



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 and 2.2 Improving the labour market relevance of education and training systems.
Call Reference:	Business Scale-Up Development Programme (OC39S17P0901)
LEP Area:	York, North Yorkshire and East Riding
Call Opens:	12 October 2017
Call Closes:	7 December 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 - Investment Priority: 2.1 Enhancing equal access to lifelong learning and Investment Priority: 2.2 Improving the labour market relevance of education and training systems** 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 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: 2.1** - 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; and
- **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 these Investment Priorities are set out in the Operational Programme. Details of the specific objectives have been reproduced below.

Investment Priority 2.1:-

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.
To increase the skills levels of employed women to encourage progression in employment and help address the gender employment and wage gap.	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.

Investment Priority 2.2:-

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:

Projects must deliver activity which directly contributes to the objectives of Priority Axis 2, Investment Priority 2.1 and Investment Priority 2.2 of the Operational Programme, and which meets the **local development need** expressed in the text and table below.

The York, North Yorkshire and East Riding LEP's ESIF Strategy sets out the priorities for economic growth. The ESIF strategy focuses on key sectors for the LEP area (agritech, bio-renewables and food manufacture) which drive growth. There are also sectors which account for a large proportion of total employment across the area. These include the voluntary and community sector, health and social care, the visitor economy and construction.

The YNYER LEP's skills priority 'Inspired People' sets out a range of objectives and activities to ensure that growing businesses have a productive workforce, young people make the right education and job choices and unemployed people get the best chances to connect to sustainable jobs.

The YNYER LEP is a rural economy where small and micro businesses account for over 97% of all businesses. These businesses are often based in isolated communities with a limited potential workforce and limited access to training opportunities. The ESIF strategy seeks to address the barriers relating to rural isolation which prevents access to initiatives and opportunities that are more easily available in urban environments.

Government has defined scale-up businesses as any that have more than 5 members of staff, a turnover above £250k and an ambition to grow by 50% over the next three years. Although it is hard to quantify 'ambition to grow', there are 8,980 businesses across the region who can be identified in terms of turnover and employee numbers. Local interviews with businesses as well as national data supplied by Deloitte and the Scale Up Institute, has identified a significant problem for these businesses in terms of growth as leaders struggle to make way for middle management and in doing so create a bottleneck that stifles growth in turnover, profitability and employment.

Through this call, the ESF Managing Authority is seeking a programme of activity which will, under **Investment Priority 2.1**, develop the capability and capacity of leaders and managers through one-to-one coaching in order to help them take on staff and "scale-up" in line with the LEPs priorities and the Government's Industrial

Strategy. The focus of the programme will be the development of managers and business leaders in order to provide the skills to effectively manage an expanding team of staff. Not having the right skills to manage a growing workforce is a serious problem for scale-up businesses and has been identified by the Scale-Up Institute's Scale-Up Review as well as the provisional findings of the Government's own Entrepreneurial Review. This programme will result in leaders and managers having improved levels of confidence for managing staff, increased productivity for the workforce, and an increase in recruitment.

Under **Investment Priority 2.2** the ESF Managing Authority is seeking a programme of activity which will utilise one-to-one coaching to develop the processes and systems within a business in order to help them take on staff and "scale-up" in line with the Government's Industrial Strategy.

The focus of the programme will be to help implement or improve in-house functions including training and development, staff performance and monitoring and wider HR functions. These are issues that have been identified by the Scale-Up institute's Scale-Up Report as well as by the York, North Yorkshire and East Riding Local Enterprise Partnership's own research into the local area.

If successfully delivered, this programme should improve the capacity and capability of scale-up businesses to take on increased members of staff resulting in increased confidence to recruit as well as increased employee recruitment and retention.

Local Priorities:

Through this call the ESF Managing Authority call is seeking a single project, or several projects to deliver activities which will support capacity building within Micro, Small and/or Medium Sized Enterprises (SMEs) to allow them to successfully scale up their businesses, develop new processes and systems and open themselves up to taking on new members of staff.

Projects will be expected to demonstrate how they will develop mechanisms to identify and engage with businesses who have the ambition to scale-up, particularly those in rural regions who may be facing staffing difficulties.

