



Department
for Work &
Pensions



European Union
European
Social Fund

2014 to 2020 European Structural and Investment Funds Growth Programme

Call for Proposals European Social Fund

Priority Axis 2: Skills for Growth

Managing Authority	Department for Work and Pensions (DWP)
ESI Fund	European Social Fund
Priority Axis:	Priority Axis 2 : Skills for Growth
Investment Priority	2.1: Enhancing equal access to lifelong learning
Call Reference:	Digital Skills for the Employed in the Enterprise M3 and Coast to Capital LEP areas. Call reference OC50S17P0681
LEP Area:	Enterprise M3 and Coast to Capital
Call Opens:	21st April 2017
Call Closes:	7th July 2017
Document Submission	Completed Outline Applications must be submitted to ✉: 2014-2020.ESFAPPLICATIONS@DWP.GSI.GOV.UK

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1. Call Context

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

European Structural and Investment Funds are managed by the Department for Communities and Government (ERDF), Department for Work and Pensions (ESF) and the Department for Environment Food and Rural Affairs (EAFRD). 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. These Departments are the Managing Authorities for each Fund. 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;
- Advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ESIF Strategy to aid the Managing Authority’s assessments at outline and full application stage.

This call is issued by the Department for Work and Pensions (DWP) to commission ESF Funded projects that will support the **Priority Axis 2 of the Operational Programme: Skills for Growth** and **Investment Priority: 2.1 Enhancing equal access to lifelong learning** as set out in the Operational Programme.

All applications will need to be eligible under the European Social Fund Operational Programme for England 2014 to 2020. The [ESF Operational Programme](#) is available for applicants to read.

This call for proposals sets out the requirements for any applicants to consider before applying. Applications against this call will be assessed as part of a two stage appraisal process and successful applicants will enter into a funding agreement with the DWP. Further information is given in sections 4 to 10.

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.

All ESF applicants will need to be aware of the requirement to collect and report data on all participants as per Annex 1 (see Appendix A). This will be as well as the requirement of reporting on output and result indicators referred to in section 3 of the call for proposal.

1.1 National Context

This priority axis aims to support skills for growth. It will support activities through:

Investment priority: 2.1 - Enhancing equal access to lifelong learning for all age groups in formal, non formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences

ESF will not fund activity that duplicates or cuts across national policy on grants and loans for tuition for skills activities. Exemptions to this principle will be considered only where a local specific need and/or market failure has been demonstrated and where the activity falls within the scope of the Operational Programme.

Full details of what can and cannot be supported under this Investment Priority are set out in the Operational Programme. Details of the specific objectives have been reproduced below.

Specific Objective	Results that the Member States seek to achieve with Union support
To address the basic skills needs of employed people, particularly in SMEs and micro businesses.	The additional support from this investment priority will help employed people to gain basic skills. It will also improve the capacity of SMEs and micro businesses and support business growth. We have set an output target for the number of participants without basic skills and a result target for participants gaining basic skills.
To increase the skills levels of employed people from the existing level to the next level up, to encourage progression in employment.	The additional support from this investment priority will help employed people to progress at work through achieving higher skills, and it will drive growth in their organisation by improving productivity. We have set result targets for participants gaining qualifications or units – separate targets for level 2 and level 3.
To increase the number of people with technical and job specific skills, particularly at level 3 and above and into higher and advanced level apprenticeships, to support business growth.	The main result that will be achieved is that more participants will have gained a qualification or a unit of qualification. This investment priority will also support business growth through the development of a more highly skilled workforce. We have set a result target for participants gaining qualifications or units at level 3 or above.

<p>To increase the skills levels of employed women to encourage progression in employment and help address the gender employment and wage gap</p>	<p>The additional support from this investment priority will support women in raising the level of their skills, helping them to progress in employment or self-employment and achieve higher earnings. There is a result target about progression in work. This investment priority will also contribute to supporting business growth through the development of a more highly skilled workforce.</p>
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1.2 Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 2, Investment Priority 2.1 of the Operational Programme, and which meets the **local development need** expressed in the text and table below.

