

2014 to 2020 European Structural and Investment  
Funds Growth Programme

Call for Proposals  
European Regional Development Fund

Priority Axis 2: Enhancing Access To, and  
Use and Quality of, Information and  
Communications Technology

<b>Managing Authority:</b>	<b>Ministry of Housing, Communities and Local Government</b>
<b>Fund:</b>	<b>European Regional Development Fund</b>
<b>Priority Axis:</b>	<b>Priority Axis 2: Enhancing Access To, and Use and Quality of, Information and Communications Technology</b>
<b>Call Reference:</b>	<b>OC10R19P 0979</b>
<b>Local Enterprise Partnership Area:</b>	<b>Enterprise M3</b>
<b>Indicative Fund Allocation:</b>	<b>£1,514,736</b>
<b>Call Open:</b>	<b>Friday 28 June 2019</b>
<b>Call Closes:</b>	<b>23:59 on Monday 30 September 2019</b>

# Contents

1.	Introduction.....	3
2.	Call Context.....	4
3.	Scope of the Call .....	6
3.1.	Scope.....	6
3.2.	Local development need .....	7
3.3.	Operational programme investment priorities.....	10
4.	Required Outputs under this Call .....	12
5.	Application Process and Prioritisation Methodology.....	13
6.	General Information.....	14
6.1.	National Eligibility Rules.....	14
6.2.	Eligible Applicants.....	15
6.3.	Contribution rate and match funding .....	16
6.4.	Project timescales.....	16
6.5.	Project extensions.....	16
6.6.	Capital projects .....	17
6.7.	Cross Cutting Themes / Horizontal Principles.....	17
6.8.	Additionality, duplication and displacement.....	18
6.9.	State Aid and revenue generation.....	18
6.10.	Procurement .....	18
7.	Support.....	19
8.	Key Documents .....	19
9.	Document Checklist .....	20
10.	Document Submission.....	20

# 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 funding for ERDF projects that are contracted by the end of 2020.

All contracted ERDF projects must be completed by the end of the programme period, 30 June 2023. Each application for ERDF will be required to demonstrate that it delivers good value for money and domestic strategic priorities.

The funds are managed by the Ministry of Housing, 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 Ministry of Housing, Communities and Local Government and the Department for Work and Pensions to perform the following tasks:

1. Input into project calls in respect of local development needs (with reference to ESI Funds Strategies); and
2. 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:

1. Practical advice and information to the managing authorities to assist in the preparation of local plans that contribute towards operational programme priorities and targets;
2. 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

3. 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 Ministry of Housing, 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 Ministry of Housing, Communities and Local Government (the managing authority) invites applications seeking European Regional Development Fund support under:

### **Priority Axis 2    Enhancing Access To, and Use and Quality of, Information and Communications Technology**

#### **Investment Priorities:**

- 2a**        Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy
  
- 2b**        Developing Information and Communications Technology products and services, e-commerce, and enhancing demand for Information and Communications Technology

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 2** of the operational programme aims to enhance access to, and use and quality of, information and communications technology.

Harnessing the power of digital technologies such as Artificial Intelligence (AI) and the data revolution is one of the Grand Challenges transforming the global economy. We want to ensure that enterprises are supported to enhance digital capabilities and utilise data and digital technology to fulfil their growth potential.

Evidence suggests that SMEs with a strong online presence on average grow more than twice as quickly as those with minimal or no presence, export twice as much, and create twice as many jobs<sup>1</sup>. However, British SMEs are falling behind their European competitors in using ICT<sup>2</sup>. While UK companies have similar levels of internet access

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<sup>1</sup> Oxford Economics, 2015. *The UK's £92bn digital opportunity*. Available online at: <https://www.oxfordeconomics.com/recent-releases/the-UKs-digital-opportunity>

<sup>2</sup> DCMS, 2017. *UK Digital Strategy*. Available online at: <https://www.gov.uk/government/publications/uk-digital-strategy>

and web presence as those in other European countries, they are less likely to digitise their back-office functions than their peers in other countries. Fewer than 20% of UK enterprises use software to share information across the organisation, compared to 40% in France and more than 55% in Germany<sup>3</sup>, and only 22% of SMEs in the UK use any form of e-commerce<sup>4</sup>. Embracing digital has the potential to make every business in every sector more productive, wherever they are located. A recent survey of 1,000 UK-based businesses found digital capabilities helped boost revenues by 4.4% and reduce costs by 4.3%.