Examples of the additional, specific types of activities being sought under each Investment Priority are set out below:

Investment Priority 2.1

- Delivering packages of learning which enable middle managers to develop leadership and management skills relating to the needs of their employer
- Aligning individual training packages for employees to the needs identified by their business

- Reflect and evidence the needs of the businesses involved, offer locally tailored solutions and flexible delivery models to fit working practices and demands
- Design/deliver provision to middle managers within SMEs, leading to a qualification or part qualification relevant to their skills needs and that of their employer.

Investment Priority 2.2

- Work with SMEs to identify their scale-up skills needs and co-design new projects/activities to meet those needs – seeking opportunities to design provision which can be of benefit to multiple SMEs across the YNYER LEP Area;
- Adapt accredited qualifications, systems or process implementation into one-to-one coaching formats that make it suitable for businesses to implement changes to their own internal systems and processes
- Improve the ability of business to take on graduates by helping them to develop more robust mechanisms for taking on staff
- Support scale up businesses to increase capacity for growth and produce robust plans for how they will go about it.

These lists of activities are not exhaustive and applicants are encouraged to put forward new or innovative solutions aligned to the ESF Operational Programme criteria for Investment Priority 2.1 and Investment Priority 2.2 and specifically addressing the local needs and priorities in this call.

Growth Hub

The YNYER LEP Area is committed to simplifying the business support landscape and removing duplication where it exists. Its business-facing functions are conducted by its Growth Hub. The Hub provides businesses with a trusted, single point of contact that can quickly and efficiently help them to access the right form of support at the right time with the minimum disruption. The Growth Hub also provides the LEP Area with an overview of business support activity across the region, including information on trends and performance that can be leveraged to draw down future government investment.

The Growth Hub provides the following functionality:

- Customer Relationship Management
- Help Desk
- Account Managers
- Service Design Expertise
- Data Analysis Expertise

All of which can be utilised within your delivery for little or no cost. In some instances, match funding may also be available.

Before submitting an ESIF application, or procuring any of these elements, applicants should engage with the Growth Hub to discuss how their proposed delivery could make use of and complement existing functionality and resources from the Growth Hub. When submitting their application, the applicant should detail exactly how it has agreed to work with the Growth Hub and how it is contributing towards the principles of simplifying the business support landscape and removing duplication.

In order to discuss relationships with the Growth Hub, applicants should get in touch with:

Simon King, Growth Hub Development Manager
Simon.king@businessinspiredgrowth.com

Technical Assistance

Technical Assistance support is available in the YNYER LEP Area to support projects who are applying for ESF funding. For more information on this, contact tap@eastriding.gov.uk or call 01482 391663.

Details of the local ESIF Strategy can be found at: [ESIF Implementation Plan- York, North Yorkshire and East Riding Enterprise Partnership](#)

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** and **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 York, North Yorkshire and East Riding 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 £1,500,000 ESF, split as follows.</p> <p><u>Investment Priority 2.1</u></p> <p>Approximately 28% - £140,000 allocated to the Transition Region</p> <p>Approximately 72%- £360,000 allocated to the More Developed Region</p> <p><u>Investment Priority 2.2</u></p> <p>Approximately 20% - £200,000 allocated to the Transition Region</p> <p>Approximately 80%- £800,000 allocated to the More Developed Region</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 than £100,000 of European Social Funding to any single project.</p> <p>Applications requesting an ESF amount below the ‘Minimum Application Level’ will be rejected.</p> <p>Preference will be given to applicants delivering activities to SMEs across the LEP Area covering both Investment Priorities, however the Managing Authority reserves the right to fund multiple projects subject to the quality and quantity of applications received.</p> <p>The minimum project size for both ESF and match funding, is dependent on the intervention rate determined by Category of Region (CoR) 60% Transition Region and 50% More Developed Region.</p>

	<p>As York, North Yorkshire and East Riding LEP area spans two CoR, Transition and More Developed applicants will need to provide separate financial and indicator tables with the appropriate intervention rates one for each CoR and also split by Investment Priority.</p> <p>For example if an applicant is applying across the whole LEP Area against both Investment Priorities, they will need to complete and submit 4 Financial Annexes and 4 Indicator Annexes.</p> <ol style="list-style-type: none"> 1. Transition Area, Investment Priority 2.1 2. Transition Area, Investment Priority 2.2 3. More Developed Area, Investment Priority 2.1 4. More Developed Area, Investment Priority 2.2
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 York, North Yorkshire and East Riding Local Enterprise Partnership area.
Specific call requirements	This is a call for ESF activity
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	<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>For calls covering two Categories of Region the following needs to be included:</p>

	The intervention rate in the York, North Yorkshire, East Riding 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
Operational completion	Operations must be completed no later than 3 years after the project start date.
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.

