# 2014 to 2020 European Structural and Investment Funds Growth Programme

## Call for Proposals
## European Regional Development Fund

# Priority Axis 1: Promoting Research and Innovation

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| **Managing Authority:** | **Department for Communities and Local Government** |
| **Fund:** | **European Regional Development Fund** |
| **Priority Axis:** | **Priority Axis 1: Promoting Research and Innovation** |
| **Call Reference:** | **OC50R18P 0714** |
| **Local Enterprise Partnership Area:** | **Multi Local Enterprise Partnership Call: Enterprise M3, Thames Valley Berkshire, Coast to Capital, Dorset, Solent, South East (Linkages to South East Research and Innovation Call - OC30R18P 0721)** |
| **Indicative Funding Available:** | **£600,000 in total.** |
| **Call Open:** | **Friday 2 March 2018** |
| **Call Closes:** | **23:59 on Friday 20 April 2018** |

# Contents

# 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 1     Promoting Research and Innovation**

**Investment Priorities:**

**1b**     promoting business investment in research and innovation

- developing links and synergies between enterprises, research and development centres and the Higher Education sector, in particular  promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation

- supporting technological and applied research, pilot lines, early product validation actions, advance manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies.

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 1** of the operational programme aims to improve how small and medium sized enterprises commercialise research and how they collaborate with research institutions.

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 [Enterprise M3 Local Enterprise Partnership ESIF Strategy, Thames Valley Berkshire Local Enterprise Partnership ESIF Strategy,  Dorset Local Enterprise Partnership ESIF Strategy, Coast to Capital Local Enterprise Partnership ESIF Strategy, South East Local Enterprise Partnership and Solent Local Enterprise Partnership](#) European Structural and Investment Funds strategy.

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

# 3. Scope of the Call

## 3.1.   Scope

This call invites outline applications which support the delivery of Priority Axis 1 of the European Regional Development Fund Operational Programme and respond to the local development need set out in the [Enterprise M3 Local Enterprise Partnership ESIF Strategy, Thames Valley Berkshire Local Enterprise Partnership ESIF Strategy,  Dorset Local Enterprise Partnership ESIF Strategy, Coast to Capital Local Enterprise Partnership ESIF Strategy, South East Local Enterprise Partnership and Solent Local Enterprise Partnership](#)  European Structural and Investment Funds strategy.

| Indicative fund allocation | Indicatively, through this call the managing authority expects to allocate up to £600,000 in total. |
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| | It is proposed that the call covers all six Local Enterprise Partnership areas and £100,000 would be available from each area's allocation. |
| | 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. |
| | There is no indicative allocation of European Regional |

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| | 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. |
| **Minimum application level** | 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 |
| **Duration of project activity** | Projects should plan to deliver activity for a maximum of three years; however the managing authority reserves the right to vary the maximum duration, upwards or downwards. |
| **Geographical scope** | 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.<br><br>Revenue projects should predominantly support businesses based within the local enterprise partnership areas of this call. |
| **Specific call requirements** | It is expected that a single contract will be awarded. Applicants should submit a single application and clearly indicate in which LEP areas activity will be delivered. Delivery in all six areas listed in the Call is preferred.<br><br>There is a separate call for Priority Axis 1 projects in the South East Local Enterprise Partnership area. Applicants may wish to consider responding to the South East Local Enterprise Partnership Call as well to ensure wider linkages across the Greater South East region.<br><br>**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. |

| Call deadlines | For this specific call, applications will be assessed after the close of the single deadline |
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| | Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call. |

## 3.2. Local development need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 1 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 |
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| **Local growth priorities:**<br><br>Enterprise M3 LEP has been leading the Innovation South consortium[1] for the completion of a Wave 2 Science and Innovation Audit (SIA). This specification is based around the outcome of the SIA consultation that took place involving more than one hundred organisations from both public and private sectors. The SIA looked at the outstanding strengths and opportunities in digital enabling technologies applied in four key sectors: advanced engineering, connected digital, marine and maritime, and biosciences with the aim to sustain and maximise global influence.<br><br>This consultation has led to a number of recommendations for action to help enable economic growth and a vehicle for regional ambition; one of them is to invest in a Digital Enabling Technologies Knowledge-to-Market Accelerator programme.<br><br>Further information about the Science and Innovation Audit is available here: https://www.enterprisem3.org.uk/news/%E2%80%9Cinnovation-south%E2%80%9D-consortium-selected-wave-2-government%E2%80%99s-science-and-innovation-audits<br><br>Innovation South spans eight counties, two National Parks, and more than a thousand kilometres of England's coastline. From Dorset to Kent and from the Isle of Wight to the fringes of London, it is home to more than a tenth of the UK population and supports an economy comparable in size to that of Denmark.<br><br>The Innovation South Consortium embraces well over one hundred organisations from the region's private (SME and corporate) and public sectors. They are united around an ambition to sustain and advance the findings and recommendations of the SIA in order to maximise the region's contribution to the UK's global influence in the science and commercial application of Digital Enabling Technologies. |

