Full Application Form Guidance

EUROPEAN REGIONAL DEVELOPMENT FUND

ESIF-GN-2-015

1. **Introduction**

This guidance should be used when completing the ERDF Full Application ESIF-Form-2-028. In order to submit a full application you must first have received an invitation to do so from the managing authority[[1]](#footnote-2). Unsolicited applications will not be accepted.

Do not submit an incomplete application. All of the information requested in the application is necessary. Use the checklist at the end of the form to ensure the application is complete. The managing authority reserves the right to reject incomplete applications or to withdraw the invitation to submit a full application.

Applications must be submitted by the deadline agreed with the managing authority. The managing authority reserves the right to reject late applications or withdraw the invitation to submit a full application. If you are unable to submit a complete application by the submission deadline please discuss this with your managing authority contact.

1. **General Guidance**

The full application must be completed in Word.

Applicants will have completed an outline application. The full application requires a greater level of detail and the previous information should be reviewed and updated. Answer each section of the form in full, do not write ‘no change’ or ‘as before’.

The managing authority will assess the application against the ERDF selection criteria, which can be found on the [GOV.UK](https://www.gov.uk/government/publications/european-structural-and-investment-funds-programme-guidance) website.

The whole application will be shared with a local intermediate body where these exist. Extracts will be shared with the Local Enterprise Partnership Area European Structural and Investment Funds Sub-committee. These committees provide advice to the managing authority and local intermediate bodies.

Further information to help you complete your application, including on state aid law, national eligibility rules, procurement, cross-cutting themes, anti-fraud and publicity requirements, can be found on the [GOV.UK](https://www.gov.uk/guidance/england-2014-to-2020-european-structural-and-investment-funds) website.

If successful the application will form part of your funding agreement with the managing authority. The project will be monitored to ensure it is delivered as described in the application.

You may attach, or provide links to supporting evidence. Please make it clear in the application where in the supporting evidence the relevant information can be found.

1. **Specific Guidance**

The ERDF programme supports a very broad range of activities. It is not possible to provide guidance that covers every scenario. The following guidance covers the key issues that are common to all applications. If you have specific questions relating to how you should answer questions about the project please consult your managing authority contact.

**Section 1 Applicant Details**

**1.1 Legal name of the applicant organisation.** If the project is approved this is the name the managing authority will use in the grant funding agreement. The name inserted here must be the formal, legal name of the organisation, not a name it is known by or a trading name.

**1.12 Main contact.** This is the person the managing authority will contact with question and requests for further information. It does not have to be the person who signs the completed application.

**Section 2 Project Details**

**2.1 Project Name.** This should be the same as in the outline application. If you have changed the name of the project include this in section 3.7. It is the title that the managing authority will use in any publicity activity.

**2.2 Local Enterprise Partnership area(s) covered.** For projects providing services identify the areas where the clients of the project are expected to come from. For projects involving the development of land or property state the area in which the development is located. If the projects involve both types of activity include all of the relevant LEP areas.

**2.4 Project Start Date.** This is the date from which costs that are included in the project may be incurred e.g. a formal order for goods, works or services is placed with a supplier. Costs incurred before this date are ineligible for support.

Cots may be incurred from the date of the letter from the managing authority inviting the submission of the full application. The start date may not be before the date of that letter.

**2.5 Activity end date.** The date on which the activities delivered by the project will be completed. After this date there may be a period during which staff continue to be involved in closing the project, these costs are eligible for support.

**2.6 Financial completion date.** This is the last date on which costs can be defrayed i.e. money has left the organisation’s bank account. Costs defrayed after this date are ineligible for support, regardless of when they were incurred.

**2.7** **Practical completion date.** The date by which all of the project outputs will be achieved and evidence is available to include in a grant claim. This can be a number of months after both the activity end date and financial completion date.

The current ERDF programme ends in December 2023. Applicants should plan on the following being the latest dates for:

* Activity end date 30th June 2023
* Financial completion 30th September 2023
* Practical completion 30th September 2023

Final grant claims will be due in October 2023.