Call outline

This call is open to bidders to apply and deliver a digital scheme in both Enterprise M3 and Coast 2 Capital LEP areas. So there are two geographical lots, for Enterprise M3 and Coast 2 Capital respectively.

IMPORTANT NOTE TO APPLICANTS : As detailed below in paragraph 2 applications will be accepted from organisations applying for Lot 1 (Enterprise M3) or Lot 2 (Coast to Capital).

Where an organisation wishes to apply for both lots they can complete one application for the whole Coast to Capital/ Enterprise M3 call area, however :

- (i) Within the application form they must explicitly detail what they will deliver in each of the individual LEP areas against the call.
- (ii) Separate ESF financial tables annex and ESF Indicator Annex tables must be completed for each individual LEP.
- (iii) The applicant organisation will have to make claims and report outputs and results separately for each individual LEP.

Context in Enterprise M3 LEP area;

The evidence base shows that whilst the Enterprise M3 area is a highly performing economy we suffer from an ageing workforce and are not exploiting the full potential of the labour force. This call seeks proposals to support our existing workforce to provide digital skills training to employed individuals to upskill them, improve efficiencies and support business productivity.

Digital skills are becoming increasingly essential for getting access to a range of products and services. However, there is a digital divide where up to 12.6 million of

the adult UK population lack basic digital skills. An estimated 5.8 million people have never used the internet at all. This digital skills gap is costing the UK economy an estimated £63 billion a year in lost additional GDP, as evidenced in the Digital skills crisis report, House of Commons, June 2016

Digital technologies is a priority sector identified in the Enterprise M3 SEP and ESIF Strategy. The Enterprise M3 area consistently ranks as one of the UK's leading digital economies, and the Enterprise M3 LEP recognises that a skilled workforce is key to increasing SME competitiveness and productivity growth.

The Enterprise M3 Digital Technologies Report (Nov 2015) highlights that many local businesses are not fully exploiting their digital opportunities. The report identified that 23% of SMEs still lack basic digital skills, business owners need to be better informed on how to use digital infrastructure and processes to maximise their competitive advantage. Without the skills to utilise digital technologies, take-up will remain low and businesses will increasingly struggle to remain competitive.

Companies with access to better connectivity are better able to exploit higher value e-Commerce solutions. They must also acquire the skills to understand the opportunities, deploy solutions and implement management change. Given the Enterprise M3 area is home to over 95,000 SMEs employing 800,000 people, the opportunity to improve digital skills, along with a strong infrastructure base will be vital for progressing the economy's growth and competitiveness. There is estimated to be the need for more than three quarters of a million digitally skilled workers by 2017 to satisfy the UK's digital potential.

SMEs place significant importance on digital skills with 33% stating they had a structured education and training programme that included digital skills. Nearly 50% would provide digital training to their staff as and when time and resources permits and a further 12% are actively considering it. Provision to support SMEs to access training provision is key to ensure the target of the digital skilled workers required for the economy.

Without the skills to utilise digital technologies, individuals and organisations are being held back from achieving their potential and cannot compete to their full potential in technologically driven markets.

It has been estimated that 23% of the UK's SMEs lack even basic digital skills, with 50% having no website or online presence. This is despite it being estimated that the annual social value for an individual of getting online for the first time is £1,064, rising to £3,568 for a more advanced or business user. According to the 2014 Lloyds Bank UK Business Digital Index, produced in association with Accenture and Go ON UK, as many as 1.7 million high street SMEs lack the digital understanding and capability to take advantage of this growth.

