

2014 to 2020 European Structural and Investment
Funds Growth Programme

Call for Proposals
European Regional Development Fund

Priority Axis 3: Enhancing the
Competitiveness of Small and Medium
Sized Enterprises

Managing Authority:	Department for Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises
Call Reference:	OC50R18P 0776
Local Enterprise Partnership Area:	Multi Local Enterprise Partnership area call including the following: <ul style="list-style-type: none">• Humber• Leeds• York, North Yorkshire & East Riding• Black Country• Coventry & Warwickshire• Greater Birmingham & Solihull

	<ul style="list-style-type: none"> • Stoke and Staffordshire • The Marches • Worcestershire • Greater Lincolnshire • Leicester & Leicestershire • South East Midlands • EM3 • Hertfordshire • South East • Solent
Area Indicative Fund Allocation:	<p>£13,232,937</p> <p>£10,240,000 More developed £2,992,937 Transition</p> <p>Breakdown per LEP area is provided on page 6 and within Annex 2</p>
Call Open:	Friday 2 March 2018
Call Closes:	23:59 on Friday 20 April 2018

Contents

1.	Introduction.....	4
2.	Call Context.....	5
3.	Scope of the Call	6
3.1.	Scope.....	6
3.2.	Local development need	9
3.3.	Operational programme investment priorities	10
4.	Required Outputs under this Call	13
5.	Application Process & Prioritisation Methodology	15
6.	General Information.....	17
6.1.	National Eligibility Rules.....	17
6.2.	Eligible applicants	17
6.3.	Contribution rate and match funding	18
6.4.	Project timescales	18
6.5.	Project extensions.....	19
6.6.	Capital projects	19
6.7.	Cross Cutting Themes / Horizontal Principles	20
6.8.	Additionality, duplication and displacement.....	20
6.9.	State Aid and revenue generation.....	20
6.10.	Procurement.....	21
7.	Support.....	21
8.	Key Documents	21
9.	Document Checklist.....	22
10.	Document Submission.....	22
	ANNEXES.....	23

1. Introduction

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

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

The Funds are managed by the Department for Communities and Local Government for the European Regional Development Fund, Department for Work and Pensions for the European Social Fund and the Department for Environment, Food and Rural Affairs for the European Agricultural Fund for Rural Development. These Departments are the managing authorities for each Fund. In London, the Greater London Authority acts as an intermediate body for the European Regional Development Fund and European Social Fund programmes. In some other areas, intermediate bodies are being designated by the Department for Communities and Local Government and the Department for Work and Pensions to perform the following tasks:

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

The managing authorities and intermediate bodies work closely with local partners on ESI Funds sub-committees in each local enterprise partnership area. Partners on these sub-committees provide:

- Practical advice and information to the managing authorities to assist in the preparation of local plans that contribute towards operational programme priorities and targets;
- Local intelligence to the managing authorities (or intermediate bodies where designated) in the development of project calls that reflect operational programme and local development needs as well as match funding opportunities; and
- Advice on local economic growth conditions and opportunities within the context of the operational programme and the local European Structural and Investment Funds Strategy to aid the managing authorities' (or intermediate bodies where designated) assessments at outline and full application stage.

This call is issued by the Department for Communities and Local Government and invites outline applications in respect of the European Regional Development Fund for England 2014 to 2020.

2. Call Context

On behalf of the national Growth Programme Board, the Department for Communities and Local Government (the managing authority) invites applications seeking European Regional Development Fund support under:

Priority Axis 3 Enhancing the Competitiveness of small and medium sized enterprises

Investment Priorities:

- 3c** Supporting the creation and the extension of advanced capacities for products, services and development.

- 3d** Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes

The **European Regional Development Fund operational programme for England 2014 to 2020** sets out how the European Regional Development Fund will focus on investment to support economic growth and job creation. **Priority Axis 3** of the operational programme aims to enhance the competitiveness of small and medium sized enterprises.

Any application for funding will be required to clearly demonstrate that it provides good value for money and supports domestic strategic priorities. Applications must meet the requirement of, and make a meaningful contribution to, the delivery of the relevant Priority Axis of the [European Regional Development Fund Operational Programme](#).

In addition, applications will be expected to meet identified local development needs, as expressed in the scope of this call and as set out in the Annex 2 with, for all participating LEP areas, a reference to each European Structural and Investment Funds strategy.

Applicants are advised to familiarise themselves with the detail of the operational programme, local European Structural and Investment Funds strategy and the relevant documentation listed in sections 5 through to 8 **prior to** submitting an outline application.

Government is working with local enterprise partnership (LEPs) across England to establish a network of private sector-led growth hubs connecting businesses to the right support including access to local and Government funded support services.

Applicants under this call will need to demonstrate how activity and delivery will be co-ordinated and made accessible through the growth hub in the local enterprise partnership area covered by this call. Applicants will also need to demonstrate how they will work locally with their growth hub and all business support provision provided by local public and private sector partners and not duplicate any existing services, including that provided by the growth hub. Where relevant, further detail on growth hubs is set out below and in the Annex at the end.

Export advice is provided by UK Trade & Investment through contracts for International Trade Services and UK Export Finance. The Greater London Authority work with a number of additional organisations providing export advice. Contact the Greater London Authority for further details.

3. Scope of the Call

3.1. Scope

This call invites outline applications which support the delivery of Priority Axis 3 of the European Regional Development Fund operational programme and respond to the local development need set out in the Annex 2 with, for all participating LEP areas, a reference to each area European Structural and Investment Funds strategy.

Indicative fund allocation:	<p>Indicatively, through this call the managing authority expects to allocate up to £13,232,937 of which £10,240,000 is made available in the more developed category of region and £2,992,937 is made available in the transition category of region.</p> <p>Applicants should note the breakdown by Local Enterprise Partnership area and category of region below</p> <ul style="list-style-type: none"> • Humber £217,937 (Trans) • Leeds £3,000,000 (More) • YNYER £800,000; Of which £480,000 (More) & £320,000 (trans) • Black Country £900,000 (More) • Coventry & Warwickshire £725,000 (More) • GBSLEP £500,000; Of which £375,000 (More) & £125,000 (Trans) • Stoke on Trent & Staffordshire £980,000 (Trans) • The Marches £500,000; Of which £150,000 (More) & £350,000 (Trans) • Worcestershire £300,000 (More) • Greater Lincolnshire £1,000,000 (Trans) • Leicester & Leicestershire £500,000 (More)
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	<ul style="list-style-type: none"> • South East Midlands £750,000 (More) • EM3 £600,000 (More) • Hertfordshire £560,000 (More) • South East £1,400,000 (More) • Solent £500,000 (More) <p>The managing authority reserves the right to invite to full application (and subsequently approve) projects that have a cumulative value that is higher or lower than this indicative allocation, subject to the volume and quality of proposals received. The managing authority may also decide to place some projects submitted through this call on a reserve list and invite them to proceed at a later date, subject to the availability of funding.</p> <p>There is no indicative allocation of European Regional Development Fund funding between capital and revenue activity, both capital and revenue is eligible dependent on the nature of activities / investment priorities set out in the call.</p>
Minimum application level	<p>European Regional Development Fund investment is intended to make a significant impact on local growth. Applications are expected to demonstrate appropriate scale and impact. The managing authority does not intend to allocate less than £500,000 European Regional Development Fund to any single project. Consequently projects with a total value of less than £1,000,000 will not normally be supported under this call</p>
Duration of project activity	<p>Projects should plan to deliver activity for a maximum of three years, however the managing authority reserves the right to vary the maximum duration, upwards or downwards.</p>
Geographical scope	<p>The England European Regional Development Fund operational programme operates on a national basis. All eligible European Regional Development Fund expenditure must benefit organisations located in England.</p> <p>Revenue projects should predominantly support businesses based within the local enterprise partnership areas of this call.</p>
Specific call requirements	<p>The Managing Authority expects to award a single contract.</p> <p>Proposals should encompass the full geographical coverage of the participating LEP areas of:</p> <ul style="list-style-type: none"> ○ Humber

