



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

<b>Managing Authority</b>	<b>Department for Work and Pensions (DWP)</b>
<b>ESI Fund</b>	<b>European Social Fund</b>
<b>Priority Axis:</b>	<b>Priority Axis 2 : Skills for Growth</b>
<b>Investment Priority:</b>	<b>2.2: Improving the labour market relevance of education and training systems.</b>
<b>Call Reference: (Working Title)</b>	<b>North East Ambition Pilot: Develop and Implement a <u>Strategic Framework</u> to transform education, change lives and drive forward industrial growth OC25S17P0808</b>
<b>LEP Area:</b>	<b>North East</b>
<b>Call Opens:</b>	<b>27 July 2017</b>
<b>Call Closes:</b>	<b>23 October 2017</b>
<b>Document Submission</b>	<b>Completed Outline Applications must be submitted to ✉: <a href="mailto:2014-2020.ESFAPPLICATIONS@DWP.GSI.GOV.UK">2014-2020.ESFAPPLICATIONS@DWP.GSI.GOV.UK</a></b>

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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: 2.2 Improving the labour market relevance of education and training systems** as set out in the ESF 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 of the ESF regulation (see Appendix A). This will be in addition to the requirement to report on the 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 2.2** - Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work based learning systems, including dual learning systems and apprenticeship schemes

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 promote improvements in the labour market relevance of skills provision through active engagement with relevant institutions and employers, particularly SMEs and Micro businesses.	The additional support from this investment priority will enable the design of skills provision which will help individuals gain skills and qualifications relevant to the needs of the labour market

## 1.2 Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 2, Investment Priority 2.2 of the Operational Programme, and which meets the **local development need** expressed in the text and table below.

## Local Economic Context:

The North East Enterprise Partnership's Strategic Economic Plan sets out the growth ambitions for the next 10 years providing a clear focus on realising the potential of the whole of the North East. It also links to the European Structural Investment Fund (ESIF) Strategy. More information about the NE LEP area strategic plans can be found at:

<http://www.nelep.co.uk/whatwedo/refreshing-the-strategic-economic-plan/>

<http://www.nelep.co.uk/funding/european-funding-2/>

A skilled workforce is central to sector-led growth and investment in skills will drive the increased productivity of the North East. To support 'more and better jobs' we need to ensure there is a supply of appropriate skills available at all levels to meet employer demand.

The North East LEP area has the infrastructure to deliver world-class skills and has a strong reputation for responding to the opportunities presented by a growing and changing economy. Indeed, the area boasts the highest proportion of apprenticeships and the highest number of employers taking on apprentices in the UK.

However, the region also faces key skills challenges that inhibit business growth. These include a low skilled workforce with insufficient numbers of employed people qualified to level 3 and above and an ageing demographic creating replacement demand particularly within skilled and technical occupations that underpin priority industries. Indeed, only 29% of the working age population have a level 4+ qualification as opposed to the national average of 36%.

Furthermore, there is pronounced mismatch between supply and demand in the North East labour market and although many employers actively engage with the education and training system this is often uncoordinated and lacks consistency. Engagement also tends to be with larger companies and SMEs require significant support to navigate education and training, including securing better access to students of all ages through placements, internships and work experience.

Educational attainment and aspiration also reduces our potential for growth. We have some of the highest shares of pupils on free school meals that have significantly lower achievement rates than other pupils. Performance at KS2 has been a strength for the North East and it compares well nationally; however the latest figures for KS3 show achievements dipping for older pupils.

**Indeed, it is clear that we need to prepare students to succeed and meet the demands of future industries.** Students can no longer expect a job for life; as globalisation and technological change requires them to attain new skills, taught in new ways, and to be prepared to refresh these skills throughout their working lives.

However in today's society, as the Industrial Strategy green paper highlights, students, parents and businesses are facing a bewildering choice of qualifications, some at a poor quality, making it difficult to select the option that adds most value to their career ambitions and addressed the demands of business.

Furthermore, the '*Northern Powerhouse Schools Strategy: independent review*' examined educational underperformance in the North and identified additional key requirements:

- The need to increase the supply of high quality teachers and senior leaders;
- The need to address the limited capacity of capacity of multi-academy trusts;
- The need for more schools to offer a stretching curriculum

It is important to build on the right foundations; however the UK education system is currently undergoing fundamental change at an unprecedented rate: schools are turning into academies and free schools; FE colleges must meet the requirements of the Area Based Reviews, and the Industrial Strategy is set to reform the education system to improve basic skills, create a new system of technical education, address STEM shortages, provide high quality careers information and advice, and test new approaches to lifelong learning.