The Enterprise M3's Strategic Economic Plan identified growth and niche sectors in the Enterprise M3 area. Enterprise M3's strategic priorities are to focus on these high value-added sectors to maximise economic growth and productivity. Activity under this procurement should focus on the growth sectors ICT and Digital Media, Pharmaceuticals, Aerospace & Defence, and Professional and Business Services, and can include the 8 niche sectors identified. The Strategic Economic Plan is currently being refreshed, and any changes to the sectors identified in the refresh should be reflected in future activity.

Context in the Coast 2 Capital LEP area:

The Digital sector in C2C region is estimated at £3.7bn GVA in 2014 representing 7.6% of the region's economy. While it has grown significantly from 18.6% between 2010-2014, this growth is slightly lower than the South East at 19.9%. The CDIT industry is split between Digital and IT worth 81% and Creative worth 19% in Coast to Capital region¹. The highest concentration is geographically located in the Brighton & Hove area.

Our research shows that SMEs are reporting that it is hard to fill vacancies in CDIT with 16% versus 23% in the wider economy. In addition, training is lower in that CDIT sector with 18% versus 25% in the wider economy. Finally looking at employment forecasts for the future, employment is expected to rise 16% in the CDIT sector by 2022 (compared to 5% in wider economy)².

The demand for level 4+ qualifications is expected to rise by 10% by 2022 and the key skills gaps are in advanced IT and software skills, notably in automation, 3D printing, graphic design, big data analytics, cyber security, and programming³.

Within SMEs across all industries 23% are estimated not to have basic digital skills. Overall 34% of SMEs have no or limited digital skills, 43% have basic digital skills, using some e-commerce tools and online banking, and 23% have high levels of digital skills, investing in digital infrastructure and digital security⁴. This shows even within those SMEs that have digital proficiency, less than a quarter have advanced digital skills.

The main reasons for not doing more to boost digital engagement were that SMEs felt they could do no more (27%), 25% felt it was not relevant to their business, 20% felt they did not have the time to set it up, and 17% felt they do not have the relevant skills or staff to set up digital infrastructure⁵. Digital skills will be required across all industries and occupations, but there is evidence that this is not fully understood.

¹ The Creative, Digital and IT Sector Report – Coast to Capital 2015

² UKCES - Working Futures 2012

³ DCMS - Digital Skills Report 2016

⁴ Lloyds Bank UK Business Digital Index 2015

⁵ Lloyds Bank UK Business Digital Index 2015

Coast to Capital's priority sectors for intervention are as follows:

Sectors targeted for growth

- Advanced manufacturing and engineering
- Creative, digital and IT
- Environmental technologies
- Financial and business services
- Health and life sciences

High employment sectors

- Health and Social Care
- Construction
- Visitor economy

Local priorities

Coast to Capital LEP and Enterprise M3 ran a pilot called Digital High Street Programme funded by BIS in 2014 targeted exclusively to the retail sector with excellent results and take-up.

Today, to support the growth of our priority sectors, the ESIF strategies of both LEPS focus on the technology of the future namely: the connected digital economy. Digital skills are the common issue reported by our local SMEs as hindering rapid growth. SMEs are not necessarily aware of all the possibilities that an appropriate digital marketing strategy can achieve for them neither do they often have access to the right digital skills internally.

This joint specification seeks proposals for the development and delivery of a digital skills training to employed individuals in SMEs across key sectors. The proposed services must deliver a responsive skills programme that is tailored to the needs of the Enterprise M3 and Coast 2 Capital LEP area in order to stimulate a growth in the digital skills base for businesses that will give the best opportunity to grow the economy and create more and better jobs. The services must deliver highly responsive skills provision to meet business and industry needs. Employers must be engaged to shape and direct the services.

In Enterprise M3, the services must be aligned with the proposed European Regional Development Fund (ERDF) project: developing ICT products and services, e-commerce, and enhancing demand for ICT under priority 2 and supporting the capacity of SMEs to grow in regional, national and international markets and to engage in innovation processes under priority 3 – maximise SME competitiveness through increased uptake of superfast broadband and more efficient use of digital technologies.