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[1]The consortium includes the following LEPs: Enterprise M3, Thames Valley Berkshire, Coast to Capital, Solent, Dorset and Kent and Medway Economic Partnership (part of the South East LEP)

Innovation South has many economic advantages. Much of the workforce is highly qualified and good numbers of people work in science, research, engineering and technology. Average earnings are higher than England's and there are impressive levels of productivity in some parts of the region.

It's a dynamic region for business growth. Across most of the area, the concentration of start-up enterprises and the incidence of high growth firms are well above England's average. Business start-ups outnumber business deaths and the share of national companies is larger than the national average.

The success of Innovation South is significantly influenced by a close relationship with London. The region's proximity and connectivity to this dynamic and growing world city makes it an attractive business location; there are strong commuting flows in both directions and the links benefit both economies.

The Innovation South SIA has highlighted a need for greater collaboration to identify and commercialise opportunities that could emerge from digital enabling technologies[2] and to 'join up' the regional innovation eco-system (across SMEs, larger businesses, universities, and a range of other organisations).

A Knowledge-to-Market Accelerator (KMA) would respond to this need by establishing a region-wide partnership, led by business and the South's universities, to support initiatives to broker and support the development of new technologies and new industrial products between businesses and universities across a vibrant and integrated supply chain.

**Project content**

Applicants are encouraged to develop innovative approaches, backed by evidence, to support the value of the proposed activities, the effectiveness of the proposed delivery approach and the rationale for specific targeting.  Applicants need to identify how funding will be allocated across all aspects of the respective work streams/activities and target areas.

Proposals to deliver a KMA project should build on the work already done by the Science and Innovation Audit. It should bring together major businesses that are engaged in the procurement and development of digital enabling technologies (such as those in the defence and telecoms sectors, highlighted in the SIA Report), universities with world leading capabilities and a track record of commercialising research and the region's network of Local Enterprise Partnerships.

Applicants should also show how proposed activity builds on and complements with existing best practice and activity taking place across the local LEP areas (including current ERDF funded projects). Applications should add value and strengthen existing knowledge and technology transfer activity to address key innovation challenges.

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[2] 5G, cyber security, big data, photonics and quantum

More specifically, applicants should indicate how the proposed project will:

- **Act as a focal point in the region for innovation** in digital technologies that specifically links the world leading developments in communications (5G), security (cyber), hardware (electronics and photonics), software (machine learning, AI and big data analytics) and creativity (CGI, augmented reality and computer gaming, quantum);
- **identify new opportunities** which may arise from the as yet unforeseen application of combinations of different digital technologies and bring together various stakeholders from business and academia to develop and commercialise these new business opportunities;
- **respond to input from industry** where a solution needs to be found for a clearly identified business need that can be solved by the combination of digital enabling technologies that exist in the region but which at present are developing in isolation;
- **ensure** that companies of all sizes, from large multi-nationals to SMEs and start-ups, as well as all **partner agencies** within the regional 'innovation system' (such as LEPs and Growth Hubs) are aware of these potential opportunities

**Local priorities:**

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

Applicants are encouraged to include the following elements in project delivery:

- Establishing a knowledge-to-market accelerator;
- Designing and delivering a range of activities to increase levels of collaboration amongst relevant research institutions and between researchers and the wider business community. This work should lead to more systemic innovation, probably of a disruptive nature but also providing new market opportunities. This work might include peer to peer work, 1-2-1 interventions or 1-2-many approaches;
- Organising a series of roadshows, demonstrators and workshops on how these new disruptive technologies will affect the future and open new market opportunities for businesses;
- Supporting SMEs/organisations to be part of the 'connected digital' sphere e.g. connecting SMEs and start-ups to regulatory bodies and framework;
- Establishing a funding mechanism to select and help to fund small-scale innovation projects under the Knowledge-to-Market Accelerator;
- If gaps are identified and evidenced by the market, a Knowledge-to-Market Accelerator grant funding programme for start-ups and SMEs could be set up (the minimum threshold is £1,000 ERDF grant);
- Measuring the impact of interventions through the Knowledge-to-Market Accelerator. For example, by evaluating the impact on regional competitive advantage and this 'supply chain' from research to innovation enabled by the Knowledge-to-Market Accelerator;

- Complement existing provision in the regional 'innovation system' (including Local Enterprise Partnerships and Growth Hubs).