	<ul style="list-style-type: none"> ○ Leeds ○ York, North Yorkshire & East Riding ○ Black Country ○ Coventry & Warwickshire ○ Greater Birmingham & Solihull ○ Stoke and Staffordshire ○ The Marches ○ Worcestershire ○ Greater Lincolnshire ○ Leicester & Leicestershire ○ South East Midlands ○ EM3 ○ Hertfordshire ○ South East ○ Solent <ul style="list-style-type: none"> ● Activities supported under this call must complement and not duplicate wider business support activity and other ESIF investments taking place in the LEP areas specified in this call. Applicants are therefore encouraged to engage with each of the local enterprise partnerships concerned prior to submitting an application. ● Applications should explain how proposed activities will align with local Growth Hubs to ensure: (i) local priorities and needs will be met; and (ii) the proactive referrals of small and medium sized enterprises to and from the Growth Hubs to enable on-going support of local small and medium sized enterprises to maximise opportunities of growth. Preference will be given to applications that demonstrate evidence of engagement and alignment with local Growth Hubs. ● Where appropriate, all applicants should articulate within their application how they are going to work with and alongside national and local manufacturing knowledge base institutions and networks, including the High Value Manufacturing Catapult Centres to ensure the provision of effective referral routes that enable small and medium sized manufacturers to identify and access the most appropriate and tailored support to develop and adopt advanced manufacturing capabilities that maximise opportunities of growth. <p>Applicants are encouraged to engage with local ESIF Technical Assistance support to assist with the development</p>
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	<p>of their Application and to work with local growth hubs in developing the support model.</p> <p>Please note: Value for Money and alignment with Strategic Domestic Priorities will form a key part of the assessment and appraisal of all applications. Therefore proposals should clearly articulate and demonstrate how activities align with domestic strategic priorities and offer good value for money.</p>
Call deadlines	<p>For this specific call, applications will be assessed after the close of the single deadline.</p> <p>Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.</p>

3.2. Local development need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 3 of the operational programme, one or more of the relevant investment priorities and meet the local development need expressed in the table below.

Local Development Need
<p>Local growth priorities:</p> <p>This call is for activity which supports small and medium sized enterprise manufacturing businesses (subject to sector eligibility)</p> <p>The United Kingdom manufacturing sector is diverse, comprising a wide-ranging number of different industries, technologies and activities. Alongside established industries such as food and drink, aerospace, pharmaceuticals, electronics and automotive, new industries are beginning to develop based around new emerging technologies. These include low carbon, industrial biotechnology, nano-technology, digital and advanced materials such as composites.</p> <p>In 2013, manufacturing was the third largest sector in the United Kingdom economy, after business services and the wholesale/retail sector in terms of share of United Kingdom Gross Domestic Product. It generated some £148bn in gross value added, representing just over 10% of the United Kingdom economy. It also employed some 2.6 million people¹. However, it is recognised that faced with increased competition from emerging economies, United Kingdom manufacturers must continue to develop their productive capabilities in order to remain internationally competitive².</p>

¹ Strengthening UK manufacturing supply chains: an action plan for government and industry, February 2015 (BIS/15/6)

² BIS Economics Paper No 10A: Manufacturing in the UK: An economic analysis of the sector, Dec 2010, BIS

Activities to be supported under this call are expected to:

- deliver strategic and technical support to manufacturing small and medium sized enterprises tailored to suit the needs of individual businesses and address local sector needs;
- drive business growth by supporting manufacturers to achieve real and quantifiable improvements in productivity and competitiveness;
- provide more strategic and in-depth interventions to manufacturing small and medium sized enterprises with the capacity and ambition to develop advanced manufacturing capabilities and compete internationally; deliver supply chain interventions to strengthen and grow the domestic supplier base including local clusters in support of Industrial Strategy priorities

Local priorities:

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

Please see specific Local Enterprises Partnership area local development needs and priorities as provided at Annex 2

More generally, the applicant should explain how they will:

- complement and align with other European Regional Development Fund projects to enhance the competitiveness of small and medium sized enterprises that may impact on this activity, including business support and innovation activities.
- commit to quarterly reports to provide local partners with data on performance at the LEP area level.

3.3. Operational programme investment priorities

Applications must specify the activities to be delivered and must directly contribute to **one or more** of the following investment priorities:

Investment priority	3c – Supporting the creation and extension of advanced capacities for products, services and development.
Specific objectives	Increase the growth capacity of small and medium sized enterprises.
Indicative actions	Under this investment priority indicative actions to be supported by European Regional Development Fund may include: <ul style="list-style-type: none"> • Provision of advice to develop new business models or

	<p>higher quality products, processes or services;</p> <ul style="list-style-type: none"> • Advice and support for businesses to implement productivity improvements including through the provision of resource efficiency advice; • Advice to improve business processes and workforce development; • Advice and support for supply chain interventions to strengthen and grow the domestic supplier base; • Ensuring small and medium sized enterprises have access to sufficient levels of finance to implement their growth plans, including appropriate capital investment for premises and equipment to help build capacity; • Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaborative projects; • Grant finance for business to invest for product, process and service improvements; • Activities will target domestic and foreign-owned small and medium sized enterprises, including social enterprises.
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Investment priority	3d – Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes
Specific objectives	Increase the growth capability of small and medium sized enterprises.
Indicative actions	<p>The support provided through this specific objective will help businesses to develop their internal capability in order to improve their productivity, grow and create jobs:</p> <p>Under this investment priority indicative actions to be supported by European Regional Development Fund may</p>

include:

- Provision of efficient local referral routes to ensure that small and medium sized enterprises are able to identify and access the most appropriate and tailored support for their specific growth needs;
- Support small and medium sized enterprises to develop focused growth strategies and update or introduce new business models which will drive business performance;
- Advice and support for small and medium sized enterprises to enter, establish and expand in new domestic markets;
- Advice and support for businesses to become investment ready;
- Provision of advice, consultancy, mentoring and peer-to-peer support to indigenous businesses and inward investors (small and medium sized enterprises from outside the EU who will move to England);
- Leadership and management coaching where connected to the development and implementation of a business growth plan;
- Support events, trade fairs and missions to enable small and medium sized enterprises to enter, establish and expand in new domestic markets;
- Targeted grant schemes to support productive investment; and
- Provision of advice and consultancy on access to finance.

Activities will target domestic and foreign-owned small and medium sized enterprises, including social enterprises.

4. Required Outputs under this Call

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund will achieve the programme-level outputs for Priority Axis 3.

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

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

Investment Priority 3c	
Output reference	Name
C1	Number of enterprises receiving support
C2	Number of enterprises receiving grants
C3	Number of enterprises receiving financial support other than grants
C4	Number of enterprises receiving non-financial support
C5	Number of new enterprises supported
C6	Private investment matching public support to enterprises (grants)
C7	Private investment matching public support to enterprises (non-grants)
C8	Employment increase in supported enterprises
C29	Number of enterprises supported to introduce new to the firm products
P2	Public or commercial buildings built or renovated
P13	Number of enterprises receiving Information, Diagnostic and Brokerage support

Investment Priority 3d	
Output reference	Name
C1	Number of enterprises receiving support
C2	Number of enterprises receiving grants

C3	Number of enterprises receiving financial support other than grants
C4	Number of enterprises receiving non-financial support
C5	Number of new enterprises supported
C6	Private investment matching public support to enterprises (grants)
C7	Private investment matching public support to enterprises (non-grants)
C8	Employment increase in supported enterprises
C29	Number of enterprises supported to introduce new to the firm products
P2	Public or commercial buildings built or renovated
P13	Number of enterprises receiving information, diagnostic and brokerage support

The managing authority expects the level of outputs proposed within outline applications to be realistic and achievable and to deliver good value for money. The application should clearly state the methodology used to determine the levels of outputs proposed.

Projects will only be supported if they demonstrate good value for money. An important consideration when assessing value for money is the level of European Regional Development Fund outputs that the project would deliver.

The managing authority has not set specific output targets for this call and does not publish average or expected unit costs.

The local European Structural and Investment Fund strategy for each local enterprise partnership Area includes details of the local, notional European Regional Development Fund allocation to each priority axis and the type and number of European Regional Development Fund outputs that are expected in return for this investment.

All operations will be required to report regularly on progress toward achievement of targets. This will need to include both quantitative and qualitative data relevant to the appropriate geographical areas. Applicants will need to explain how they will collect and record this information to maintain a fully evidenced audit trail. It should be noted that if an operation fails to deliver contracted outputs, a performance penalty may apply.

5. Application Process & Prioritisation Methodology

There are two stages to the European Regional Development Fund application process:

- (i) Outline application and, if successful
- (ii) Full application.

Acceptance of an outline application to progress to full application stage does not in any way indicate or constitute an offer of European Regional Development Fund grant.