By May 2018, Ofcom reported 93% of UK premises had access to superfast broadband (SFB) (30Mbps), while 5% had access to full fibre broadband<sup>5</sup>. However, there still exists wide variation when comparing SFB coverage in urban areas with rural, and limited infrastructure support may still be required in some areas. We are currently unable to support ultrafast broadband infrastructure due to State Aid regulations.

Important guiding principles for the selection of ERDF operations within Priority Axis 2 therefore include:

1. Any application for funding will be required to clearly demonstrate that it provides good value for money and supports domestic strategic priorities, including the 2017 [UK Industrial Strategy](#), the [Business Productivity Review](#) and the [UK Digital Strategy](#).
2. 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](#) and where appropriate should reflect how such support will aim to improve productivity levels within small and medium sized enterprises.

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 area](#) Structural and Investment Funds strategy, as well as Local Industrial Strategy where available.

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.

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<sup>3</sup> Eurostat, 2017. Available online at: [https://ec.europa.eu/eurostat/statistics-explained/index.php/E-business\\_integration#Database](https://ec.europa.eu/eurostat/statistics-explained/index.php/E-business_integration#Database)

<sup>4</sup> BIS, 2015. *Digital Capabilities in SMEs: Evidence Review and Re-survey of 2014 Small Business Survey respondents*. Available online at: <https://www.gov.uk/government/publications/digital-capabilities-in-small-and-medium-enterprises>

<sup>5</sup> Ofcom 2018, Connected Nations Update (October 2018)

### 3. Scope of the Call

#### 1. Scope

This call invites outline applications which support the delivery of Priority Axis 2 of the European Regional Development Fund operational programme and respond to the local development need set out in the [Enterprise M3 Local Enterprise Partnership area](#) European Structural and Investment Funds strategy.

<p><b>Indicative fund allocation:</b></p>	<p>Indicatively, through this call the managing authority expects to allocate up to £1,514,736.</p> <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.</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>
<p><b>Minimum application level</b></p>	<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.</p> <p>The managing authority does not intend to allocate less than £500,000 European Regional Development Fund resources to any single project. Consequently, new projects with a total value of less than £1,000,000 will not normally be supported under this call. Applications for less than £500,000 ERDF for extensions to existing projects will be considered.</p>
<p><b>Duration of project activity</b></p>	<p>Projects should plan to complete delivery of project activity by the end of June 2023; however, the managing authority reserves the right to vary this date.</p>
<p><b>Geographical scope</b></p>	<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>

	Revenue projects should predominantly support businesses based within the Local Enterprise Partnership area of this call.
<b>Specific call requirements</b>	<b>Please note: Value for Money and alignment with Strategic Domestic Priorities , <a href="#">including the 2017 Industrial Strategy</a></b> , (or any later publication that amends or supersedes that). 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.
<b>Call deadlines</b>	For this specific call, applications will be assessed after the close of the single deadline.  Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.

## 2. Local development need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 2 of the operational programme, one or more of the relevant Investment Priorities and meet the local development need expressed in the table below.

<b>Local Development Need</b>
<p><b>Local growth priorities:</b></p> <p>The Enterprise M3 Gaming sector proposition (2018) has identified 8,500 digital businesses with 50,000 people accounting for 7.4% of all Enterprise M3 employment. Within the digital sector, the gaming and cyber security sub-sectors are particularly important and these are fast growing and thriving sectors. The UK has a long history of making world class video games and is currently estimated to be the sixth largest video game market in 2015 in terms of consumer revenues, supporting 12,100 FTEs in direct employment according to a report by the British Film Industry. The Government's 2016-2021 National Security Strategy identified cyber attacks as one of the top threats to the UK. Enterprise M3's cyber security cluster is a key player in both economic growth and securing the UK's virtual security via research and innovation.</p> <p>These two key digital sub-sectors would benefit from specific support packages to maximise SME competitiveness, including access to international markets. In</p>

addition, there is potential to utilise these digital sub-sectors to support interconnectivity across other Enterprise M3 sectors.