**Section 3. Project Description**

3.1-3.4 Describe as clearly and as simply as possible what the project intends to do, how it will be done and who will do it. The description must focus on the project, not an overarching strategy or result.

When reviewing your answer consider:

* is it clear what the project is doing?
* is it clear how the project will be delivered?
* is it clear who will deliver the project?
* is it clear when, where and to whom the project will be delivered?

avoid:

* using jargon, acronyms and technical language
* background information which is irrelevant
* using too many collective terms e.g. a ‘programme of activity’, specify what the programme of activity is, or ‘a range of equipment’, specify what equipment

The person reading the application will be unfamiliar with the project. Imagine you are explaining the project to friends or family members. Keep answers as short and straightforward as possible. Explain any acronyms when you first use them and avoid technical specialist language. Use graphics and images as appropriate.

If the managing authority has to seek clarification or more information this will delay your application.

**3.2 (b) Business Productivity Review.** Projects providing support to businesses must describe how the findings of the [Business Productivity Review](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/844506/business-productivity-review.pdf) have been incorporated into the design of the project. For example:

* within the client journey indicating where each of the Business Change Cycle steps and benchmarking are reflected
* describing how the Business Change Cycle will be delivered in practice
* demonstrating that [the Business Support Evaluation Framework](https://gbr01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fgovernment%2Fuploads%2Fsystem%2Fuploads%2Fattachment_data%2Ffile%2F772808%2Fbusiness-support-evaluation-framework.pdf&data=02%7C01%7CJoanne.Hunt%40communities.gov.uk%7C26c5e6bb98214385a5a708d74b20e392%7Cbf3468109c7d43dea87224a2ef3995a8%7C0%7C0%7C637060476931197104&sdata=PzPGHhIgX2clApvBEMrjv4VxhqkHtnR5rfz2UKFfm%2BI%3D&reserved=0) has been taken into consideration when developing the projects objectives and Logic Model

If detailed information is provided in other sections of the application a brief summary may be provided in this section.

**3.3 Projects involving land and or property**. If the project involves the development of land and or the construction of property annexe 1 must be completed in full and the application must include all of the required information.

**3.4 Project Objectives.** Describe the short, medium and long-term results/impacts that the project will deliver and how this will be measured.

These objectives must be SMART (specific, measurable, achievable and time-constrained) objectives.

The project should be based on a clear intervention logic as set out in the Summative Assessment Logic Model. There must be a clear link between the activities you have described, the ERDF outputs you expect to deliver, the short- and medium-term benefits to the beneficiaries and the impact on the area.

In the strategic fit section, the outline application will have explained how the project responded to the priorities set out in the call for proposals. Provide a brief summary of how

1. the project continues to align with the call
2. any changes to the project that affect how the project meets the priorities set out in the call.

**3.5 Delivery Partners.** If the project involves delivery partners you must compete annex 4.

A Delivery partner is an organisation with responsibility for delivering elements of the project’s activity. Delivery partners can come from the public, voluntary or private sector.  There is no limit on the number of delivery partners that can form a consortium.

Delivery partners may provide match funding. They cannot make a profit from the ERDF funds they receive. They will must follow all ERDF audit and compliance requirements which the lead partner will verify; this includes checking invoices, timesheets, outputs and results evidence.

The applicant will enter into the funding agreement with the managing authority and is responsible, and liable for the project including the activities of and costs incurred by delivery partners.

As delivery partners receive ERDF via the lead partner (i.e. the applicant). A legally binding agreement such as a service level agreement is required between the lead partner and the delivery partner. A draft of the SLA should be attached to the application.

The following are not classed as delivery partners:

* organisations procured to provide goods, services or works as part of the project
* partners involved in project governance e.g. members of a project board or steering group

**3.6 Outline application conditions.** In the left hand column list the conditions set in the letter inviting the submission of the full application. In the right hand column state where in the application they have been addressed. Do not provide a detailed response to the condition in this section.