Applicants must fully complete the [outline application](#) which will be assessed by the managing authority against all of the national [selection criteria](#) except where an intermediate body has been designated to assess against some of the selection criteria. Where an intermediate body has been designated to undertake delegated tasks, the intermediate body will undertake the assessment against the selection criteria in relation to fit with local priorities.

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

The Gateway assessment is undertaken by the managing authorities and considers:

- Applicant eligibility;
- Activity and expenditure eligibility; and
- Fit with the National operational programme and the local development need set out in section 2.

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

In areas where an intermediate body³ has been designated, the following will apply:

The intermediate body will assess the application against the following Core assessment criteria:

- Local strategic fit

The managing authority will assess the application against the following Core assessment criteria:⁴

- National strategic fit;

³ This process works differently for the Greater London Authority. Please contact the Greater London Authority for further details.

- Value for money;
- Management and control;
- Deliverability;
- Compliance;
 - Procurement
 - State Aid
 - Publicity requirements
- Cross cutting themes; and
 - Environmental sustainability
 - Equal opportunities

The intermediate body will also provide advice to the managing authority to assist the managing authority to make its assessment against the following Core selection criteria:

- Value for money; and
- Deliverability.

Having assessed projects against these criteria the relevant local enterprise partnership area European Structural and Investment Funds sub-committee will advise the managing authority or intermediate body as relevant on the contribution to local economic growth conditions and opportunities within the context of the operational programme and local European Structural and Investment Funds strategy to aid the managing authority's assessments (at outline and full application stage).

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

Please note that the managing authority's decision is final and there are no appeals. If you wish to complain about the calls and application process, please follow the procedure set out at <https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/complaints-procedure>.

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

6. General Information

6.1. National Eligibility Rules

When developing an application, applicants must refer to the [National Eligibility Rules](#) setting out the requirements of the 2014 to 2020 European Regional Development Fund programme. It is the responsibility of the applicant to ensure that the National Eligibility Rules are adhered to both at application stage and following approval. Failure to do so can lead to financial penalties leading to recovery of up to 100% of the grant value. If in doubt on any of the requirements, applicants are strongly advised to seek specialist advice.

European Regional Development Fund eligibility rules apply to **all** project spend within the eligible costs, including match funding.

The European Regional Development Fund is governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation, (section 8 Key Document refers) prior to submitting an outline application. If successful at the full application stage, applicants will enter into [a Funding agreement](#) and must abide by the standard terms and conditions contained therein. Once a Funding agreement has been issued it should be signed and returned within 30 days, unless otherwise agreed with the Managing Authority. Applicants are therefore strongly advised to read these terms and conditions to ensure that they are able to enter into such an agreement prior to responding to the call.

6.2. Eligible applicants

Section 4 of the [National Eligibility Rules](#) sets out who is eligible to apply. Financial Due Diligence checks will be undertaken on non-public sector applicants that are successful at the outline application stage. Checks will be carried out following notification of a successful outline application and may exclude applicants from further consideration. These checks will include assessment of the applicant's financial standing including ability to deal with cost overruns, the ability to cash flow a project in arrears and absorb a financial irregularity. Applicants must be legally constituted at the point of signing a funding agreement. If the application is approved the applicant organisation will enter into a legally binding Funding agreement and therefore will carry the liability for ensuring that the terms and conditions of the funding agreement are met.

If there is more than one organisation applying for the funds, a lead organisation must be selected to become the applicant (and grant recipient) with the remaining

organisation(s) acting as delivery partner(s). In this situation the applicant would be responsible and liable for the delivery partner(s) and ensuring the project is operating compliantly.

During the application process the managing authority will consider the applicant's track record, both positive and negative. If the applicant has been involved in the delivery of previous European grants and any irregularities have been identified, the managing authority will expect to see what steps have been taken to ensure that the risk of further irregularities in the future is mitigated. It is acknowledged that some organisations will be new to European Structural and Investment Funds funding and will not have a track record.

6.3. Contribution rate and match funding

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

The maximum contribution rate is 60% in Transition areas or 50% in More Developed areas of the total eligible project costs subject to State Aid regulations.

The remaining 40% or 50% or more must come from other eligible sources as specified under section 6 of the National Eligibility Rules. During the application process applicants will need to satisfy the managing authority that they have, or are able to put in place eligible match funding for the balance of costs. Other EU funds cannot be used as a source of match funding.

European Regional Development Fund investment is limited by State Aid regulations and where the award of European Regional Development Fund would constitute State Aid the European Regional Development Fund grant rate may fall below the 50% or 60% maximum.

European Regional Development Fund is paid quarterly in arrears and expenditure must be defrayed prior to the submission of any grant claims. Applicants may be asked to demonstrate how they are able to cash flow the operation.

6.4. Project timescales

European Regional Development Fund funding will normally be approved for three years, however the managing authority reserves the right to extend the contract term in exceptional circumstances.

Projects approved through this call will normally be expected to:

- Submit a detailed and complete full application within three months of formal selection at outline stage. Projects which fail to meet this deadline may be deselected;
- Commence delivery (defraying European Regional Development Fund eligible costs) within three months of formal approval. Projects which fail to meet this deadline may be deselected; and
- Be closed by June 2023.

6.5. Project extensions

Existing grant recipients whose projects:

1. Do not involve the direct development of premises or infrastructure;
2. Have a funding agreement that ends/has a financial completion date during the period of this call or within **18 months of the closing date of this call**; and
3. Addresses the priorities set out in section 2

May apply for a second phase of delivery – this will be expected to be in the same form as the current project (i.e. a genuine continuation of activity) but may reflect improvement/some change to reflect experience of the first phase of the project. The application must be made using the standard outline application form. Where changes to the first phase of the project are significant, these should be presented as a new application. The relevant Growth Delivery Team will apply judgment in considering the significance of any change. Projects may apply to be extended for up to 3 years.

Applications in respect of the development of premises or other infrastructure should be presented as new projects, this includes applications that have a link to an existing European Regional Development Fund project e.g. further phases of the development of sites or premises.

Please note - extensions to existing projects will be assessed against the criteria set out in this call in the same way as ‘new’ projects. There is no guarantee that extensions will be selected. Extension requests relating to projects that end more than 18 months after the closing date of the call or do not meet the requirements set out in this call will be rejected. The applicant’s track record and the performance of existing contracts will be taken into account during the assessment process.

6.6. Capital projects

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

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

6.7. Cross Cutting Themes / Horizontal Principles

All applications selected as a result of this call will be required to demonstrate how the Cross Cutting Themes have been addressed in the project design and development. Cross Cutting Themes for European Regional Development Fund are 'equality and anti-discrimination' and 'sustainable development'. Further information is available in section 11 of the [European Regional Development Fund Operational Programme](#).

Some groups lack entrepreneurial understanding and appropriate skills and face entrenched attitudinal barriers. People in difficult social or economic circumstances face barriers to enterprise, but some groups have additional ones – for example women and black and minority ethnic groups are often under-represented in enterprise compared to the wider population, so investments under priority axis 3 should actively address barriers to business start-up and other types of business opportunities for such groups.

In providing support for small and medium sized enterprises, applicants under priority axis 3 should show, where appropriate, how resource efficiency is embedded into the business support offer.

6.8. Additionality, duplication and displacement

Additionality is a core principle of European Regional Development Funding. Applicants must be able to demonstrate that the activity paid for out of European Regional Development Funding adds value to new or existing activity.

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

Applications need to identify and evidence how the beneficiaries will use the service and demonstrate that the project does not displace other activity available in the market place.

6.9. 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. Grant funding to any economic undertaking which is State Aid can only be awarded if it is compatible aid, in that it complies with the terms of a notified scheme under the General Block Exemption Regulation (EU) 651/2014.

Only if this is not possible should Applicants use the De Minimis Regulation or 'no aid'. [Guidance for grant recipients](#), explaining more about State Aid, is available; it is important that Applicants take responsibility for understanding the importance of the State Aid rules and securing their full compliance with them throughout the project, if it is selected into the programme.

The managing authority is not able to give legal advice on State Aid. It is the responsibility of the applicant to ensure that the operation is State Aid compliant.

6.10. Procurement

All costs claimed by the applicant (grant recipient and / or delivery partner(s)) must be recovered on an actual cost basis. Other costs must be procured in line with National (including [Public Procurement Regulation 2015](#)) and EU regulations. Procurement will be subject to audit and verification and any irregularity will result in a financial penalty of up to 100% of the grant paid. Robust and transparent procurement is required to ensure that grant recipients:

- Consider value for money;
- Maximise efficient use of public money; and
- Maintain competitiveness and fairness across the EU.