The Enterprise M3 Digital Technologies Report (Nov 2015) highlights that many local businesses are not fully exploiting their digital opportunities. Although superfast broadband availability in the Enterprise M3 area is greater than the UK average, superfast broadband uptake is low. Further, the ERDF England Operational Programme 2014 – 2020 recognises that access to and effective use of broadband can benefit businesses in many ways, including stimulating growth, improving productivity, market development, and knowledge flows. In addition, effective use of broadband can stimulate new business start-ups and improve access to the labour market for certain excluded groups.

One of the challenges therefore is to stimulate demand and greater uptake of superfast broadband through SME business support projects that increase awareness of the benefits of superfast broadband and its effective use within the business.

This call is also aimed at supporting SMEs across Enterprise M3's key sectors to better understand the costs and benefits of becoming more digital, including understanding the processes, hardware and skills needed to compete more effectively. SMEs should be supported to access the technology and adapt their strategy, products and services. Those SMEs already engaging with digital technology should be supported to increase their competitiveness in domestic and international markets.

#### **Local priorities:**

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

This Call is seeking proposals for the development and delivery of a scheme to stimulate uptake of superfast broadband by SMEs and/or support SMEs across key sectors to use more effectively digital infrastructures and processes to maximise their competitiveness and resilience. This could include increased usage of cloud based systems and implementation of integrated digital systems for accountancy, customer relationship management and record keeping. Support should also encompass raising SME awareness of and solutions for cyber security.

Applicants should demonstrate how the opportunities and business support activities will be extended across the LEP's priority and emerging sectors as defined in the [Enterprise M3 Strategic Economic Plan](#). Consideration should also be given to how the support activities will be extended to rural communities.

- The **nature and scope of the digital interventions** proposed and how the interventions will impact on SMEs;
- How the project will **address the market failures** preventing SMEs from taking up superfast broadband;



- **Opportunities for development** of new products, processes and services as a result of SMEs embracing digital technologies;
- **Practical support** through coaching, advice, consultancy and mentoring to businesses (including social enterprises) and start-up enterprises seeking to utilise digital technology to improve their products and competitiveness;
- **Strong connectivity** across the whole of the Enterprise M3 area as well as links with neighbouring LEP areas;
- **Close partnership working** with established business support providers and networks including Enterprise M3 Growth Hub and the planned digital technologies business innovation network which is being funded under a previous ERDF call; and
- **Complementarity and value added** to relevant local, national or European schemes.

Specific activity should be for applicants to develop proposals that stimulate superfast broadband uptake by SMEs and enhance the competitiveness of SMEs through utilising digital technologies. The following are examples only of the types of activities that could be included:

- **SME to SME mentoring schemes** in which businesses which have effectively utilised digital technologies to improve their competitiveness and resilience mentor SMEs who have not yet fully engaged with digital technologies;
- **Specialist support** providing enhanced advice for SMEs to develop ICT products and services, e-commerce capability, links with centres of expertise and connections to other forms of support, funding, skills, guidance and networks;
- **Support for SMEs to undertake audits** and formulate action plans for technology driven change within their organisation impacting on productivity, efficiency, resilience, growth and cyber security;
- Support for SMEs to **update or introduce new ICT business** models which will drive business performance and improve productivity;
- **Demand-side voucher scheme** offering vouchers of a minimum value of £1,000 to overcome barriers in uptake and utilisation of superfast broadband;
- **Grant support** to SMEs from specific sectors and subsectors, with a minimum value of £1,000;
- Support and advice for SMEs to **develop new products, access new markets (including international) and participate in supply chains** through increased utilisation of digital technologies and ICT connections; and
- Sub-sector specific support packages, for example for the **games industry and cyber security sectors**.

All projects should demonstrate;

- Strong connectivity across the whole of the Enterprise M3 area including rural areas

- Close partnership working with digital innovation support providers and networks including Enterprise M3 Growth Hub, and public and private sector partners working together to support digital growth.