If a condition has not yet been fully met, set out clearly why not and when it will be satisfied.

**3.9 Changes since the outline application.** The managing authority recognises that things change as projects are developed. However, the project was invited to submit a full application on the basis of the project described in the outline application.

Explain any significant changes and why they have been made. For example, changes to the nature, scope or scale of the project activities, changes that impact on value for money, changes in costs, changes in the project timetable. If the managing authority decides that the projects described in the application no longer reflects the project selected at the outline stage your application will be rejected.

**4. Evidence to Support the Proposal**.

4.1 Projects must demonstrate that there is demand for the project activity. That may be the services being provided to clients or the development of land or premises. Consider the following:

* ongoing demand evidence/demand analysis to ensure engagement and achievement of targets
* engagement strategy to ensure support for and/or take-up of project activities/facilities
* market engagement (particularly for direct SME support activity) - how has the target audience/market been identified, and will this ensure sufficient pipeline to deliver the identified outputs? Consider the customer journey and attrition rates from numbers engaged through each stage of the project
* if you are providing a service, how have you established that it will meet client’s needs e.g. based on best practice, market research or experience.

4.2 Projects supported by ERDF funding should not duplicate other activity or displace clients/users from other services or facilities. Consider the following:

* what is the status quo? Consider any organisations offering the same or similar activity.
* how does the project avoid conflict with national policy
* how does the project add value to existing provision and avoid duplication of activity? Identify the baseline against which the intervention can be measured for example current level of activity, GVA.
* include how the project works with other projects, any referral mechanisms and where applicable arrangements to work with/through the local Growth Hub.
* how does the intervention either deliver more with reference to existing provision and/or better quality of provision and/or bring about change/benefits more quickly than without the intervention?
1. **Project timetable**

**5.1 Milestones.** List key milestones associated with the development and delivery of the project. These must reflect the project’s activity and demonstrate that the project is deliverable within the ERDF programme period.

Do not include milestones relating to the approval of the application or the submission of ERDF grant claims.

Consider:

key stages in the development of capital projects e.g.

* securing internal management approvals for the project
* securing match funding
* securing ownership/control of sites
* securing planning approval
* completion of design works
* launch procurement of contractors
* appoint contractors
* start on site
* completion of works
* hand over and official opening

Key stages in the development of revenue projects:

* securing internal management approvals for the project
* securing match funding
* establishing project team
* launch of procurement for external services
* appoint suppliers
* project launch
* recruitment of clients
* key points on the client journey

Attach a copy of the project plan (e.g. a Gantt chart) to the application. The milestones in the application should reflect the project plan.

5.2 Summarise:

* progress to date
* the impact of milestones being missed
* the contingency plans in place

Be realistic, projects rarely run smoothly. Some slippage in dates is expected. The project must demonstrate that these risk have been considered and appropriate plans are in place to keep the project on track.

**6 Costs and funding.**

Applicants should complete the Full Application Financial Tables which are at [https://www.gov.uk/government/publications/european-regional-development-fund-full-application](https://gbr01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.gov.uk%2Fgovernment%2Fpublications%2Feuropean-regional-development-fund-full-application&data=02%7C01%7CVikki.Courts%40communities.gov.uk%7Cecec28a2012e44b91be508d7620923f0%7Cbf3468109c7d43dea87224a2ef3995a8%7C0%7C0%7C637085663720441952&sdata=UBYLYrJQPG7vwmgejLmkO%2B59rxiGRFs%2Bkpab0cLB9CU%3D&reserved=0).