It is **strongly recommended** that applicants seek and follow legal advice in respect of procurement requirements. Procurement irregularities remain the most substantive cause of error and clawback of grants.

7. Support

Please note that this is a competitive call and to preserve impartiality the managing authority and, where appropriate, the intermediate body are unable to enter into correspondence with applicants over their outline application. Details of where guidance can be found are contained throughout this call document. In exceptional circumstances, if there are issues with accessing this guidance, please contact: WM.ERDFenquiries@communities.gsi.gov.uk.

8. Key Documents

- European Regional Development Fund operational programme;
- Outline application form;

- Outline application form guidance;
- Local enterprise partnership area's European Structural and Investment Funds strategy;
- Eligibility guidance;
- Target definitions; and
- Funding agreement (revenue and / or capital).

9. Document Checklist

Incomplete applications will be rejected. Please ensure the following information (documents) are submitted.

Outline Stage:

- Fully completed outline application;
- Financial tables; and
- Outputs, results and indicators tables.

10. Document Submission

Completed outline applications must be submitted via **email** to the address in Section 7.

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

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

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

ANNEX 1

2014 to 2020 European Regional Development Funding for local business growth hub activities

Growth hubs (those governed by local enterprise partnerships) will ensure that support for business is simpler, more joined up and easier to access, providing targeted support to businesses tailored to local needs, for instance priority sectors, business start-up and those businesses with the potential to grow and scale-up. In the 2014 to 2020 European Regional Development Fund programme period, some growth hubs will also have a physical presence in the local area for businesses to seek advice, support and to network whilst others will offer a hub and spoke or virtual service via digital, telephone based and social media channels.

Whilst growth hubs are open to all businesses, regardless of size or sector, they will be able to offer European Regional Development Fund support only to those small and medium sized enterprises that are eligible under European Regional Development Fund priority axis 3. Local enterprise partnerships and their delivery partners in some localities have therefore sought further clarification as to whether the 2014 to 2020 European Regional Development Fund programme for England can be used to fund the following activities:

- Signposting and diagnostic activity (e.g. salary costs associated with business advisers, telephone support services);
- Facilitation of peer to peer networking events;
- Growth hub marketing activity;
- Development of website and customer relationship management systems (CRM) and maintenance and/or enhancements/development of new on-line tools;
- Growth hub back office and administration roles; and
- Managerial oversight of the growth hub.

The Department for Communities and Local Government has therefore worked with the Department for Business, Energy and Industrial Strategy (BEIS) to update this annex in relation to growth hub activities and how they may be supported by the European Regional Development Fund.

European Regional Development Fund objectives

Where growth hub activity is eligible for European Regional Development Fund support, it will be supported under priority axis 3 of the European Regional Development Fund operational programme which is designed to improve the competitiveness of small and medium sized enterprises by increasing the capacity

and capability of small and medium sized enterprises and promoting entrepreneurship.

Eligibility of growth hub activities for European Regional Development Fund support

Local enterprise partnerships and other delivery partners are asked to note:

1. European Regional Development Fund requires minimum match funding of between 20% and 50%, depending on where in England the growth hub is located. As a result, a robust match funding package needs to be in place for a project to proceed.
2. European Regional Development Fund requires that the match funding and associated outputs must be accounted for and auditable, so transparent reporting systems for both funding and impacts will need to be in place.
3. As a general principle, European Regional Development Fund can support core functions (and revenue costs) of growth hubs, where they directly contribute to operational programme activity and outputs.
4. Any European Regional Development Fund support under priority axis 3 is limited to European Regional Development Fund eligible sectors, small and medium sized enterprises (not large companies) and potential entrepreneurs. This means that a universal offer for all businesses cannot be funded by European Regional Development Fund – we can only fund those parts that provide support to eligible potential entrepreneurs or enterprises.
5. Delivery of information, diagnosis, brokerage (IDB) is permitted, however, integrated delivery with further support, advice or grant is preferred (for reasons of practicality, deliverability and value for money), rather than standalone information, diagnosis and brokerage
6. Growth hub staff directly associated with the delivery of European Regional Development Fund project activity are eligible for European Regional Development Fund support, e.g. staff costs for posts directly related to the European Regional Development Fund project in terms of project delivery, management, co-ordination and monitoring; and posts directly related to referrals, signposting and diagnosis of needs of small and medium sized enterprises and potential entrepreneurs eligible for support from European Regional Development Fund.
7. Growth hub marketing collateral and peer to peer events; purchase, set up and maintenance of enhancements to the customer relationship management (CRM)

systems to assist with client management; website content, tools and diagnostics may **only** be supported where developed specifically for the purpose of helping to deliver European Regional Development Fund project activity and outputs.

8. Strategic partnership development between growth hubs and organisations/institutions involved in providing business support that involves agreeing appropriate referral mechanisms that are clearly linked to signposting and information diagnostic and brokerage support for eligible small and medium sized enterprises and outputs under European Regional Development Fund priority axis 3 may be supported.
9. 15% flat rate overheads are available (based on 15% of direct staff costs) and cover eligible overheads and back office costs – for example, indirect staff costs such as receptionists, human resources, legal, procurement support, governance and partnership development time (also see 7 and 8 above), information technology, shared premises costs and other associated costs.

European Regional Development Fund will **not** be able to support generalised local growth hub activity that does not deliver support to eligible individuals or enterprises, such as:

- a. Support for strategy development (including sector strategies).
- b. Support to simplify the business support landscape (e.g. mapping and analysis), except where this relates to the development of referrals and protocols linked to European Regional Development Fund project delivery and eligible European Regional Development Fund small and medium sized enterprises.
- c. Support for research or other development activity for the growth hub and/or Local Enterprise Partnership, including the production of annual growth hub performance reports.
- d. General growth hub website maintenance and tools development unrelated to the delivery of the European Regional Development Fund operational programme.
- e. Support for general day to day growth hub strategic partnership activity and governance.

Inevitably, this will result in some functions (or parts thereof) of each growth hub that must be funded from other sources, such as private contributions or other public funds.

ANNEX 2

Call for support to small and medium sized manufacturers March 2018 Local Development Need

LEP Area	Humber
Hyperlink to LEP Area ESI Funds Strategy	http://www.humberlep.org/strategies-and-deals/european-structural-and-investment-funds-strategy/
Notional ERDF Allocation for this activity	£217,937 (Transition)
Duration	3 years
LOCAL DEVELOPMENT NEED	
Local Economic Context	
<p>The Humber economy is characterised by high concentrations of small and medium sized enterprises (SMEs) - 81.1% of businesses have fewer than ten employees. Ensuring the right conditions for SMEs to thrive is, therefore, of great importance to our economy.</p> <p>Total jobs in the Humber increased by 20,000 over the two year period 2012-2014, which represents an increase of 5.0% and is slightly above the employment growth rates reported regionally and nationally. Job density increased 0.69 to 0.73 per working age person during this time; however, a further 62,000 jobs would need to be created across the sub-region to match the national average.</p> <p>In 2014, 16.4% of all jobs in the Humber were in the manufacturing sector, compared to 8.3% nationally, highlighting the significance of the sector to the Humber economy. As a result, the Humber's Strategic Economic Plan identifies Engineering and Manufacturing as a sector of strategic importance to the Humber. It also cross-cuts a number of the Humber's other key sectors including Energy, Chemicals and Food.</p> <p>In 2014, the total output gross value added (GVA) of the Humber was around £17.5 billion, or 1.3% of UK Output. GVA per head stood at £18,924, three-quarters of that for England of £25,367. Closing the productivity gap is a key priority for the Humber going forward and supporting the manufacturing sector to become more productive is a key part of this.</p> <p>Manufacturing Businesses in the Humber face a number of barriers to growth including the ability to continuously improve and innovate, access finance, ensure the right skills for the business and access new markets. We need to support the sector to grow both in terms of productivity and profitability and create both highly skilled and entry level jobs that can be fulfilled by local residents.</p>	
Local Growth Priorities	
Applications covering the Humber area should explain the following:	

1. How they will provide a comprehensive package of support to build the growth capabilities of local SME manufacturers, to foster a more entrepreneurial culture, stimulate innovation, enable SMEs to adapt to meet new market and supply chain opportunities and build the market in low carbon goods and services
2. How they will ensure that the support provided meets local manufacturing business needs
3. How they will support and focus on the Humber's Priority Sectors (with strict regard to European Regional Development Fund eligibility criteria) including: Energy, Ports & Logistics, Chemicals, Digital, Food, Engineering and assembly operations
4. How delivery will work alongside and with the Humber Business Growth Hub
5. How programmes will complement and align with the other Business Support provision available in the Humber to deliver additional outcomes including improving advanced manufacturing capabilities and introducing new market opportunities