**These changes can be turned into opportunities, but will require strong collaboration and shared learning between businesses, educators and local communities.**

By working with businesses, our educators will have access to industry relevant training and experience. This will empower them to bring their learning back into the teaching environment and equip them to be able to provide students with better information, advice and guidance on local careers and job opportunities. Businesses can also help establishments build capacity and expertise to effectively manage their operations and drive forward cost savings and efficiencies.

Businesses will benefit too; with greater access to young talent and to help to develop the skills they need to grow and to influence and change the curriculum to meet their skills needs; for now and in the future.

Parents and local communities will benefit by developing a greater understanding of the current and future careers and job opportunities offered by industry, raising aspirations and social mobility, and gaining an understanding of the skills required to access these opportunities to ensure they are 'job ready'.

**The ambition is to prepare our current and future workforce for success; placing the North East LEP area at the heart of industrial growth in a diverse global economy.**

This call focuses on tackling the education challenges faced in the North East by bringing together educators, businesses and local communities to help transform the education system to help bring about transformational change in our economy.

### **Local Priorities:**

**ESF investment through this call is focussed on developing and implementing a Strategic Framework to transform education, raise aspirations and attainment, improve job outcomes and drive forward industrial growth.**

**NOTE:** This call forms the framework for the **‘North East Ambition’** proposal and it is anticipated that **only one proposal** will be selected from this call to cover the whole of the North East LEP area. It is also expected that applicants will demonstrate how they will work with the LEP and partners to ensure activity is complementary and adds value to existing activity supporting the education sector in the North East LEP region.

### **Developing the Framework**

Activities should clearly set out the strategic framework for the pilot to bring together educators, businesses and local communities (including governors, parents and students) to share learning. Activities to include the following:

- Establish a **stable careers programme** within and across education establishments through the adoption of the 8 Good Career Guidance Benchmarks (this is benchmark 1). NOTE: These benchmarks have gained significant national traction, with Skills and Careers Minister Sir Robert Halfon referring to them as the ‘8 Commandments’ and DfE in; with the North East LEP area is leading the way nationally as a pilot for rolling out these benchmarks – further information on Good Careers Benchmarks can be found at [www.gatsby.org.uk/education/programmes/good-career-guidance](http://www.gatsby.org.uk/education/programmes/good-career-guidance)
- Support every learner within the pilot to improve their destination outcomes by **learning from career and labour market information** (benchmark 2)
- Provide personal guidance and address the needs of each and every learner (benchmark 3 & 8)
- Promote **meaningful encounters and experiences** between educators, businesses, learners & communities to stimulate shared learning (benchmarks 4, 5, 6 & 7):
  - Engage and work with businesses to identify and **overcome skills and employment barriers to growth**

- Identify and **address skills gaps**, in particular STEM and technical skills, within education establishments to secure and improve future operations
- Provide educators and support staff with **industry relevant experience** which enhances the teaching and learning environment and improves operations
- Identify, attract and retain more **industry relevant specialists** to work within the education sector
- Inspire **transformational change by linking curriculum learning to careers**; making it more relevant and responsive to industry needs
- Evaluate the impact of **North East Ambition as an innovative and sustainable model for applied learning**: raising attainment and progress levels so that every education establishment is rated 'good' or 'outstanding' – improving job outcomes – transforming lives - driving forward growth and social mobility

### **Delivering the Framework**

The following two areas of activities:

#### **1. Develop and Implement innovative ways to share learning between educators, businesses, learners and communities**

- Provide enhanced information, advice and guidance on local careers, job opportunities and how to be 'job ready' within pilot education establishments
- Develop a more industry focussed curriculum to meet local business needs
- Identify ways to build capacity and expertise within education establishments to improve, enhance and promote their operations and links to industry (**Important:** this activity must demonstrate links to the activity undertaken through the complementary ESF call 2.1 '*North East Ambition Pilot – Developing and Delivering Tailored Training for Employees in Education Establishments*')
- Develop a model for mentoring and engagement to promote shared learning; including raising attainment and progressions within education establishments

#### **2. Develop and Implement High Quality Internships, Placements and Work Experience that supports Educators into Industry**

- Develop and implement with SMEs high quality internships, placements and work experience for educators into industry, building on existing good practice of the Good Careers Benchmarks



- Develop industry relevant experience and expertise within Education Establishments which can be brought back to the teaching and learning environment
- Support SMEs by increasing knowledge within education establishments of the skills required to enter and progress at work
- Encourage and attract more industry and business experts to work with and support the education sector

Activities must clearly build and complement other mainstream funded and other existing activity currently funded by the European Programmes. In particular, full regard should be given to the SFA contracts which support skills development in businesses and which currently run up to July 2018.