Remember:

* ERDF operates by calendar years (January-December)
* be as realistic as possible about when expenditure will occur and be defrayed– ERDF operates on the basis of defrayed expenditure i.e. when a payment leaves the projects bank account, not when an invoice or cheque has been received/issued.
* consider mobilisation time – will it be necessary to factor in time for recruitment or procurement?
* include sufficient resources to administer and manage an ERDF project.
* if the project involves a capital works and the contract includes provision for a retention to ensure the contractor satisfactorily delivers the project and resolve any defects, these costs can only be included in an ERDF grant claim if they are defrayed before the financial completion date, if the retention is paid after the financial completion date it will not be eligible for ERDF funding even though the works were completed prior to the financial completion date
* a retention (normally 10% of the ERDF grant) is held back at the end of every ERDF project whilst the final claim and final verifications are carried out

**Match Funding.** In section 6.2 include the contribution from the applicant organisation to the project costs, unless the contribution is in the form of land or property this should be identified as cash. The applicant’s contribution to salary costs and other running costs is considered as ‘cash’ rather than in-kind.

The only form of in-kind contributions allowed in ERDF projects are land and premises, as set out in the [national eligibility rules](https://www.gov.uk/government/publications/european-structural-and-investment-funds-eligibility-documents).

Other than the contributions to project costs provided by SME beneficiaries, match funding is expected to be in place prior to formal approval of the project.

Funding from other European Union funding programmes cannot be used to provide match funding for ERDF projects

6.3 Explain the impact on the development and delivery of the project if the planned match funding is not secured and how that risk is being manged, what contingency plans are in place?

**6.4 Project costs.** A detailed budget should be attached to the application. This should demonstrate how the costs included in the cost categories in the financial annexe have been estimated. The budget should show for example:

* The individual salary costs and on costs hat make up the staff costs.
* The items of equipment and supplies hat will be purchased
* The costings from the RIBA stage 3 cost plan.

6.5 Explain why the items of expenditure in the detailed budget are required for delivery of the project. The budget should only include costs that are directly related to delivering the project, as set out in the national eligibility rules.

Through the simplified costs approach the ERDF programme will support indirect costs or overheads, see section 5 of the ERDF Eligibility Guidance, which can be found on the [GOV.UK](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/832233/ESIF-GN-1-003_ERDF_Eligibility_Guidance_v9.pdf) website.

6.6 Explain how costs have been estimated. For example benchmarked against market rates, QS reports, procured services, salaries benchmarked against market rates/public sector organisational bands, seniority of role and level of responsibility within the project

Summarise the steps taken to minimise costs.

6.7 Describe how the project will manage the risk of cost increase and how these will be managed e.g. additional match funding or a reduction in activity – N.B ERDF funding will not automatically be increased to offset cost increases.

Be realistic, cost inflation is a fact of life. The project must demonstrate that this risk has been considered and appropriate plans are in place to keep the project on track.

6.8 Allocation of costs to categories of region must be in line with the ERDF Category of Region Guidance, which can be found on the [GOV.UK](https://www.gov.uk/government/publications/european-regional-development-fund-programme-guidance) website. Projects will be monitored and audited on compliance with these requirements. It is important that estimates within the application are robust.

The following steps may be helpful

* estimate how much the activity delivered in each Category of Region will cost
* show the total costs in the Financial Tables and work out the percentage of the total cost each Category of Region total equates to and select these in the drop-down menus (e.g. 74% More Developed, 26% Transition)
* apply the max contribution rate applicable to each Category of Region to the costs associated with each Category of Region
* show the total amount of European Structural and Investment Funds based on the sum of More developed costs \* 50% + Transitional costs \* 60%.
* work out the total ERDF as a percentage of the total costs – that gives the first estimate of the overall intervention rate for the project
* match funding is then the difference between the total costs and the total ERDF amount

**6.9 Assets.** Provide details of fixed and major assets in Annexe 3. These are defined in the ERDF funding agreement, which can be found on the [GOV.UK](https://www.gov.uk/government/publications/european-regional-development-fund-funding-agreements) website.

Fixed assets are defined as land and/or buildings, plant, machinery or other thing that is, or is to be, fixed to any land and which is to be acquired, developed, enhanced, constructed and/or installed as part of the project.

Major assets are defined as an asset which is not a fixed asset but has a value of at least £5,000.