LEP Area	Leeds City Region
Local ESIF Strategy	https://www.the-lep.com/LEP/media/New/ESIF%20docs/Leeds-City-Region-ESIF-STRATEGY-REFRESH-February-2016-FINAL.pdf
Notional ERDF Allocation for this activity	£3,000,000 (More developed)
Duration	3 years

LOCAL DEVELOPMENT NEED

Local growth priorities

Leeds City Region (LCR) has the largest manufacturing sector in the country outside London with 7,400 businesses (6% of the business base), 144,000 employees (10.5% of the LCR workforce) and a GVA contribution of £7.7bn (accounting for 12% of LCR's output). There are a number of strong and often inter-connected sub-sectors, including: automotive, aerospace, telecommunications, food and drink, textiles, medical components and equipment, chemicals and bio-technologies. This diversity has enabled the manufacturing sector in LCR to remain relatively competitive in difficult economic periods due to there being no reliance on a particular sub-sector, or, on a small number of very large Original Equipment Manufacturers (OEMs).

As a result, the Leeds City Region manufacturing sector is characterised by a very large number of SMEs, many of which operate simultaneously in a number of different sub-sectors, for example, textiles firms supplying medical equipment and aerospace sub-sectors, and automotive firms supplying the energy and food and drink sub-sectors. Therefore, the size and flexibility of the SME manufacturing base puts it in a strong position

to benefit from business growth interventions that will add value to the wider growth and prosperity of the city region through for instance, supply chain opportunities.

Like the rest of the UK, the manufacturing sector in the city region needs to improve productivity rates, including through increased investment in research and development, automation and the digitisation of manufacturing processes. This will require SMEs to continually review and improve their systems, and skills and investment plans, to keep ahead of the competition. The opportunities and challenges presented following the EU Referendum result further reinforces the need for SME manufacturers to invest in new and improved ways of working to remain competitive.

Local priorities

Applications covering the Leeds City Region LEP area should explain the following:

1. How activity will contribute to the growth and competitiveness of LCR SMEs within the manufacturing sector and the priority sectors set out in the LCR ESIF strategy (with strict regard to European Regional Development Fund eligibility criteria) taking into consideration prime contractors/suppliers and Original Equipment Manufacturers and their associated tier 1 and tier 2 suppliers.
2. How activity will support SMEs to identify and implement productivity improvements to both business systems and manufacturing processes through the utilisation of new technologies and proven management practices.
3. How activity can support high growth within a smaller number of SME manufacturers, including through a more focussed, and bespoke package of support that could include intensive coaching, investor-readiness, business / investment planning and peer-learning.

Applicants are required to:

- Clearly articulate how their proposal will align with the LCR LEP Skills and Growth Service (Growth Hub) including, how proposed activities will complement, add value and not duplicate the following projects providing support to SMEs:
 - LEP Capital Grants
 - Access Innovation
 - Strategic Business Growth
 - LEP Skills Service
 - Developing a World Class Supply Chains
 - Innovate to Succeed
 - Northern Powerhouse Investment Fund
- Engage with the Leeds City Region Local Enterprise Partnership to identify options to meet this requirement prior to submitting an application. The expectation is that an agreed referral protocol will be established with both the LEP and relevant projects already providing support to manufacturing SMEs, particularly the Developing a World Class Supply Chains project. Applicants may also be required to attend/participate at SME support network events organised by the LEP.

LEP Area	YNYER (York, North Yorkshire & East Riding)
Hyperlink to LEP Area ESI Funds Strategy	https://www.businessinspiredgrowth.com/wp-content/uploads/2017/01/EUSIF-Implementation-Plan.pdf
Notional ERDF Allocation for this activity	£800,000 of which £480,000 More Developed; and £320,000 Transition
Duration	3 years

LOCAL DEVELOPMENT NEED

York, North Yorkshire and East Riding

York, North Yorkshire & East Riding is the largest LEP area by geography. The LEP area is one of the largest economies in England by land area covering more than 10,700 square km. It has a population of around 1.14 million people.

Though accounting for only 4% of the businesses in YNYER, manufacturing accounts for 16% of jobs in the region and 22% of turnover. Despite this, it is only responsible for 4% of the profit generated by businesses as a whole.

Manufacturing in YNYER is dominated by food manufacturing, accounting for around 35% of all manufacturing jobs in the area. A focus on food manufacturing, agri-tech and bio-renewables is in keeping with a 'smart specialisation' approach given the strength of these sectors locally and the pronounced level of research and development expertise and activity.

In order to meet the Government's productivity challenge, we also need to improve the profitability of the manufacturing sector overall. Currently, there is a huge opportunity to do this. The current exchange rate means that 29% of manufacturers are reporting an increase in exports. This increase however, combined with a skills drought brought about by the loss of "almost a generation of engineers" means that 42% of manufacturing posts remain unfilled. If this skills gap is not addressed, we could miss a crucial opportunity to improve the productivity of manufacturers. As a result, it is essential that companies look at alternative solutions to make the most of existing resources and to take advantage of new processes and ways of working. To achieve this, it is essential that we provide a package

of support for manufacturers who are looking to expand.

The priorities for the region remain:

- Profitable and ambitious small businesses
- A global leader in the bio-economy
- Inspired People
- Successful and distinctive places
- A well-connected economy

Local priorities

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

- How operations will contribute to the growth and competitiveness of local small and medium sized enterprises and address barriers to growth across York, North Yorkshire & East Riding's geography (including those faced by micro or small) and specific issues related to medium sized enterprises (with strict regard to European Regional Development Fund eligibility criteria)
- How activity will specifically target micro and small manufacturing businesses to meet local manufacturing business needs
- How activity is expected to reach rural as well as urban areas
- How activity will be co-ordinated with other local business support delivery, and how it will engage with the Growth Hub www.howsbusiness.org, local partners and private intermediaries
- Reach – how activity will extend delivery to those businesses yet to engage with the mainstream provision. This should involve joint customer acquisition strategies with the Growth Hub and collaboration with local partners and the private intermediary sector
- Intensity of support – how activity will provide sufficiently in-depth coaching and extended access to manufacturing advisor time
- How activities will complement and enhance York, North Yorkshire & East Riding's LEP's other investments, such as the Local Growth Fund.

Alongside this activity, a programme of support for supply chain development in York, North Yorkshire and East Riding is also commissioned. Proposals should work closely with this existing provision in the delivery of their programme.

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.

Before submitting an ESIF application, 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

LEP Area	Black Country
Hyperlink to LEP Area ESI Funds Strategy	Black Country ESIF Strategy
Notional ERDF Allocation for this activity	£900,000 (More Developed)
Duration	3 Years

LOCAL DEVELOPMENT NEED

Local growth priorities

The Black Country Growth Plan, made in the Black Country: Sold around the world sets out the priorities for the area, including:

The areas 2.9% growth rate (1998-2008) is the lowest of all LEP areas in England over the last 10 years and the Black Country needs to generate an extra £6.2bn of annual output just to catch up with the average performance across the UK.

Local Manufacturing Businesses have stated that access to sector specific support is essential if their plans for accessing new markets and supply chains in support of both GVA and employment growth is to be realised. They have further stated that they are looking for activities that support their business growth plans through:

- Additional Manufacturing focussed support for Supply Chain Growth - Developing the Capability to access new markets.
- Support to Identify New & Future Markets
- Incubator Programmes – supporting Research, Innovation & Development
- Raising the positive profile of the Black Country to support GVA growth
- Support to improve company skills, knowledge and Information Communication Technologies platforms in pursuit of increased Trade.
- Dedicated mentoring and support, together with a Skills for Leadership & Development Programme
- New Ideas Fund / Lean Efficiencies etc.

Our business base are under-investing in support for growth due to a number of key

issues:

- Lack of ambition
- Lack of confidence
- Lack of knowledge

The following areas of activity have been identified as helping to address some of the barriers to growth for Black Country SMEs.