## 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 | **1b – Promoting business investment in research and innovation;**<br><br>• **Developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and**<br><br>• **Supporting technological and applied research, pilot lines, early product validation actions, advance manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies.** |
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| **Specific objectives** | • Increase investment in research and innovation by small and medium sized enterprises in sectors and technologies identified through smart specialisation; and<br><br>• Increase the number of small and medium sized enterprises engaged in knowledge exchange, collaborative and contract research and innovation with research institutions, public institutions or large enterprises in order to help them bring new products and processes to market. |

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| **Indicative actions** | Under this investment priority indicative actions to be supported by the European Regional Development Fund may include:<br><br>• Support for smart specialisation collaborative and contract research and development including initiatives stimulating and facilitating productive innovation partnerships;<br><br>• Support for the commercialisation of new products and business processes and initiatives, particularly targeted to aid innovation in the Eight Great Technologies as set out in "Smart Specialisation in England";<br><br>• Collaborative and contract research and development programmes;<br><br>• Applied research programmes, particularly targeted at sectors and technologies set out in "Smart Specialisation in England";<br><br>• Innovation vouchers for small and medium sized enterprises;<br><br>• Innovation support programmes for product design and development and systems integration;<br><br>• Initiatives simulating the demand for new or improved services, processes and products including business-led and public procurement programmes;<br><br>• Schemes providing practical, financial and material support for the innovation process within businesses;<br><br>• Schemes stimulating and enabling graduate start-up and spin out from universities, colleges and research institutions;<br><br>• Technology support programmes and demonstrator projects and programmes for current and future technologies;<br><br>• Knowledge transfer programmes, particularly linked to priority growth sectors and the technologies set out in |

"Smart Specialisation in England";

- Support to engage more businesses in knowledge transfer and innovation, develop links to wider Higher Education institutions and research institutions and demonstrate the benefits of working with knowledge base partners;

- Support for innovation ecosystems including business-led networks and open innovation ecosystems that reduce the complexity of interaction within and between organisations;

- Activities promoting a smart specialisation approach and initiatives that develop the supportive environment for innovation in small and medium sized enterprises including the promotion of networks and industry groups in key sectors;

- Grants to support businesses to develop prototypes and prove concepts to assist tech start-ups with early stage development work and the exploitation of intellectual property; and

- Grants to promote the use of social innovation to bring new products and processes to the market.

The focus of activity under this priority axis is improving commercialisation of new or enhanced products or services by small and medium sized enterprises, whether through increased investment or better collaborations, but this requires the involvement of a much wider group including larger firms in cooperation with their supply chains and other small and medium sized enterprises, higher education institutions, public sector institutions and research centres, Catapult Centres and other centres of excellence.

Projects under this investment priority, including pilot or demonstrator activity, may include capital spend where this is integral to their delivery. This may include enhancements to premises or new build, equipment and facilities. Where new premises are to be built, then there must be clear evidence that demand is not met by existing

| | supply. |
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# 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 1.

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 1b ||
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| 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) |
| C8 | Employment increase in supported enterprises |
| C26 | Number of enterprises cooperating with research entities |
| C28 | Number of enterprises supported to introduce new to the market products |
| C29 | Number of enterprises supported to introduce new to the firm products |
| P2 | Public or commercial buildings built or renovated |

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 and 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 body[3] 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;
- 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

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

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 to2020 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 50% of the total eligible project costs subject to State Aid regulations.

The remaining 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% 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](#).

Projects seeking funding under Priority Axis 1 will be expected to demonstrate measures that promote greater female participation in associated sectors.

Physical infrastructure such as incubation space must take into account the needs of disabled people as regards access and use. Buildings must meet minimum accessibility requirements. Where possible, accessibility toolkits and undertaking pre- and post-build access audits should be used to add quality to investments.

## 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: GSE.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.