### 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:

<b>Investment priority</b>	<b>2a – Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy.</b>
<b>Specific objectives</b>	Increase the coverage of superfast Broadband in areas where the market is failing, particularly where this is creating a barrier to SME growth, in line with State Aid rules.
<b>Indicative actions</b>	<p>Under this investment priority the types of actions that the European Regional Development Fund may support include:</p> <ul style="list-style-type: none"> <li>• Providing financial support for projects to extend availability of superfast broadband networks (capable of delivering speeds of more than 30 Mbps);</li> </ul> <p>Activities funded by ERDF will target SMEs to support local and regional economic growth. These investments will be in line with State Aid rules.</p>

<b>Investment priority</b>	<b>2b – Developing Information and Communications Technology products and services, e-commerce, and enhancing demand for Information and Communications Technology.</b>
<b>Specific objectives</b>	Increase the number of small and medium sized enterprises making productive use of digital technologies.

**Indicative actions**

The support provided through this specific objective will help small and medium sized enterprises to be able to understand and use information and communication technology products and services appropriate for their business. It will complement action under the other investment priority in this axis as well as action under priority axes 1 and 3:

Under this investment priority, actions that the European Regional Development Fund may support include:

- Support for small and medium sized enterprises to update or introduce new information and communication technology business models which will drive business performance;
- Provision of coaching, advice, consultancy, mentoring and support for small and medium sized enterprises to access new markets through improved information and communication technology connections;
- Provision of coaching, advice, consultancy, mentoring and support for to develop information and communication technology skills strategies;
- Provision of coaching, advice, consultancy, mentoring and support to implement productivity improvements from use of information and communication technology;
- Demand-side voucher schemes;
- Demonstration and pilot projects, showcasing how small and medium sized enterprises can stimulate innovation through the smart use of information and communication technology;
- Support for diffusion of results from demonstration and pilot projects; and
- Support for the integration of small and medium sized enterprises in digital supply chains through the smart use of information and communication technology.

Activities will target small and medium sized enterprises, including social enterprises.

### 3. 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 2.

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:

<b>Investment Priority 2a</b>	
Output reference	Name
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
P3	Additional businesses with broadband access of at least 30Mbps

<b>Investment Priority 2b</b>	
Output reference	Name
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
C29	Number of enterprises supported to introduce new to the firm products
P4	Additional businesses taking up broadband with speeds of at least 30Mbps

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, national 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.

## 4. Application Process and Prioritisation Methodology

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

1. Outline application and, if successful
2. 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 has been designated, the intermediate body will assess the application against the Local strategic fit assessment criteria.

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:

1. Value for money; and
2. 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](#).

## 3. General Information

### 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.

## **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.

### **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.

### **4. Project timescales**

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 within the agreed timescale as stated in the Grant Funding Agreement; and
- Have completed the delivery of project activity by the end of June 2023.

### **5. Project extensions**

Existing grant recipients whose projects:

1. Do not involve the direct development of premises or infrastructure under Investment Priority 2a;



## 2. Address 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.

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 that 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. Capital projects

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

1. 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;
2. Refurbishment projects will normally be expected to achieve the BREEAM rating of ‘Very Good’; and
3. Infrastructure projects will normally be expected to achieve the Civil Engineering Environmental Quality Assessment rating of ‘Very Good’.

## 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](#).

Information and communications technology issues are likely to impact more on older people and disabled people, so digital infrastructure investments under priority axis 2 should be accompanied by relevant skills support.

## **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.

## **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.

## **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.gov.uk](mailto:GSE.ERDFENQUIRIES@communities.gov.uk)

Whilst the decision of the managing authority is final, if you think consideration of your application has not followed the published ERDF process, please refer to the MHCLG complaints procedure available on [GOV.UK](http://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;
- Funding agreement (revenue and / or capital);
- Summative assessments guidance; and
- 2017 [Industrial Strategy](#) (or any later publication that amends or supersedes that).

## 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. Applicants are asked to quote the call reference and project name in the subject line of your email as this will greatly assist the managing authority.

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

The managing authority will normally acknowledge receipt of your application by email. 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.