- Mentoring support for new product development (NPD)
- access to supply chain specialists,
- energy efficiency/resource efficiency support,
- leadership and management support
- intensive consultancy support

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

- Black Country Strategic Economic Plan
- Black Country Smart Cities Plan
- Black Country Low Carbon Economy Strategy

LEP Area	Coventry & Warwickshire
Hyperlink to LEP Area ESI Funds Strategy	https://www.cwlep.com/sites/default/files/coventry_and_warwickshire_esif_priority_chapters_dec_2016_vfinal.pdf
Notional ERDF Allocation for this activity	£725,000 (More developed)
Duration	3 years

LOCAL DEVELOPMENT NEED (max 250 words)

Manufacturing remains a core strength of the Coventry & Warwickshire economy, and is the fifth largest sector in GVA. 34,000 people are employed in Advanced Manufacturing, and the sector is growing more rapidly than the UK average. Investments made by Original Equipment Manufacturers, innovative SMEs and the knowledge base is helping the area to build competitive advantages in the design, development and deployment of low carbon vehicles and powertrain, as well as electric, electric hybrid, fuel cells and hydrogen power systems, and lightweight materials. The development of the National Battery Manufacturing Development Facility in Coventry will help strengthen these competitive advantages.

Faced with competition from emerging economies, our manufacturing SMEs require support to continue developing their productive capabilities to become more competitive internationally. There is a need to strengthen supply chain links and re-shore activity to the region, and secure further inward investment. There is a need to enable local manufacturers to translate new ideas in volume manufacture and use Industry 4.0, and enable those operating in low technology-based sub-sectors to improve growth rates.

Local growth priorities

Through targeted and specialist support schemes that work with and alongside the Growth Hub, the key priorities for Coventry & Warwickshire include:

- Tailored strategic and technical support to SME manufacturers;
- Advice/support for SMEs to enter, establish and expand in new markets;
- Leadership & Management coaching to help develop and implement business growth plans;
- Advice, consultancy, mentoring and peer-to-peer support/networking opportunities for indigenous SMEs and inward investors;
- Access to finance and investment readiness support.

LEP Area	Greater Birmingham & Solihull
Hyperlink to LEP Area ESI Funds Strategy	https://gbslep.co.uk/resources/reports/european-structural-investment-fund-strategy
Notional ERDF Allocation for this activity	£500,000 Of which £375,000 More developed; & £125,000 Trans

Duration	3 years
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LOCAL DEVELOPMENT NEED

Developing and realising the potential of our strengths and assets in key sectors and technologies by supporting our manufacturers and their supply chain.

Local growth priorities

Our priorities are to support our advanced manufacturing supply chain- focusing on transport technology – automotive, aerospace and rail. These include our original equipment manufacturers (OEMs) and their tier 1 and 2 suppliers in particular. Our other priorities include HS2 supply chain, life sciences, energy systems, disruptive technologies including digital, intelligent and smart systems and advanced materials.

LEP Area	Stoke on Trent and Staffordshire
Hyperlink to LEP Area ESIF Funds Strategy	https://www.stokestaffslep.org.uk/app/uploads/2015/04/ESIF-Strategy1.pdf
Notional ERDF Allocation for this activity	£980,000 (Transition)
Duration	3 years

LOCAL DEVELOPMENT NEED

Stoke-on-Trent and Staffordshire LEP is looking for a manufacturing support programme, targeted at growth companies in key sectors identified in the ESIF Strategy and Strategic Economic Plan, which include Energy Generation, Auto Aero, Medical Technologies, Agri-Tech and Advanced Materials. Aligning with Midlands Engine, additional identified growth areas include Rail, Cyber, Digital/Creative Technology, Tourism and Business/Professional Services. The specific aim will be to increase manufacturing performance of the Stoke-on-Trent and Staffordshire LEP area.

Project applications are therefore sought which will build on the growth of the Stoke-on-Trent and Staffordshire LEP area and provide knowledge and support to help SMEs grow and expand

Applications covering the Stoke-on-Trent and Staffordshire area should explain how

activity would be fully integrated and add capacity to the LEP's Growth Hub.

This will include but will not be limited to the following (with regard to European Regional Development Fund eligibility criteria)

1. Staff to work in alignment with Growth Hub initiatives to specifically engage manufacturing businesses from the defined key sectors– including supporting/facilitating delivery of a range of sector focused events/workshops aligned to the growth hub's engagement plans.
2. Provide supply chain development capability to build forward links between local manufacturing capability and large enterprise procurers/Original Equipment Manufacturers (OEMs) to maximise opportunity for local sourcing and international extension of SME market opportunities. This resource will be linked to a programme of events, advisory sessions and grant assisted growth/improvement projects aimed at improving SME opportunities to enter supply chains and develop growth opportunities through collaborative product/service development – particularly in support of the centre of Excellence for Energy Systems and the Advanced materials, automotive and engineering sectors
3. Provide grant assistance towards implementation of agreed growth/improvement action plans
4. Work in alignment with Growth Hub initiatives to support eligible manufacturing businesses overcome identified barriers to growth – including access to grant assistance to undertake intensive growth capability support workshops and/or coaching. This strand will be linked closely to the Supply Chain development strand above to directly support manufacturers aspiring to meet supply chain entry standards

LEP Area	The Marches
Hyperlink to LEP Area ESI Funds Strategy	<u>The Marches ESIF Strategy</u>
Notional ERDF Allocation for this activity	£500,000 of which £350,000 (Trans); & £150,000 (More Developed)
Duration	3 years

LOCAL DEVELOPMENT NEED

The Marches area has had a fairly static enterprise population with lower rates of company births compared with other areas, despite good enterprise density. In 2011 the Marches had the third lowest business birth rate of the 39 LEPs but an excellent survival rate. By 2015 this had improved slightly and the Marches was ranked 15th indicating there are more businesses that will require support to grow.

The Marches LEP is taking an integrated approach to business support in order to address market failure around entrepreneurship, business growth, inward investment and innovation. Business support is taking place within a delivery framework which uses the best of online and offline support to streamline and re-energise activity, making it more relevant to the needs of future entrepreneurs (of all ages), new and existing enterprises and importantly, ensuring it is more accessible.

With the potential to create significant numbers of jobs and drive growth, the small and medium sized enterprises of the Marches are the backbone of the economy. However, although these businesses are resilient, market failure demonstrates that many of these businesses do not have the ability to grow without support.

The Marches is the 7th lowest ranked Local Enterprise Partnership for GVA per employee and therefore intervention is required to help increase GVA and the productivity of our businesses. This below average GVA is reflected in the low wage levels and out-commuting of higher skilled workers.

Local growth priorities

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

The Marches Strategic Economic Plan aims to create an exceptional business support environment for aspiring growth businesses through access to finance, research and incentives to innovate

The Marches excels at a national level in a number of its key business sectors which are currently predicted to generate just over a fifth of new job growth, these being:

- Advanced Engineering and Manufacturing
- Agriculture, Food and Drink
- Defence and Securities
- Environmental Technologies and Services.

The Marches area is committed to a new integrated approach to business support in order to address particular market failure and the over complication of the business support landscape. A website and physical hubs directly link new and existing businesses to

inspiring resources and information that incorporate national and global opportunities, as well as regional and local ones.

Therefore, all proposals should integrate with the Marches Business Growth Hub to ensure that all the Business Support products available in the Marches are clearly targeted where provision is needed most, to avoid duplication of activities and be compatible with the business simplification model.

LEP Area	Worcestershire
Hyperlink to LEP Area ESI Funds Strategy	http://www.wlep.co.uk/assets/WLEP-ESI-Funds-Strategy-Feb-2016-update-with-amendments-3-3.pdf
Notional ERDF Allocation for this activity	£300,000 (More developed)
Duration	3 years

LOCAL DEVELOPMENT NEED (max 250 words)

Worcestershire is home to many global engineering firms (e.g. GKN) and other companies involved in advanced manufacturing and benefits from a strong automotive supply chain, linked to Jaguar Land Rover and other Tier 1 car manufacturers. The County has attracted a number of aerospace, energy and advanced materials firms and has a strong manufacturing base in traditional industries such as carpet weaving, needles and textile manufacture.

Manufacturing stands out as being one of the key sectors in Worcestershire and accounts for 13% of all jobs the biggest sector within the county (33,000) - and 20% of Gross Value Added, as a result of the high value added jobs in the sector, with advanced manufacturing (which includes new emerging technologies and advanced materials such as composites) accounting for 5% of total employment in the county.

While Worcestershire benefits from a number of large prime contractors, over 95% of the business base is Small and Medium Sized Enterprises (comprising less than 50 employees) – including a number that supply the first tier businesses. Developing the competitiveness of these businesses and facilitating innovation and growth within them, is therefore a key priority for the Local Enterprise Partnership.