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; • brokerage of opportunities between learners and employers.

Investment Priority	2.2 Improving the labour market relevance of education and training systems
Specific Objectives	To promote improvements in the labour market relevance of skills provision through active engagement with relevant institutions and employers, particularly SMEs and micro businesses.
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, including provision co-designed with local partners.</p> <p>Examples of activities that may be supported include:</p>

	<ul style="list-style-type: none"> • support for collaborative projects, placements, internships or other activities with SMEs that enable students and graduates to gain industry-relevant experience and skills; • 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; • brokering opportunities to encourage and increase work experience, work placements, traineeships, apprenticeships, and graduate placements particularly through wider employer engagement and involving supply chains; • promoting apprenticeships (especially at advanced levels in manufacturing and other priority sectors) by developing a supportive environment for employer engagement; • developing better links with business to equip students with the skills to start and grow a business to meet local business needs.
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Results Table – Investment Priority 2.1 (More Developed)

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	25%
R8	Employed females gaining improved labour market status	5%

Results Table – Investment Priority 2.1 (Transition)

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	25%
R8	Employed females gaining improved labour market status	5%

Results Table – Investment Priority 2.2 (More Developed)

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%

Results Table – Investment Priority 2.2 (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 – Investment Priority 2.1 (More Developed)

ID	Output Indicator	Total Minimum target value for this call	Men minimum target value	Women minimum target value
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O1	Participants	423	207	216
O4	Participants over 50 years of age	101	-	-
O5	Participants from ethnic minorities	17	-	-
ESF - CO16	Participants with disabilities	30	-	-
ESF - CO14	Participants who live in a single adult household with dependent children	76	-	-
O6	Participants without basic skills	17	-	-

Outputs Table – Investment Priority 2.1 (Transition)

ID	Output Indicator	Total Minimum target value for this call	Men minimum target value	Women minimum target value
O1	Participants	132	65	67
O4	Participants over 50 years of age	28	-	-
O5	Participants from ethnic minorities	4	-	-
ESF - CO16	Participants with disabilities	8	-	-
ESF - CO14	Participants who live in a single adult household with dependent children	24	-	-
O6	Participants without basic skills	5	-	-

Outputs Table – Investment Priority 2.2 (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)	160

Outputs Table – Investment Priority 2.2 (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)	34

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 York, North Yorkshire and East Riding 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 and 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% in the More Developed area. This means ESF can contribute up to 50% of the total eligible project costs in the More Developed area, subject to State Aid regulations. The remaining 50% or more must come from other eligible sources. For the Transition area the maximum ESF intervention rate for the operation is 60%. This means ESF can contribute up to 60% of the total eligible project costs in the Transition area, subject to State Aid regulations. The remaining 40% or more must come from other eligible sources.

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 and Revenue Generation

Applicants are required, in the Outline Application, to provide a view on how their proposal complies with State Aid law. Applicants must ensure that projects comply with the law on State Aid.¹ Grant funding to any economic undertaking which is state aid can only be awarded if it is compatible aid, in that it complies with the terms of a notified scheme or is covered by the De Minimis Regulation. Guidance for grant recipients, explaining more about State Aid, is available; it is important that Applicants take responsibility for understanding the importance of the State Aid rules and securing their full compliance with them throughout the project, if it is selected into the Programme.

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

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

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."

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 and 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 and 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;
- LEP area's ESIF strategy;
- National ESF Eligibility Rules; and
- Annex for ESF IP2.2 Calls.

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 and if the application is against more than one Investment Priority, an Financial Annex per CoR per Investment Priority will be needed);
- **Outputs, Results and Indicators tables** (if the application is against more than one Category of Region, an Outputs, Results and Indicators table for each Category of Region and if the application is against more than one Investment Priority, an Indicator Table per CoR per Investment Priority will be needed)
- **Annex for ESF IP2.2 Calls** (if the application includes IP2.2 activities/funding)

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.	12 October 2017
Deadline for submission of Outline Application	7 December 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)