In Coast 2 Capital, the services must link with the Digital Skills intervention issued under priority 2.2 with expected synergies and referrals.

Proposals are invited that demonstrate:

- The **nature and scope of the digital skills interventions** proposed and how the interventions will impact on the individual and SMEs
- **Practical support** through coaching, advice, consultancy and mentoring to individuals seeking to improve digital skills to support SMEs to utilise digital technology to improve their products and competitiveness
- That an **assessment of the current skills profile of the individual** will be undertaken and a **bespoke training plan** will be created which relates to the sector in which they are employed and the employer's needs and to develop the appropriate training option or provide access to it
- The services **must drive up skills levels**, focusing on the skills being sought by employers
- The services **must deliver skills provision which offers both accredited and non-accredited skills** training which is innovative, responsive to local skills needs. Provision will normally be accredited but where suitable accredited provision does not exist, bespoke packages may be delivered (*applicants will need to evidence qualifications delivered are full or units of level 2 or 3, as identified on the learning aims hub, to meet required outputs*)
- Encouraging **more women** to engage in Digital Skills and help address the gender employment and wage gap
- **Strong connectivity** across the whole of the Enterprise M3 and Coast 2 Capital LEP areas as well as links with other relevant neighbouring LEP areas
- **Close partnership working** with established training providers, business support providers and networks including the Enterprise M3 Growth Hub and the Enterprise M3 digital technologies business innovation network contracted under ERDF, the Coast 2 Capital Business Navigator Service and other ESF projects intervention in the Digital sector under priority 2.2
- **Complementarity and value added** to relevant local, national or European schemes

These activities are indicative only. Applicants are encouraged to develop innovative approaches, backed by evidence, to support the value of the proposed activities, the effectiveness of the proposed delivery approach and the rationale for specific targeting. Applicants need to identify how funding will be allocated across all aspects of the scheme.

Some of the outcome expected will be:

- Broker opportunities with local SMES and employers in targeted priority and growth sectors to support existing employees as well new staff to access additional qualifications in digital skills through the form of NVQs, work experience, internships etc. Accredited units of learning at Level 2 or 3 and above may be funded where these do not lead to a full qualification. Work related learning and experience, developed and delivered in partnership with employers
- Increase participation in traineeships and apprenticeships as well as opportunities to link learning to work experience. Exploring and secure progression opportunities
- Work with colleges and independent training providers to encourage them to

develop appropriate training programmes to meet the needs of SMEs in the Digital Age

- Foster an aspirational, digital and enterprising culture in SMEs

Details of the local ESIF Strategies can be found on the LEP web sites:

For Enterprise M3: <https://www.enterprisem3.org.uk/european-structural-and-investment-fund-strategy>

For Coast 2 Capital:

http://www.coast2capital.org.uk/storage/downloads/esif_strategy-1475574393.pdf

1.3 Scope of activity

This call invites Outline Applications which support the delivery of Priority Axis 2, **Investment Priority 2.1 Enhancing equal access to lifelong learning** of the European Social Fund Operational Programme and responds to the local development need set out in the Hertfordshire Local Enterprise Partnership Area European Structural and Investment Funds Strategy.

This call aims to address the identified shortfalls listed in section 1.2 Local Development Need above.

2. Call Requirements

All applications are competitive.

<p>Indicative Fund Allocation:</p>	<p>Indicatively, through this call the Managing Authority expects to allocate approximately £1.6M ESF</p> <p>Indicative value:</p> <ul style="list-style-type: none"> - Lot 1: £0.8m for Enterprise M3 LEP geographical area - Lot 2: £0.8m for Coast 2 Capital LEP geographical area <p>Bidders can apply for one or both geographical areas.</p> <p>See “ IMPORTANT NOTE TO APPLICANTS” in 1.2 above</p> <p>The Managing Authority reserves the right to decrease or increase the indicative allocation, or support more or fewer projects subject to the volume and quality of proposals received.</p>
<p>Minimum application level</p>	<p>European Social 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</p>

