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**
Call Reference:	**OC10R16P0418**
Local Enterprise Partnership Area:	**Enterprise M3**
LEP Area Indicative Fund Allocation:	**£1,200,000**
Call Open:	**Friday 16 December 2016**
Call Closes:	**23:59 Tuesday 31 October 2017**

Contents

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 Government has confirmed that it will guarantee EU funding for structural and investment fund projects signed before the UK's departure from the EU, even when these projects continue after we have left the EU.

As a result, British businesses and other organisations will have additional certainty over future funding and should continue to apply for EU funding while the UK remains a member of the EU.

Funding for projects will be honoured by the government, if they meet good value for money and are in line with domestic strategic priorities. Each government department will take responsibility for the allocation of money to projects in line with these conditions and the wider rules on public spending. The full detail of the announcement can be found at the following website link: http://tinyurl.com/h977fw4

The Funds are managed by the Department for Communities and Local Government for the European Regional Development Fund, Department for Work and Pensions for the European Social Fund and the Department for Environment, Food and Rural Affairs for the 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. In some other areas, Intermediate Bodies are being designated by the Department for Communities and Local Government and the Department for Work and Pensions to perform the following tasks:

- Input into project calls in respect of local development needs (with reference to ESI Funds Strategies); and
- Assessment of applications against certain selection criteria in relation to fit with local priorities in respect of the European Regional Development Fund and European Social Fund.

The Managing Authorities and Intermediate Bodies work closely with local partners on ESI Funds sub-committees in each Local Enterprise Partnership area. Partners on these sub-committees 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 (or Intermediate Bodies where designated) in the development of project calls 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 and Investment Funds Strategy to aid the Managing Authorities' (or Intermediate Bodies where designated) 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 2   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 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 needs, as expressed in the scope of this call and as set out in the [Enterprise M3 Local Enterprise Partnership area](#) 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 respond to the local development need set out in the [Enterprise M3 Local Enterprise Partnership area](#) European Structural and Investment Funds Strategy.

Indicative Fund Allocation:	Indicatively, through this call the Managing Authority expects to allocate up to £1,200,000. The Managing Authority reserves the right to invite to full application (and subsequently approve) projects that have a cumulative value that is higher or lower than this indicative allocation, subject to the volume and quality of proposals received. The Managing Authority may also decide to place some projects submitted through this call on a reserve list and invite them to proceed at a later date, subject to the availability of funding. 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.
Minimum application level	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 £1,000,000 will not normally be supported under this call
Duration of project activity	Projects should plan to deliver activity for a maximum of three years, however the Managing Authority reserves the right to vary the maximum duration, upwards or downwards.

Geographical Scope	The England European Regional Development Fund Operational Programme operates on a National basis. All eligible European Regional Development Fund expenditure must benefit organisations located in England. Revenue projects should predominantly support businesses based within the Local Enterprise Partnership area of this call.
Specific call requirements	This call seeks proposals to maximise SME competitiveness through increased uptake of superfast broadband and more efficient use of digital technologies. Digital technologies is a priority sector identified in the Enterprise M3 Strategic Economic Plan and ESIF Strategy. The Enterprise M3 area consistently ranks as one of the UK's leading digital economies, and exploitation of ICT is key to increasing SME competitiveness and productivity growth and to enabling research and innovation. **Good value for money** and **alignment with domestic strategic priorities** will form a key part of the assessment and appraisal of all applications. Proposals should therefore ensure that these two conditions are fully and robustly demonstrated. .
Call Deadlines	For this specific call, applications will be assessed in batches at specific points:- 1. 17th February 2017 2. 30th April 2017 3. 30th July 2017 Please note that the entire amount of ERDF funding allocated to this call may be allocated at the first assessment point. If this happens the Managing Authority may choose to close this call or to leave the call open and continue to assess applications, however, these applications will only progress if there is sufficient funding available, in effect projects will be placed on a reserve list.

3.2.   Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 2 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 Growth Priorities:

Within the digital sector, the gaming and cyber security sub-sectors are particularly important. The UK has a long history of making world class video games and is currently estimated to be the sixth largest video game market in 2015 in terms of consumer revenues, supporting 12,100 FTEs of direct employment. The 2010 Government's National Security Strategy identified cyber as one of the top threats to the UK. Enterprise M3's cyber security cluster is a key player in both economic growth and securing the UK's virtual security via research and innovation.

These two key digital sub-sectors would benefit from specific support packages to maximise SME competitiveness, including access to international markets. In addition, there is potential to utilise these digital sub-sectors to support interconnectivity across other Enterprise M3 sectors.