Proposals must also demonstrate a thorough understanding of the North East's education system and business base.

**PLEASE NOTE:** The North East Technical Assistance Partnership is available to provide support to potential applicants. To access support please refer to the contact in your area. These can be found on the LEP website:

<http://www.nelep.co.uk/funding/european-funding/>

### **1.3 Scope of activity**

This call invites Outline Applications which support the delivery of Priority Axis 2, **Investment Priority 2.2 Improving the labour market relevance of education and training systems** of the European Social Fund Operational Programme and responds to the local development need set out in the North East 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><b>Indicative Fund Allocation:</b></p>	<p>Indicatively, through this call the Managing Authority expects to allocate approximately <b>£3m ESF</b></p> <p><b>Approximately 25% - £0.75m allocated to the Transition Region of Durham</b></p> <p><b>Approximately 75% - £2.25m allocated to the More Developed area of Northumberland, Tyne and Wear</b></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><b>Minimum application level</b></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 than <b>£50,000 (or figure can be higher but not less than £50k) of European Social Funding to any single project.</b></p> <p>The minimum project size for both ESF &amp; match funding, is dependent on the intervention rate determined by category of region; 60% Transition Region &amp; 50% More Developed Region.</p> <p>As North East LEP area spans two categories of region, Transition and More Developed applicants will need to provide separate financial and indicator tables with the appropriate intervention rates for each category of region.</p>
<p><b>Duration of project approvals</b></p>	<p>Projects should be for a maximum of three years; however the Managing Authority reserves the right to vary the maximum duration in exceptional circumstances.</p>
<p><b>Geographical Scope</b></p>	<p>All interventions should be focused on activity within the North East Local Enterprise Partnership area.</p>

<p><b>Specific call requirements</b></p>	<p>This call for ESF investment has been issued with complementary calls under ESF Investment Priority 2.1. Priority will be given to applicants that submit linked proposals across the priorities. See ‘Local Priorities’ section for further information.</p> <p>This call is for projects in the North East LEP area across both More Developed and Transition categories of region. Projects should clearly identify spend and activity by category of region (as defined under the ‘ESF Call value’ amounts above) and reflect the relevant local context (see below).</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. Projects should therefore ensure that these two conditions are fully and robustly demonstrated.</p> <p><b>PLEASE NOTE:</b> The ambition is to prepare the current and future workforce for success and to place the North East LEP area at the heart of industrial growth within a diverse global economy. This call forms part of the <b>‘North East Ambition’</b> pilot which will see <b>two</b> ESF calls launched simultaneously in the North East LEP area.</p> <ol style="list-style-type: none"> <li>1. <b><u>This call</u></b> is issued under ESF investment priority 2.2 and is called the <b>‘North East Ambition Pilot: Develop and Implement a Strategic Framework to transform education, raise aspirations and attainment, improve job outcomes and drive forward industrial growth’</b>. It focuses tackling the education challenges faced in the North East by setting up and implementing a strategic framework which will bring together educators, businesses and local communities to help transform the education system to meet industry needs.  This call forms the framework for the <b>‘North East Ambition’</b> proposal and it is anticipated that <b><u>only one proposal</u></b> will be selected from this call to cover the whole of the North East LEP area.</li> <li>2. A <b><u>supporting call</u></b> under ESF investment priority 2.1 has been launched simultaneously and is called <b>‘North East Ambition Pilot – Developing and Delivering Tailored Training for Employees in Education Establishments’</b>. This call can be accessed</li> </ol>
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	<p>separately from the Gov.uk website and a separate application will be needed to apply for funding under that call. This supporting call will focus on providing leadership, management and technical skills development for employees in education establishments. This support will safeguard jobs, develop careers and facilitate job progression. It will also increase the supply of high quality skilled educators and senior leaders. <b>NOTE:</b> Activity under this call will be expected to strongly align and support the implementation of the North East Ambition Pilot Strategic Framework (covered by this 2.2 call) which has been launched simultaneously.</p>
<b>Call Deadlines</b>	<p>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.</p>
<b>Application selection</b>	<p>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.</p>
<b>Applicant proposals</b>	<p>These can only contain activities which are eligible for ESF.</p>
<b>Eligible match funding</b>	<p>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.</p> <p>The intervention rate in the North East LEP Area is 50% in the more developed areas and 60% in the transition areas, so 50% of match funding must be provided in the more developed areas and 40% of match funding must be provided in the transition areas.</p>
<b>Operational completion</b>	<p>Operations must be completed no later than 30<sup>th</sup> April 2021.</p>
<b>Procurement</b>	<p>All procurement must be undertaken in line with EU regulations.</p>
<b>State Aid law</b>	<p>Applicants must demonstrate compliance with State Aid law.</p>
<b>Audit/ Compliance</b>	<p>All expenditure and activities will be subject to rigorous audit and non-compliance may lead to financial penalty.</p>

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](#).