Economic live will vary according to the nature of the asset for ERDF purposes the economic live of:

* buildings is likely to be between 15 and 25 years depending on the project and relevant state aid scheme, in annexe 3 estimate the period over which the building will be used for the project activity
* equipment or other mobile assets will be based on their useful life, in annexe 3 estimate the economic life and explain how this has been estimated e.g. based on information from suppliers.

If the applicant (or delivery partner) intends to dispose of the assets state when this is expected to take place.

Disposal is defined in the grant funding agreement as the disposal, sale, transfer or the grant of any estate or interest in any Asset including a Lease Disposal, where relevant in the context, and includes the creation of any charge, legal mortgage, debenture, lien or other encumbrance and any contract for a disposal.

If the project is approved the grant funding agreement will include conditions regarding the ongoing use of assets. If assets are sold, or are no longer used for the project activities the managing authority has the right to recover some or all of the grant.

**6.10** **Simplified Costs** In section identify which simplified cost option the project will use to cover indirect costs (AKA overheads). Details of the options are set out in the ERDF Eligibility Guidance, which can be found on the [GOV.UK](https://www.gov.uk/government/publications/european-regional-development-fund-programme-guidance) website.

The 25% option is only available to projects providing research and innovation activity and is restricted to specific costs. It is not sufficient to say that because the applicant is a higher education or research institution, or the project is under Priority Axis one. All of the activities within the project must be compatible for the project to use the 25%.

**Staff on hourly rates.** In section 6.11 provides detailed workings showing how the hourly rates for each of the project staff have been calculated. Hourly rates must be calculated in accordance with the 1720 model as set out in the ERDF Eligibility Guidance, which can be found on the [GOV.UK](https://www.gov.uk/government/publications/european-regional-development-fund-programme-guidance) website.

As an alternative to hourly rates the managing authority will agree that staff costs of part-time (on the project) costs may be allocated on the basis of a fixed percentage of their working time e.g. X% per month. This percentage will be set for the duration of the project and must be supported by documentary evidence (e.g. a job description or letter to the employee) confirming the percentage of time devoted to the project. This evidence must be submitted with the application.

**6.12 Irrecoverable VAT.** VAT paid on project costs that cannot be recovered from HMRC as part of the VAT system is eligible for ERDF support.

State the costs that will attract irrecoverable VAT. In section 9 describe how financial processes will ensure that it is not being claimed as part of the normal VAT return.

Provide confirmation from the applicant’s or delivery partners’ finance department confirming that VAT cannot be recovered. This evidence must be submitted with the application.

**6.13 Spend at risk**. Provide details of any costs incurred since the date of the letter inviting the submission of a full application or that will be incurred prior to approval of the project. Costs incurred prior to the date of that letter are ineligible for ERDF support.

Applicants should check that incurring costs at risk has not invalidated the proposed approach to state aid. State aid schemes generally require demonstration of an ‘incentive effect’. If projects costs are incurred prior to submission of your full application this may make the project ineligible for support.

Costs incurred before the project is approved are at the applicant’s risk. The managing authority is under no obligation to pay ERDF against these costs if the project is not approved. In submitting the application the applicant organisation is accepting this risk.

**6.14** **Income.** If projects receive income, for example from beneficiaries or from the users/tenants of premises this will be taken into account in calculating the amount of eligible ERDF funding the project can receive.

Guidance for projects that generate income (revenue generating projects) can be found on the [GOV.UK](file:///C%3A%5CUsers%5CJMCCLOU1%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CContent.Outlook%5CMD1X1XE0%5CThis%20evidence%20must%20be%20submitted%20with%20the%20application) website.

Income in the form of charges paid by beneficiaries for services provided by the project cannot be used as match funding.

**7. Outputs.** Complete the Indicators Annex Table, which can be found [here](https://www.gov.uk/government/publications/european-structural-and-investment-funds-full-application) on GOV.UK.

Refer to the published Output Indicator Definitions guidance for ERDF, which can be found [here](https://www.gov.uk/government/publications/european-structural-and-investment-funds-outputs-and-results) on GOV.UK.

