

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:	Lancashire
LEP Area Indicative Fund Allocation:	£5,940,000
Call Open:	Friday 16 December 2016
Call Closes:	23:59 Friday 17 February 2017

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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 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/Greater London Authority 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:

- 2a** Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy
- 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 [Lancashire](#) 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 [Lancashire](#) European Structural and Investment Funds Strategy.

<p>Indicative Fund Allocation:</p>	<p>Indicatively, through this call the Managing Authority expects to allocate up to £5,940,000 – Five million, nine hundred and forty thousand pounds.</p> <p>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.</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>
<p>Minimum application level</p>	<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 £834,000 will not normally be supported under this call</p>

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	<p>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.</p> <p>Revenue projects should predominantly support businesses based within the Local Enterprise Partnership area of this call.</p>
Specific call requirements	<p>Capital and Revenue projects.</p> <p>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.</p>
Call Deadlines	<p>For this specific call, applications will be assessed after the close of the single deadline 23:59 17th February 2017.</p> <p>Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.</p>

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
<p>Local Growth Priorities:</p> <p>Lancashire is one of the largest economies in the north of England, generating £25.5bn of GVA and supporting over 617,000 jobs. It has a large and diverse economic base with over 51,100 enterprises (the majority of which are SMEs), a growing number of world class companies and key strengths in aerospace and advanced engineering and manufacturing.</p> <p>Lancashire has experienced sustained economic growth the area's economic performance consistently lags behind UK and neighbouring competitor locations,</p>

with Lancashire's GVA per head only 74% of the UK average. Although Lancashire's economy is predicted to grow by 27% over the next ten years, it will still fall behind the rest of the UK whose average growth is forecast to be 33%. This will exacerbate the existing long-term trend and further deepen Lancashire's productivity and income gaps. This is partly a result of many SMEs not yet being fully able to compete in a global economy, resulting in the supply chain for key sectors becoming uncompetitive.

To address this GVA deficit compared to the rest of the UK Lancashire needs to promote high value economic growth through the formation of dynamic new enterprises, the expansion of existing businesses, supporting innovation, including the dissemination and adoption of new ICT in higher-value and growth sectors where Lancashire has real competitive strengths or potential. Lancashire's Strategic Economic Plan sets out the key priorities for economic growth and the European Structural and Investment Fund Strategy sets these within the context of ERDF funding.

Since 2013 Lancashire's Superfast Broadband infrastructure has grown with current coverage at 96% of premises (ThinkBroadband.com) with a target of 99% of premises by the end 2018. Supported by the previous ERDF programme over 11,000 ERDF eligible SMEs now have access to Superfast Broadband. The significant level of investment involved provides a sound base for further business related developments.

Both ICT and Superfast Broadband take up and usage can act as productivity drivers to increase business growth and new product development. However businesses need to be aware of the opportunities that now exist and specific support is required for eligible SMES to understand and exploit the opportunities presented by Lancashire's expanding Superfast Broadband infrastructure. This includes support for e commerce developments, amongst others.

Local Priorities:

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

- how proposals will contribute towards delivery of the Lancashire ESIF Strategy through the promotion of economic growth and SME productivity within Lancashire;
- Demonstrate local market failure and the need for public intervention
- how proposals will work with existing and planned local business support provision, including the Lancashire Growth Hub (Boost);
- demonstrate clearly that proposed business support will not duplicate that provided through Lancashire Growth Hub (Boost) or any other approved/proposed ERDF projects in Lancashire;
- priority to be given to projects with a lower ERDF intervention rate (maximum intervention rate is 60%) and that deliver Lancashire-wide activity
- increasing the number of SMEs making productive use of digital technologies with a focus on Lancashire's priority and high growth sectors, in order to support increases in productivity and GVA. Proposals should demonstrate a focus on
 - Advanced Manufacturing

- Aerospace and Aviation
- Automotive Manufacturing
- Creative, Digital, ICT and New Media
- Energy Generation and Environmental Technology
- Business, Professional and Health Services
- Food and Drink

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	2a – Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy.
Specific Objectives	Increase the coverage of superfast and ultrafast Broadband in areas where the market is failing, particularly where this is creating a barrier to Small and Medium Sized Enterprise growth.
Indicative Actions	<p>Projects will support the extension of coverage of superfast (capable of delivering speeds of more than 30 Mbps) and ultrafast (speeds of more than 100 Mbps) broadband networks. Under this investment priority the types of actions that the European Regional Development Fund may support include:</p> <ul style="list-style-type: none"> • Providing financial support for projects to extend availability of superfast broadband networks • Providing financial support for projects to provide availability of ultrafast broadband networks.

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 the other investment priority in this axis as well as 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 2a	
Output reference	Name
C1	Number of enterprises receiving support
C5	Number of new Enterprises supported
P3	Additional businesses with broadband access of at least 30Mbps

Investment Priority 2b	
Output reference	Name
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 Body¹ has been designated, the following will apply:

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

- Local Strategic Fit

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

- National Strategic Fit

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

- 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 60% of the total eligible project costs subject to State Aid regulations.

The remaining 40% 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 60% 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: NW.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 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 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.