The provision of tailored business support and assistance for small and medium sized manufacturing businesses, particularly those within the identified growth sectors, will seek to address some of the key barriers preventing future growth within the County. It will

directly support the Local Enterprise Partnership's objective in relation to promoting Small and Medium Sized Enterprises competitiveness through the development of world class, innovative businesses.

Local growth priorities

There are a number of challenges that need to be addressed within the enterprise base including:

- a high level of enterprise churn compared with the national average and low productivity. In 2016, Worcestershire's GVA per worker stood at £45,400 compared with £55,200 nationally.
- a relatively large proportion (46%) of enterprises with a turnover of less than £99,000 (England average is 41%), which may be a result of the slightly higher proportion of VAT and/ or PAYE based enterprises that can be classed as micro businesses, but may also suggest less appetite for growth;
- many Worcestershire enterprises have been in operation for a relatively long time - nearly half of all VAT and/ or PAYE based enterprises have been in operation for 10 years or more – which combined with the large number with a turnover less than the national average turnover, may again indicate lower growth aspirations;
- generally low levels of exporting – Worcestershire has a relatively large proportion of employment in sectors that have a higher than average propensity for trade, but this currently not being fully realised by local businesses; and
- low levels of Small and Medium Sized Enterprises accessing business support and finance.

Proposals should therefore demonstrate alignment with local development need and priorities and explain the following:

- How the project will provide tailored support for manufacturing businesses and deliver Worcestershire's priorities, which include targeting businesses with high growth potential and companies in identified growth sectors (advanced manufacturing, agri-tech and cyber security/defence/Information Technology);
- How the project will target and engage these businesses and work with existing networks;
- Details of the support to be offered to address barriers to growth – for example advice on manufacturing processes, access to new markets, protecting Intellectual Property, business planning, support for introducing new products and services and adopting new digital and other key enabling technologies;
- How the service will provide greater support for businesses to realise local supply

chain growth and develop supplier improvement initiatives for the priority sectors;

- Client management arrangements and proposals for assembling a package of support and other services that will support growth improvements – for example access to suitable premises, workforce development support (e.g., management and leadership support), innovation support;
- How the project will complement the services delivered by the local growth hub - Worcestershire Business Central – and other aligned provision (for example projects developed as part of the growth of the Cyber Sector, and the Low Carbon Business Support programme); and
- How the project will complement and align with national support to deliver additional outcomes including advanced manufacturing capabilities, new to market opportunities.

LEP Area	Greater Lincolnshire
Hyperlink to LEP Area ESI Funds Strategy	https://www.greaterlincolnshirelep.co.uk/assets/documents/EU_SIF_%28Structural_Investment_Fund%29.pdf
Notional ERDF Allocation for this activity	£1,000,000
Duration	3 years

LOCAL DEVELOPMENT NEED (max 250 words)

Greater Lincolnshire has a long and distinguished heritage in manufacturing and engineering with significant concentrations of activity in metals manufacturing, chemicals, power engineering, agricultural engineering, agricultural engineering, rubber and plastics, electrical machinery and wood products. Our manufacturing and engineering sectors are pivotal to our long-term plans for economic growth, employing almost 41,000 people and generating over £1.9bn of economic output.

Traditional focus of many manufacturers hasn't changed – cash-flow management, continuous improvement, skills training, product extension and development. From the up-dated Manufacturing Plan 2017 some of the medium/longer term impacts are highlighted to include: Industry 4.0; Productivity Artificial Intelligence and robotic development; Midlands Engine/Connect/Northern Powerhouse; Digital connectivity and big data; Additive manufacture and talent attraction/retention.

Local growth priorities

Applications covering the Greater Lincolnshire area should help address the following:

1. How they will provide a comprehensive package of support to build the growth capabilities of local SME manufacturers, to foster a more entrepreneurial culture, stimulate innovation, enable SMEs to adapt to meet new market and supply chain opportunities and build the market in low carbon goods and services
2. How they will ensure that the support provided meets local manufacturing business needs and aligns to the GLLEP Manufacturing Board aspirations
3. How they will support and focus on the Greater Lincolnshire's Priority Sectors (with strict regard to European Regional Development Fund eligibility criteria) including: Energy, Ports & Logistics, Chemicals, Digital, Food, Engineering and assembly operations
4. How delivery will work alongside and with the Business Lincolnshire Growth Hub & delivery of a Manufacturing sector forum across Greater Lincolnshire
5. How programmes will complement and align with the other Business Support provision available in Greater Lincolnshire to deliver additional outcomes including improving advanced manufacturing capabilities and introducing new market opportunities
6. Projects that can provide sector insight visits to exemplar businesses and Innovate UK Catapult Centre and provide innovative workshop programmes for example Industry 4.0, future factory, additive manufacturing and productivity

LEP Area	Leicester and Leicestershire
Hyperlink to LEP Area ESI Funds Strategy	https://www.llep.org.uk/strategies-and-plans/esif/our-esif-strategy-2014-2020/
Priority Axis	3
Notional ERDF Allocation for this activity	£500,000 (More developed)
Duration	3 years
LOCAL DEVELOPMENT NEED	

Local Priorities narrative

Leicester and Leicestershire LEP is looking for a manufacturing support programme, targeted at growth companies and in particular the key sectors:

- Advanced Manufacturing and Engineering
- Food and Drink manufacturing;
- Textile Manufacturing;
- Low Carbon
- Life Sciences / Pharmaceutical

The specific aim will be to increase manufacturing performance in the Leicester and Leicestershire LEP area with a focus on advanced technologies and automation in manufacturing processes. Project applications are therefore sought which will build on the growth of the Leicester and Leicestershire LEP area and provide knowledge and support to help SMEs grow and expand.

Applications covering the Leicester and Leicestershire LEP area should explain how activity would be fully integrated and add capacity to the LEP's Growth Hub.

This will include but will not be limited to the following (with regard to European Regional Development Fund eligibility criteria)

1. Working in alignment with Growth Hub initiatives to specifically engage manufacturing businesses from the LEP's key sectors.
2. Providing manufacturing innovation specialist advisory capability to develop the innovation capacity of manufacturing SMEs and develop the business case for active investment in innovation support, linking closely with the local university centres of excellence
3. Providing manufacturing leadership specialist advisory capability to engage SME manufacturers in Leadership & Management development supported by: access to grant provision, development of joint initiatives with local University business schools and targeted in line with LLEP sector action plans
4. Providing grant assistance towards implementation of agreed growth/improvement action plans

LEP Area	South East Midlands
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Hyperlink to LEP Area ESI Funds Strategy	http://www.semlep.com/our-strategy/
Notional ERDF Allocation for this activity	£750,000 (More developed)
Duration	3 years
LOCAL DEVELOPMENT NEED (max 250 words)	
<p>The South East Midlands has enjoyed considerable success with regards to business and employment growth in recent years. Between 2015 and 2016, employment in the area grew by nearly 6%: the fastest growth of any LEP area in the country. Meanwhile, the business survival rate in the South East Midlands is higher than the national average: for example, the one year, two year and three year survival rates of businesses born in the South East Midlands in 2012 were 93%, 76% and 61% respectively (versus 91%, 74% and 59% for England).</p> <p>Local growth priorities</p> <p>Supporting businesses through targeted and cost effective support remains a core theme of Government enterprise policy. Providing an effective support infrastructure that delivers real economic impact by removing barriers to growth, cutting red tape, boosting trade, stimulating the start-up and growth of sustainable businesses is key to this policy</p> <p>ERDF through this call should deliver a high quality of engagement which will result in high take up and good impact per beneficiary SME demonstrated through increased GVA and jobs created.</p>	

LEP Area	Enterprise M3
Hyperlink to LEP Area ESI Funds Strategy	https://www.enterprisem3.org.uk/european-structural-and-investment-fund-strategy
Notional ERDF Allocation for this activity	£600,000 (More developed)
Duration	3 years
LOCAL DEVELOPMENT NEED (max 250 words)	

Advanced Manufacturing businesses in the Enterprise M3 Area, account for 4.4% of total businesses. In some sub-sectors such as in precision engineering, employment fell below national average. Another key challenge is providing appropriate employment space. The new LEP's EZ3 programme of Enterprise Zones is a step towards encouraging the development of new innovation areas. Finally, it is expected that the application of digital technologies, such as artificial intelligence and robotics, data analytics and additive manufacturing will make transformational improvements to productivity.