Explain how the outputs in the ERDF indicator annexe have been estimated:

* demonstrate how each of the proposed outputs directly links to your specific project activities and objectives
* specific baselining/research undertaken to ensure projected profiles are achievable for example how compares to existing/similar delivery and key factors that may contribute to increased/decreased delivery of outputs
* how lessons learned have been incorporated into the project to improve delivery of outputs based on previous/similar activity e.g. efficiency measures incorporated into the project
* the key assumptions that may impact upon the estimates
* how outputs link in to the customer journey and intensity of the assistance provided

If the project is approved performance will be monitored against this forecast. Be realistic when setting the profile of outputs and take account of the time it may take to gather the evidence. If the project fails to deliver agreed outputs the mangning authority may reduce the ERDF grant.

7.1 As with project costs project outputs must be allocated to each category of region. Explain how the outputs for each category of region have been identified. The ERDF Category of Region Guidance, which can be found on the [GOV.UK](https://www.gov.uk/government/publications/european-regional-development-fund-programme-guidance) website.

**8. Project Management and Governance**

Refer to the Guidance on the Audit and Management and Control Requirements for Projects Supported by the European Regional Development Fund or European Social Fund available [here](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/592191/ESIF-GN-1-025_ESIF_Management_and_Control_Requirements_v1_a.pdf) on the .GOV UK website.

8.1 Delivering ERDF projects can be complex. How a project is managed will depend on the type and scale of project. Within in this section of application the managing authority is looking for a demonstration that the applicant organisation (and any delivery partners) have:

* sufficient and appropriate resources in place to deliver the project
* sufficient resources in place to manage project related back office functions
* clear management structures
* clearly defined roles and responsibilities
* effective management controls

to ensure the project is delivered as described in the application, on time, to budget and in compliance with ERDF rules and the grant funding agreement.

Describe the controls that will be used to check that the project is maintaining compliance with the eligibility rules during the delivery of the project and where appropriate after the delivery period ends – e.g. the use of land and premises.

Include diagrams to illustrate structures.

If the project includes delivery partners describe who is responsible for what element of delivery.

Describe how the applicant organisation’s and any delivery partners’ document management and retention procedures meet the ERDF requirements regarding retention date, storage, and data back-up.

Documentation relating to a project must be retained after the project has completed. The exact date for your project will be confirmed to you after the Funding Agreement has been signed but this period could be up to five years after the project has finished. Applicants should explain how they will continue to meet monitoring and reporting requirements until this date. These include but are not limited to:

* evidence of outputs
* evidence of publicity
* evidence of procurements
* invoices and evidence of defrayal
* steering group minutes
* applicants will be asked to provide original invoices when audited, applicants must be able to demonstrate that they can access these invoices even if they are stored in another location

**Project staffing 8.2** In this section describe:

* how is the team set up to manage and deliver the project? What percentage/FTE are allocated to management, administration, compliance and delivery and how has this been established to ensure this is appropriate for management and delivery of the project activities
* clearly identify which posts work 100% of the time on the project and which are part time on the project
* how has the project ensured the appropriate capability and expertise is in place? What resources, expertise, skills, responsibilities and experience do they have?
* if there are any gaps in expertise required to deliver the project what are the gaps and how and when will these be filled?
* will existing staff be employed, or will new staff be recruited (if yes, how and when)?
* what are the reporting lines and accountabilities of individual posts?

Attach a structure chart (organogram) and job descriptions for project delivery staff.

**8.3 Risk**. Attach the project risk register to the application. Explain how key project risk are manged and what plans are in place to mitigate them.

In particular describe how risks that relate to project budget, timetable and project outputs will be managed.

All projects have risk. Be realistic in the information provided. The managing authority is looking for a mature and robust approach to risk management.

**8.4 Stakeholder Management**. Summarise the key stakeholders in the project. Describe the plans that have been and or will be put in place for managing relations with stakeholders.

How will potential blockages (e.g. objections to planning applications, a breakdown in relations with other projects) be managed. Will stakeholders will be involved in project governance? Will a formal MOU or SLA be entered into with any relevant stakeholders or collaborators (e.g. the local Growth Hub)?