	than £50,000 (figure can be higher – up to £1.6M – but not less than £50k) of European Social Funding to any single project.
Duration of project approvals	Projects should be for a maximum of three years; however the Managing Authority reserves the right to vary the maximum duration in exceptional circumstances.
Geographical Scope	All interventions should be focused on activity and beneficiaries within the Coast to Capital and Enterprise Local Enterprise Partnership area.
Specific call requirements	This call for ESF investment has been issued with a complementary call (in the Coast to Capital LEP area ONLY) under ESF Investment Priority 2.2. Priority will be given to applicants that submit linked proposals across the priorities. See 'Local Priorities' section for further information.
Call Deadlines	For this specific call, applications will be assessed following closure of the call. Applications received after the published call close date will not be considered.
Application selection	All applications will be scored in line with the ESF scoring criteria, but the MA reserve the right to invite projects to full application stage where they complement other activity or provide niche activity to target groups within the OP.
Applicant proposals	These can only contain activities which are eligible for ESF
Eligible match funding	Applicants will need to have eligible match funding for the balance of costs, which must be from a source other than the European Union. At outline application stage the applicant will need to provide information to demonstrate that the operation is likely to have the required level of match funding in place at the point of formal approval.
Operational completion	Operations must be completed no later than 7 th January 2021
Procurement	All procurement must be undertaken in line with EU regulations.
State Aid law	Applicants must demonstrate compliance with State Aid law
Audit/ Compliance	All expenditure and activities will be subject to rigorous audit and non-compliance may lead to financial penalty.

Calls listing multiple activity	The applicant is required to list each activity they plan to deliver, supported by a clear breakdown of costs. Expected outputs and results per activity should be provided.
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ESF cannot be used to duplicate existing activities or activities that do not address market failure. ESF can only be used to achieve additional activity or bring forward activity more quickly. Applicants must be able to demonstrate that proposals are additional to activity that would have occurred anyway or enables activity to be brought forward and delivered more quickly than otherwise would be the case in response to opportunity or demand.

3. Deliverables required under this Call:

Applications will be expected to achieve the minimum indicative level of Programme Deliverables by contributing to the following Investment Priority. The definitions of which can be accessed at the [ESF Operational Programme](#).

Investment Priority	2.1 Enhancing equal access to lifelong learning
Specific Objectives	Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences
Indicative Actions	<p>ESF will not support activities that duplicate or replace existing support within national programmes, but may be used to support additional activities or target groups, including provision co-designed with local partners.</p> <p>Examples of activities that may be supported include:</p> <ul style="list-style-type: none"> • skills shortages or needs in particular sectors or local areas which are not currently being addressed by employers or individuals; • leadership and management training in Small and Medium size Enterprises (up to 250 employees); • training and support for people at all levels, in particular addressing the needs of disadvantaged groups in and out of the workplace; • access to learning; information about learning and skills; • brokering of opportunities between learners and employers.

Results Table –

ID	Result Indicator	Minimum Target value for this call
R3	Participants gaining basic skills	11%
R6	Participants gaining level 2 or below or a unit of a level 2 or below qualification (excluding basic skills)	25%
R7	Participants gaining level 3 or above or a unit of a level 3 or above qualification	8%
R8	Employed females gaining improved labour market status	35%

Outputs table –

- o LOT 1: Enterprise M3 geographical area

ID	Output Indicator	Total target value for this call	Men target value	Women target value
O1	Participants	1086	533	553
O4	Participants over 50 years of age	240	-	-
O5	Participants from ethnic minorities	170	-	-
ESF - CO16	Participants with disabilities	70	-	-
ESF - CO14	Participants who live in a single adult household with dependent children	20	-	-
O6	Participants without basic skills	0	-	-