<b>Investment Priority</b>	<b>2.2 Improving the labour market relevance of education and training systems</b>
<b>Specific Objectives</b>	To promote improvements in the labour market relevance of skills provision through active engagement with relevant institutions and employers, particularly SMEs and micro businesses.
<b>Indicative Actions</b>	<p>ESF will not support activities that duplicate or replace existing support within national programmes, but may be used to support additional activities, including provision co-designed with local partners.</p> <p>Examples of activities that may be supported include:</p> <ul style="list-style-type: none"> <li>• support for collaborative projects, placements, internships or other activities with SMEs that enable students and graduates to gain industry-relevant experience and skills;</li> <li>• building capacity in SMEs to provide project/placement/internship opportunities and enhance the contribution of advanced skills to SME growth, including programmes to specifically engage the most disadvantaged groups or those who face particular local disadvantages in utilising advanced skills;</li> <li>• brokering opportunities to encourage and increase work experience, work placements, traineeships, apprenticeships, and graduate placements particularly through wider employer engagement and involving supply chains;</li> <li>• promoting apprenticeships (especially at advanced levels in manufacturing and other priority sectors) by developing a supportive environment for employer engagement;</li> </ul>

	<ul style="list-style-type: none"> <li>developing better links with business to equip students with the skills to start and grow a business to meet local business needs.</li> </ul>
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### Result Indicators – More Developed and Transition

ID	Result Indicator	Minimum Target value for this call
R9	Small and Medium Enterprises successfully completing projects (which increase employer engagement; and/or the number of people progressing into or within skills provision)	75%

### Outputs table – More Developed

ID	Output Indicator	Minimum Target value for this call
CO23	Number of supported micro, Small and Medium-sized Enterprises (including cooperative enterprises, enterprises of the social economy)	315
O1	Total number of participants	There is no target value for this call however applicants will be expected to provide a total number of participants the project is aiming to support in both the application and associated Indicators Annex.

### Outputs table – Transition

ID	Output Indicator	Minimum Target value for this call
CO23	Number of supported micro, Small and Medium-sized Enterprises (including cooperative enterprises, enterprises of the social economy)	148

O1	Total number of participants	There is no target value for this call however applicants will be expected to provide a total number of participants the project is aiming to support in both the application and associated Indicators Annex.
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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 North East LEP area. 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.

In addition applicants applying for ESF funds under I.P 2.2 will be expected to complete a short annex, along with the standard application Outline Application form. This is to ensure that full consideration is being given to the 'Value for Money' (VFM). The [Annex for ESF IP 2.2](#) funding calls can be located on the European Growth Funding website pages.

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 60% in the Transition category of region and 50% in the More Developed category of region. This means ESF can contribute up to 60% of the total eligible project costs in the Transition category of region and up to 50% in More Developed category of region, subject to State Aid regulations. The remaining 40% or more in Transition category of region or the remaining 50% in More Developed category of region 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.<sup>1</sup> Grant funding to any economic undertaking which is state aid can only be awarded if it is compatible aid, in that it complies with the terms of a notified scheme or is covered by the De Minimis Regulation. Guidance for grant recipients, explaining more about State Aid, is available; it is important that Applicants take responsibility for understanding the importance of the State Aid rules

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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."

and securing their full compliance with them throughout the project, if it is selected into the Programme.

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

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

#### **4.6 Funding Agreement**

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

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

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

#### **4.7 Procurement**

All costs delivered by the Grant Recipient (the applicant) and/or delivery partners must be delivered on an actual cost basis. Other costs must be procured in line with 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.

## 4.8 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](mailto: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;
- LEP area's ESIF strategy;
- Annex for ESF IP2.2; and
- National 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](mailto:2014-2020.ESFAPPLICATIONS@DWP.GSI.GOV.UK)

## 10. Timescales

Launch of Call advertised on gov.uk.	27 July 2017
Deadline for submission of Outline Application	23 October 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 indicators for ESF investments

Common output indicators for entities are:

number of projects fully or partially implemented by social partners or non-governmental organisations

number of projects dedicated at sustainable participation and progress of women in employment
number of projects targeting public administrations or public services at national, regional or local level
number of supported micro, Small and Medium-sized Enterprises (including cooperative enterprises, enterprises of the social economy)