**8.5 Delivery partners**. If the project is approved the applicant will be responsible for all project activity, including the work of delivery partners. The applicant will be responsible for ensuring that delivery partners operate in line with ERDF requirements. If necessary the manging authority will seek recovery of any grants from the applicant, not the individual partners. It is important that applicants have systems in place to monitor the work of and expenditure incurred by delivery partners

**8.6 Outputs.** ERDF outputs can only be claimed if sufficient evidence is in place. Describe information will be collected, how evidence will be checked to ensure ERDF requirements are met and how evidence will be stored – evidence will be checked during audit and verification visits.

**8.7** **Beneficiary Eligibility** describe how project managers will test that beneficiaries are eligible for support by the project.

**8.7 Project Implementation.** If the project requires a hand over between those who have drafted the application and those who will deliver the project this creates risk. For example of delays, that the project changes significantly or those delivering the project do not understand the requirements they are expected to deliver. If appropriate, describe how this transition will be managed.

**9.0 Financial Management and Control**

When describing the financial management and control systems. Please cover the following:

Who is responsible for what elements and how this aligns with your organisations financial policy describing processes, roles and schemes of delegation e.g. compiling claims and evidence, authorising claims, invoicing.

How the document management system demonstrates the audit trail and is maintained and accessible for the required minimum document retention period under the terms of the European Structural & Investment Funding Agreement, this includes retrieving original invoices and ensuring evidence of costs incurred is available.

Control processes in place to ensure effective evidencing and reporting of defrayed expenditure relating to any delivery partners/financial beneficiaries

If irrecoverable VAT will be claimed, please describe how this is captured through the claims procedure and how your financial processes will ensure that it is not being claimed as part of the normal VAT return.

The procedures to ensure that ineligible expenditure is excluded from the Project’s claim. Will this be a manual task or will the accounting system recognise which costs should be included in a claim including confirmation of defrayal. This should include a description of who checks the eligibility of costs before they are incurred as well as before they are claimed.

At section 9.6 describe how the project will manage the risk of fraud.

**9.2 Delivery partners**. If the project is approved the applicant will be liable for all project expenditure including costs incurred by delivery partners. Describe the processes and procedures to ensure that Delivery Partners only claim eligible expenditure. For example will there be an induction or training? How will the lead applicant test the Delivery Partners’ systems and how this be reflected in a Service Level Agreement or Memorandum of Understanding.

**9.3 Accounting systems.** If the project is approved the grant funding agreement will set conditions regarding how ERDF funding is accounted for and how it must be clearly separated from other expenditure. In this section describe how funding will be manged in the organisation’s accounts and how both on and off line systems will ensure that ERDF funding and project costs are kept separate from other areas of the organisation.

If applicable, please describe how the delivery partners systems will manage project finances.

If the project covers more than one than one Category of region, explain how the actual costs will be allocated between the areas and how systems will capture this.

**9.4/9.5 Cash Flow.** ERDF funds are paid in arrears, five months may elapse between organisation defraying costs and receiving the ERDF grant against those costs.

Applicants must be able to manage the cash flow requirements of ERDF. If another organisation is providing support to manage cash flow please explain how this will work in practice.

**9.6 Fraud** Describe how the project will manage fraud risk. Consider the risk:

* of the project being defrauded by external parties e.g. beneficiaries
* of fraud by contractors
* of fraud by members of staff

All projects present a risk of fraud. Risk is greatest in projects that involve the payment of grants to third parties. If the project involves the payment of grants describe how fraud risk will be managed at all stages of the grant process.

**10. Procurement Requirements**

ERDF operates within an audit and verification framework that places particular emphasis on compliance with European Union regulations.

Historically, failure to comply with procurement regulations has led to a reduction of ERDF funding to projects. As a result some applicants chose to seek independent advice. If advice has been received a copy should be attached to the application.