LOT 2: Coast 2 Capital geographical area

ID	Output Indicator	Total target value for this call	Men target value	Women target value
O1	Participants	1086	533	553
O4	Participants over 50 years of age	240	-	-
O5	Participants from ethnic minorities	170	-	-
ESF - CO16	Participants with disabilities	70	-	-
ESF - CO14	Participants who live in a single adult household with dependent children	20	-	-
O6	Participants without basic skills	0	-	-

Applicants will be required to demonstrate how they will achieve the deliverables within their proposal along with any methodology that will be used to record achievement. Applicants will also need to ensure robust systems are in place, and be able to describe them, to capture and record the targets and to report quantitative and qualitative performance across the individual Enterprise M3 and Coast to Capital LEP areas. All operations will be required to collect data and report progress against the deliverables with each claim. Where an operation underperforms against their deliverables they may be subject to a performance penalty.

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

4. General Information

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

4.1 Compliance and Eligibility

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

ensure that the rules and guidance are adhered to both at application stage and following approval.

ESIFs are governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation listed in the 'key documents' section prior to submitting an Outline application. If successful, Applicants will enter into the standard Funding Agreement and must abide by the standard terms and conditions contained therein. Applicants are therefore strongly advised to read these terms and conditions to ensure that they would be able to enter into such an agreement prior to responding to the call. Once a Funding Agreement has been issued it should be signed and returned within a short timescale.

4.2 Intervention Rate & Match Funding

ESF is funding used where no other funding can be obtained (the funder of last resort) and the maximum ESF intervention rate for the operation is 50%. This means ESF can contribute up to 50% of the total eligible project costs, subject to State Aid regulations. The remaining 50% or more must come from other eligible sources. For all outline applications, the applicant will need to provide information to demonstrate that the operation is likely to have the required level of match funding in place at the point of formal approval.

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

4.3 Applicants

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

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

4.4 Cross Cutting Themes

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 ESF are 'gender equality and equal opportunities' and 'sustainable development'.

For ESF, the project applicants will be required to deliver their services in-line with the Public Sector Equality Duty (as defined in the Equality Act 2010). All projects must have a gender and equal opportunities policy and implementation plan which will be submitted at full application stage and in-line with Managing Authority guidance. Project applicants will also be required to answer a number of ESF-specific equality questions which will be set out in both the full application form and the related guidance.

For ESF, all projects will also be required to submit a sustainable development policy and implementation plan (in-line with guidance produced by the Managing Authority).

The ESF programme particularly welcomes projects that have an environmental focus that can meet the strategic fit at local and programme level whilst also adding value by:

- supporting environmental sustainability; and/ or
- complementing the environmental thematic objectives of other programmes such as ERDF; and/or
- using the environment as a resource to help motivate disadvantaged people

Further information is available in the [ESF Operational Programme](#).

4.5 State Aid & Revenue Generation

Applicants are required, in the Outline Application, to provide a view on how their proposal complies with State Aid law. Applicants must ensure that projects comply with the law on State Aid.⁶ 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

⁶ 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."

Applicants take responsibility for understanding the importance of the State Aid rules and securing their full compliance with them throughout the project, if it is selected into the Programme.

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

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

4.5 Funding Agreement

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

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

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

4.6 Procurement

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

- consider value for money;
- maximise efficient use of public money; and
- maintain competitiveness and fairness across the European Union.

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

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

4.7 Retrospection

There will be no retrospection for applications made against this call, other than in line with the general policy on retrospection which allows costs to be potentially eligible between outline and full application stage, but only where the full application is approved.

5. Application Process & Prioritisation Methodology

There are two stages to the ESF application process; Outline Application and if successful, Full Application. Applicants must fully complete the Outline Application Form (section 9 refers). Guidance is available on the [European Growth Funding](#) website pages. Acceptance of an Outline Application to progress to full application stage does not in any way indicate or constitute an offer of European Social Fund grant. Applications will be subject to a Gateway Assessment undertaken by the Managing Authority under the following criteria:

- Applicant eligibility;
- Activity and expenditure eligibility; and
- The fit with the ESF OP and the call.

