ 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."

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. 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. This revenue should be taken into account in calculating eligible expenditure. The details of this will be tested at the full application stage.

6.9. 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 relevant advice to ensure that they would be able to enter into and abide by the terms of the Funding Agreement.

Applicants are advised that additional provisions and securities may be included within the Funding Agreement to protect the investment. Detailed advice will be given if appropriate at the Full Application stage.

Failure to meet any of the conditions of the Funding Agreement or the commitments within the application will result in claw back of the Grant (which may include interest).

6.10. Procurement

All costs claimed by the Applicant (Grant Recipient and/or Delivery Partner(s)) must be recovered on an actual cost basis. Other costs must be procured in line with National (including [Public Procurement Regulation 2015](#)) and European Union regulations. Procurement will be subject to audit and verification and any irregularity will result in financial penalty of up to 100% of the grant paid. Robust and transparent procurement is required to ensure that Grant Recipients:

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

It is **strongly recommended** that Applicants seek and follow legal advice in respect of procurement requirements. Procurement irregularities remain the most substantive cause of error and clawback of grant.

7. 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.

8. Key Documents

- European Regional Development Fund Operational Programme;
- Outline Application Form;
- Outline Application Form Guidance;
- Local Enterprise Partnership area's European Structural and Investment Funds Strategy;
- Eligibility Guidance;
- Target Definitions; and
- Funding Agreement (Revenue and/or Capital).

9. Document Checklist

Incomplete applications will be rejected. Please ensure the following information (documents) are submitted.

Outline Stage:

- Fully completed Outline Application;
- Financial Tables; and
- Outputs, Results and Indicators Tables.

10. Document Submission

Completed Outline Applications must be submitted via **email** to the address in Section 7.

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 Funding Agreement.

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