The Enterprise M3 Digital Technologies Report (Nov 2015) highlights that many local businesses are not fully exploiting their digital opportunities. Although superfast broadband availability in the Enterprise M3 area is greater than the UK average, superfast broadband uptake is low. Further, the ERDF England Operational Programme 2014 – 2020 recognises that access to and effective use of broadband can benefit businesses in many ways, including stimulating growth, improving productivity, market development, and knowledge flows. In addition, effective use of broadband can stimulate new business start-ups and improve access to the labour market for certain excluded groups.

One of the challenges therefore is to stimulate demand and greater uptake of superfast broadband through SME business support projects that increase awareness of the benefits of superfast broadband and its effective use within the business.

This call is also aimed at supporting SME's across Enterprise M3's key sectors to better understand the costs and benefits of becoming more digital, including understanding the processes, hardware and skills needed to compete more effectively. SMEs should be supported to access the technology and adapt their strategy, products and services. Those SMEs already engaging with digital technology should be supported to increase their competitiveness in domestic and international markets.

Local Priorities:

This Call is seeking proposals for the development and delivery of a scheme to stimulate uptake of superfast broadband by SMEs and/or support SMEs across key sectors to more effectively use digital infrastructures and processes to maximise their competitiveness and resilience. This could include increased usage of cloud based systems and implementation of integrated digital systems for accountancy, customer relationship management and record keeping. Support should also

encompass raising SME awareness of and solutions for cyber security.

Applicants should demonstrate how the opportunities and business support activities will be extended across the LEP's priority and emerging sectors as defined in the Enterprise M3 Strategic Economic Plan. Consideration should also be given to how the support activities will be extended to rural communities.

- The **nature and scope of the digital interventions** proposed and how the interventions will impact on SMEs
- How the project will **address the market failures** preventing SMEs from taking up superfast broadband
- **Opportunities for development** of new products, processes and services as a result of SME's embracing digital technologies
- **Practical support** through coaching, advice, consultancy and mentoring to businesses (including social enterprises) and start-up enterprises seeking to utilise digital technology to improve their products and competitiveness
- **Strong connectivity** across the whole of the Enterprise M3 area as well as links with neighbouring LEP areas
- **Close partnership working** with established business support providers and networks including Enterprise M3 Growth Hub and the planned digital technologies business innovation network which is being funded under a previous ERDF call
- **Complementarity and value added** to relevant local, national or European schemes.

Specific activity should be for applicants to develop proposals that stimulate superfast broadband uptake by SMEs and enhance the competitiveness of SMEs through utilising digital technologies. The following are examples only of the types of activities that could be included:

- **SME to SME mentoring schemes** in which businesses which have effectively utilised digital technologies to improve their competitiveness and resilience mentor SMEs who have not yet fully engaged with digital technologies;
- **Specialist support** providing enhanced advice for SMEs to develop ICT products and services, e-commerce capability, links with centres of expertise and connections to other forms of support, funding, skills, guidance and networks;
- **Support for SMEs to undertake audits** and formulate action plans for technology driven change within their organisation impacting on productivity, efficiency, resilience, growth and cyber security;
- Support for SMEs to **update or introduce new ICT business** models which will drive business performance and improve productivity;
- **Demand-side voucher scheme** offering vouchers of a minimum value of £1,000 to overcome barriers in uptake and utilisation of superfast broadband;
- **Grant support** to SMEs from specific sectors and subsectors, with a minimum value of £1,000;
- Support and advice for SMEs to **develop new products, access new markets (including international) and participate in supply chains**

through increased utilisation of digital technologies and ICT connections;
- Sub-sector specific support packages, for example for the **games industry and cyber security sectors.**

3.3. Operational Programme Investment Priorities

Applications must specify the activities to be delivered and must 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	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 Priority Axes 1 and 3: Under this investment priority, actions that the European Regional Development Fund may support include: • 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 to implement productivity improvements from use of Information and Communication Technology

	• Demand-side voucher schemes • Demonstration and pilot projects, showcasing how Small and Medium Sized Enterprises can stimulate innovation through the smart use of Information and Communication Technology • 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 Activities will target Small and Medium Sized Enterprises, including Social Enterprises.

4. Required Outputs under this Call

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund will achieve the ERDF programme-level outputs for Priority Axis 2.

For projects proposing to deliver activity against more than one Investment Priority, the appropriate outputs should be selected. Project will be required to report on, and evidence, the achievement of the outputs separately under each Investment Priority.