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

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

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

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

Non-public sector Applicants who are successful at the Outline Application stage may be subject to due financial diligence checks by the Managing Authority, prior to submission of a Full Application. Applicants will be required to submit accounts, and

to clarify financial or other organisational information. New Applicant organisations may be required to provide details of a guarantor.

There is no appeal process for applicants whose Applications are rejected at Outline Application stage, Full Application stage or for failing to satisfy the MA's Financial Due Diligence checks.

6. Support

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

✉: ESF.2014-2020@dwp.gsi.gov.uk

No applications are to be sent to this email address. Completed Outline applications must be sent to the email address provided in Section 9 – Document submission.

7. Key Documents

- Outline Application Form;
- Outline Application Form Guidance;
- Local Enterprise Partnership area's ESIF strategy; and
- ESF Eligibility Rules.

8. Document Checklist

The assessment will be undertaken on the basis of documentation received at the point of closure of the call. Applicants should provide the following documentation.

Outline Stage:

- fully completed Outline Application;
- financial tables (if the application is against more than one Category of Region, a financial table for each Category of Region);
- Outputs, Results and Indicators tables (if the application is against more than one Category of Region, a Outputs, Results and Indicators table for each Category of Region); and

To enable the Managing Authority to complete the required Financial Due Diligence checks (if private or voluntary and community sector), applicant to provide:

- three years financial accounts
- Proof of existence - Certificate of Incorporation, Charities Registration , VAT Registration Certificate or alternate form of incorporation documentation;
- Proof of trading - Financial Accounts/Statements for the most recent two years of trading including, as a minimum, Profit and Loss Account and Balance Sheets;
- Completed Financial Viability and Risk Assessment Applicant Template (for applications requesting annualised funding of greater than £1m)

Failure to provide the above documentation could result in the application being rejected.

9. Document Submission

Completed Outline Applications must be submitted to

✉: 2014-2020.ESFAPPLICATIONS@DWP.GSI.GOV.UK

10. Timescales

Launch of Call advertised on gov.uk.	21 st April 2017
Deadline for submission of Outline Application	7 th July 2017

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

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

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

11. Appendix A – Common output indicators

Appendix A - extract from Annex 1 of the ESF regulation

Common output and result indicators for ESF investments

(1) Common output indicators for participants

"Participants" refers to persons benefiting directly from an ESF intervention who can be identified and asked for their characteristics, and for whom specific expenditure is earmarked. Other persons shall not be classified as participants. **All data shall be broken down by gender.**

The common output indicators for participants are:

unemployed, including long-term unemployed
long-term unemployed
inactive
Inactive, not in education or training
employed, including self-employed
below 25 years of age
above 54 years of age
above 54 years of age who are unemployed, including long-term unemployed, or inactive not in education or training
with primary (ISCED 1) or lower secondary education (ISCED 2)
with upper secondary (ISCED 3) or post-secondary education (ISCED 4)
with tertiary education (ISCED 5 to 8)
participants who live in jobless households
participants who live in jobless households with dependent children
participants who live in a single adult household with dependent children
ethnic minorities
Participants with disabilities
other disadvantaged
homeless or affected by housing exclusion
from rural areas

Common immediate result indicators for participants are:

inactive participants engaged in job searching upon leaving
participants in education/training upon leaving
participants gaining a qualification upon leaving
participants in employment, including self-employment, upon leaving
disadvantaged participants engaged in job searching, education/ training, gaining a qualification, in employment, including self-employment, upon leaving

Common longer-term result indicators for participants are:

participants in employment, including self-employment, six months after leaving
participants with an improved labour market situation six months after leaving

participants above 54 years of age in employment, including self-employment, six months after leaving

disadvantaged participants in employment, including self-employment, six months after leaving