Local growth priorities

Focusing activities especially on the advanced manufacturing sub-sector:

- Set up a Manufacturing Growth Service for the Enterprise M3 LEP area targeting SMEs with growth potential, including carrying out an holistic diagnostic securing management/buy in, establishing clear targets and a bespoke intervention.
- Deploy teams of experienced industry professionals to secured embedded performance improvement in areas such as strategy, leadership and management, cost optimisation, lean production system, design and prototyping, ISO standards.
- Establish a manufacturing grant funding programme for the area with a demand-side minimum grant of £1,000 ERDF available per SME.
- Sustain the improvement by embedding knowledge in key areas throughout the business, changing cultures and demonstrating tangible business growth
- Strengthen the advanced engineering cluster in the area, encouraging supply chain co-operation in the advanced manufacturing sector especially around the automotive and aerospace sectors

Working with, but not duplicating the activity of the Growth Hub, local authorities and existing agencies, other related ERDF funded projects

LEP Area	Hertfordshire
Hyperlink to LEP Area ESI Funds Strategy	<u>Hertfordshire ESIF Strategy</u>
Notional ERDF Allocation for this activity	£560,000 (More developed)
Duration	3 years
LOCAL DEVELOPMENT NEED (max 250 words)	

Local Growth Priorities: Section 5.2.3 (Priority Axis 3) of the Hertfordshire European Structural and Investment Funds Strategy document sets out the context for selection of this Priority Axis. The Hertfordshire Economic Development Strategy 2009-2021 reported that Hertfordshire is operating in a global marketplace, facing increasing competition from other parts of the world that can undercut it. The county remains an expensive place to live, and to locate or run a business. This means that it needs to demonstrate significant added value to overcome the extra cost hurdle and maintain its competitive edge. The vast majority of businesses in Hertfordshire are small and medium sized enterprises accounting for around half of all employment.

The vast majority of small and medium sized enterprises are sole traders and partnerships employing fewer than 4 people, and representing approximately 73% of the business base. However, the small and medium sized enterprise base is undersized in terms of the representation of businesses in employment size bands between 5 and 249 employees. Non-micro, small and medium sized enterprises and large firms are still the main drivers of employment growth accounting for more than three quarters of all employment but representing less than 30% of the business base.

This context and related points of evidence underpin the Local Enterprise Partnership's strategic priorities to focus on growing micro businesses to small businesses and scaling existing small and medium sized enterprises to become larger firms.

Studies suggest that firms which seek and accept external advice, out-perform businesses that do not. Hertfordshire retains a need within its portfolio of business support programmes for specialist provision to support the growth of small and medium sized enterprises in the manufacturing sector.

Local growth priorities

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

- Project delivery that is compatible and consistent with the Hertfordshire Growth Hub's role as the main channel through which business support in the county is coordinated;
- Provide visible and dedicated adviser resource to operate in Hertfordshire;
- Advanced engineering and manufacturing is a major sector in Hertfordshire and proposals should demonstrate interventions that will be provided at sufficient depth to support growth and productivity improvements amongst beneficiary SMEs. In addition to complementing scale up activity delivered by the wider business support provision operating in Hertfordshire – i.e. support for small and medium sized enterprises to become larger firms
- Consistency with the aims set out in the Hertfordshire's European Structural and Investment Funds implementation plan and the Foundations for Growth package in Hertfordshire Local Enterprise Partnership's Strategic Economic Plan

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LEP Area	South East
Hyperlink to LEP Area ESI Funds Strategy	http://www.southeastlep.com/images/uploads/resources/SELEP_ESIF_Refresh_March_2016_v11_CLLD_revised_FINAL.pdf
Notional ERDF Allocation for this activity	£1,400,000 (More developed)
Duration	3 years

LOCAL DEVELOPMENT NEED

Local Priorities narrative

The SELEP area is large, encompassing Essex, Southend, Thurrock, Kent, Medway and East Sussex. With four million residents, the SELEP area accounts for 7.5% of England's total population, and is the second most populous LEP area in England.

Unsurprisingly SELEP is a major regional economy. In 2012, output (as measured by GVA) from the SELEP economy totalled £68.9bn, representing 5.9% of the England total (£1,174bn). With 344,300 businesses in the area, SELEP has a strong business base and a high business density. There are 86 firms per 1,000 residents, compared with 82 for England, and rate of self-employment is above average. The rate of business failure is also relatively low, with 3.5 registered business failures per 1,000 people in the LEP area, compared to 3.8 for England.

SELEP firms are smaller than the UK average although there are concentrations of larger firms in particular locations. A significant proportion (15%) of business turnover is generated by products/services which are new to market, compared with just 6% across England.

SELEP is looking for a targeted manufacturing business support programme that will align with existing business support provisions within the area, supporting high growth companies and in particular the key sectors with high growth potential in the SELEP area:

- Life sciences and medical technology
- Advanced manufacturing
- Logistics

- Low carbon economy
- Creative, cultural and media

Applications covering South East LEP area should explain how activity would be fully integrated and add capacity to the LEP's Growth Hub.

This will include but will not be limited to the following (with regard to European Regional Development Fund eligibility criteria)

1. Working alongside and with the South East Growth Hub and, in particular, linking/integrating with services and marketing within the Area Growth Hubs.
2. Integrating activity within the local business support landscape (including local initiatives aimed at boosting manufacturing growth) and committing to collaborating and working with local partners in order to add value and ensure joined up delivery in the South East, including where appropriate co-location. In addition, involving appropriate local partners and stakeholders across the South East Local Enterprise Partnership area, taking into account its specific geography and distributed responsibilities for economic development.
3. Ensuring the availability of specialist targeted and tailored support, rather than generic, non-specialist advice and guidance. In particular, attention to key growth risk points should be addressed (expansion, securing external investment, increasing fixed overheads, managing cash flow etc.). Applicants should detail how they will assist businesses to change the way they operate, make innovative improvements, stimulate business thinking and help businesses to enhance existing products, services and processes, as well as develop new ones, and to enter new markets.
4. Provision of local in-depth interventions to SMEs – this may be through dedicated manufacturing advisors with a local presence and co-located where possible with the Growth Hub.
5. High visibility of the service throughout the SELEP area, along with monitoring of performance to ensure continuous improvement in delivery.
6. Availability of service to eligible businesses across the whole of the SELEP area, clearly explaining how the project would meet local need, and ensure that there is an understanding of the local landscape in terms of priority sectors.
7. Support to clusters of advanced and high growth potential manufacturing companies to collaborate and promote mutual benefits for example in networking, marketing, joint investments and strategic planning.
8. Promotion of supply chain development and enhancement, in particular to help SELEP based SMEs to join advanced manufacturing supply chains, and with sectoral focus on growth areas, collaboration, opportunity identification and research.

LEP Area	Solent
Hyperlink to LEP Area ESI Funds Strategy	Solent ESIF strategy
Notional ERDF Allocation for this activity	£500,000 (More developed)
Duration	3 years

LOCAL DEVELOPMENT NEED

Local growth priorities

The Solent economy has a population of over 1.3 million, 50,000 businesses, and a local GVA of £27.8 billion. Two densely populated cities and complex coastal geography, present unique challenges. The economy is shaped by its four ports, which are high performing economic assets of national significance and access to global markets. However the economy under performs. Average productivity in the Solent stood at £45,645 in 2015, this was 8.4% below the regional average and 0.5% behind the UK average. The UK Competitiveness index 2016 ranks Solent as the second least competitive LEP area in the South East of England.

Manufacturing and in particular advanced manufacturing is a significant contributor to the Solent economy. The Solent LEP is prioritising investment to support businesses to innovate, export and grow, recognising our comparative advantages, in order to reposition the Solent as a globally, future-facing, agile economy, adaptive to opportunities and challenges of 4th Industrial Revolution. The Solent LEP wishes to secure provision that provides targeted and specialist support for manufacturing companies with growth potential. More broadly, the following sectors are identified as having the greatest potential for commercialisation economic growth and therefore prioritisation:

- Marine and Maritime
- Photonics
- Advanced Materials and Composites
- Digital and Computer Science
- Aerospace and Defence, including autonomous systems
- Life Sciences and clean tech
- Creative Industries.

Further detail is set out in the [Solent Productivity and Growth Strategy Update 2017](#) which accompanies the original [Solent Strategic Economic Plan](#) and [Solent ESIF strategy](#) and

the [Innovation South Science and Innovation Audit](#)