For projects coming forward under this call the expected outputs and results are:

Investment Priority 2b	
Output reference	Description
C1	Number of enterprises receiving support
C5	Number of new Enterprises supported
C29	Number of enterprises supported to introduce new to the firm products
P4	Additional businesses taking up broadband with speeds of at least 30Mbps

The Managing Authority expects the level of outputs proposed within outline applications to be realistic and achievable and to deliver good value for money. 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 outputs, 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 all of the national Selection Criteria except where an Intermediate Body has been designated to assess against some of the selection criteria. Where an Intermediate Body has been designated to undertake delegated tasks, the Intermediate Body will undertake the assessment against the selection criteria in relation to fit with local priorities.

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

The Gateway assessment is undertaken by the Managing Authorities and considers:

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

Applications that fail the Gateway assessment undertaken by the Managing Authority will be rejected. Applications which pass the Gateway assessment will then be assessed by the Managing Authority in relation to all Core assessment criteria.

In areas where an Intermediate Body[1] has been designated, the following will apply:

The Intermediate Body will assess the application against the following Core assessment criteria:

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[1] This process works differently for the Greater London Authority. Please contact the Greater London Authority for further details.

- Local Strategic Fit

The Managing Authority will assess the application against the following Core assessment criteria:[2]

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

The Intermediate Body will also provide advice to the Managing Authority to assist the Managing Authority to make its assessment against the following Core selection criteria:

- Value for money
- Deliverability

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

Having concluded their assessments the Managing Authority and the Intermediate Body will prioritise the applications they wish to proceed based on their assessment against their respective selection criteria. Only projects that the Managing Authority and the Intermediate Body each agree should proceed, based on their respective core selection criteria, will be invited to submit a full application. Subsequently only those full applications that the Managing Authority and the Intermediate Body each agree should proceed, based on their respective selection criteria, will be approved.

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

Potential applicants / applicants may wish to take advantage of information and support services funded through ERDF Technical Assistance and available to assist the design and development of compliant projects / applications for ERDF. Details of your local Technical Assistance funded project can be found on the [Technical Assistance website page](#).

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 National Eligibility 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 the grant value. If in doubt on any of the requirements, Applicants are strongly advised to seek specialist advice.

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 at the full application stage, Applicants will enter into [a Funding Agreement](#) and must abide by the standard terms and conditions contained therein. Once a Funding Agreement has been issued it should be signed and returned within 30 days, unless otherwise agreed with the Managing Authority. 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.

6.2. Eligible Applicants

Section 4 of the [National Eligibility Rules](#) sets out who is eligible to apply. Financial Due Diligence checks will be undertaken on non-public sector Applicants successful at the Outline Application stage.

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 (and Grant Recipient) 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 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 investment must not be used to replace existing funding sources. European Regional Development Fund investment must enable activity to take place that would not otherwise happen or to increase the scope, scale or intensity of activity. The level of European Regional Development Fund awarded will be the minimum in order for the project to proceed

The maximum Contribution Rate is 50% of the total eligible project costs subject to State Aid regulations.

The remaining 50% or more must come from other eligible sources as specified under section 6 of the National Eligibility Rules. During the application process applicants will need to satisfy the Managing Authority that they have, or are able to put in place eligible match funding 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 50% 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 will normally be 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 closed by June 2023.

6.5. Capital Projects

In developing the budget for the Outline Application, applicants seeking European Regional Development Fund to support a capital project should note that:

- new build projects will normally be expected to achieve the Building Research Establishment Environmental Assessment Method (BREEAM) rating of 'excellent'; however BREEAM 'very good' will be accepted where this is the maximum feasible standard.
- Refurbishment projects will normally be expected to achieve the BREEAM rating of 'Very Good'.
- Infrastructure projects will normally be expected to achieve the Civil Engineering Environmental Quality Assessment rating of 'Very Good'.

6.6. Cross Cutting Themes/Horizontal Principles

All applications selected as a result of this call will be required to 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 Section 11 of the [European Regional Development Fund Operational Programme.](#)

Information and Communications Technology issues are likely to impact more on older people and disabled people, so digital infrastructure investments under Priority Axis 2 should be accompanied by relevant skills support.

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.

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

Applications need to identify and evidence how 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. 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 under the General Block Exemption Regulation (EU) 651/2014.

Only if this is not possible should Applicants use the De Minimis Regulation or 'no aid'. 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.

6.9.   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 a 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;

- 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 grants.

7. Support

Please note that this is a competitive call and to preserve impartiality the Managing Authority and, where appropriate, the Intermediate Body are unable to enter into correspondence with applicants over their Outline Application. Details of where guidance can be found are contained throughout this call document. In exceptional

circumstances, if there are issues with accessing this guidance, please contact: GSE.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;

- 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;

- Outputs, Results and Indicators Tables.

10. Document Submission

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

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 a 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.