ERDF projects must be delivered in full compliance with the published [European Structural and Investment Funds National Procurement Requirements](https://www.gov.uk/government/publications/european-structural-and-investment-funds-procurement-documents)

Compliance will be tested fully at all stages of the project life cycle. Any procurements that are found to be non-compliant with the requirements will face a reduction in the amount of ERDF grant. In the most serious cases the entire procurement and all associated costs will be considered to be ineligible for ERDF support.

**11. State Aid Law**

ERDF operates within an audit and verification framework that places particular emphasis on compliance with European Union regulations.

Historically, failure to comply with state aid regulations has led to a reduction of ERDF funding to projects. As a result some applicants chose to seek independent advice. If advice has been received a copy should be attached to the application.

It is the grant recipient’s responsibility to ensure that they comply with state aid law during the delivery of the project. Failure to full comply with state aid law will result in expenditure being deemed ineligible for ERDF support. It is vital that European Union state aid regulations are fully met at all stages of the project.

In completing this section, applicants may find it helpful to refer to “Guidance on State Aid Law” which is available [here](https://www.gov.uk/government/publications/european-structural-and-investment-funds-programme-guidance) on .GOV UK. This document includes guidance on conducting a state aid analysis and managing state aid in ERDF projects.

Applicants should work though the State Aid test for each level of funding.

If the applicant does not believe the project involves state aid explain why. If the applicant thinks that the project constitutes state aid they should explain how they intend to deliver this through a lawful mechanism (i.e. a nominated scheme or exemption). The managing authority may wish to see independent advice on either position.

**12 Publicity**

The National Publicity Requirements are available [here](https://www.gov.uk/government/publications/european-structural-and-investment-funds-programme-guidance) on the GOV.UK website. Applicants should explain how the project will comply with the European Commission’s publicity requirements and national European Structural & Investment Funds requirements. Applicants should note that all marketing and communications materials produced as part of, or to promote, the project, must acknowledge the European Union support and use the standard European Union emblem.

Failure to comply with the regulations relating to publicity will result in financial penalty and a reduction in the amount of ERDF funding.

Applicants should note that all marketing and communications materials produced as part of, or to promote, the project, must also utilise a domestic brand (e.g. HM Government) as set out in the National Publicity Requirements. It should be noted that failure to comply with domestic publicity requirements can result in withholding or suspension of grant.

Explain how the applicant, delivery partners and any existing or proposed sub-contractors will comply with the publicity rules.

12.3. If costs have been incurred at risk provide examples of evidence that the publicity requirements have been followed.

**13 Cross Cutting Themes**

**13.1 Sustainable Development**

How does the project respect the principle of sustainable development? In particular how does the project maximise positive environmental impacts or mitigate potential negative impacts (with regard to the “polluter pays” principle where appropriate)?

The principles of sustainable development should be embedded in the project and have informed its development and delivery. Applicants should set out both what they do as an organisation and how they will deliver sustainability to the end beneficiaries – it is often the latter that can have the biggest impact. For revenue projects the cross cutting theme should be applied relative to the scale and scope of the project, focusing on what are the greatest benefits.

Examples of good practice include having an externally verified Environmental Management System such as ISO 14001, Eco-Management and Audit Scheme or the IEMA Acorn Scheme. Section 11 of the Operational Programme sets out the requirements for capital projects and for projects working with businesses.

For BREEAM, an initial design stage assessment is completed at RIBA Stage D providing an overview of what the building could achieve. It is expected that this will be available at full application stage.

For CEEQUAL, it would be expected that a “Whole Team Award” is used and that applicants will be in a position to confirm that they will achieve Very Good, which will be evidenced by an externally verified CEEQUAL Assessor on completion of the project.

**13.2 Equality and Diversity**

Describe how organisational equality policies have informed the project design and implementation for example, due consideration for the demographic of the target audience and how this has informed delivery such as access, marketing and communications.

How will you ensure that equality between men and women as well as gender perspective are taken into account and promoted throughout the preparation and implementation of the project?

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

Describe how the project meet the aims of the Equality Act 2010:-

* The need to eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
* The need to advance equality of opportunity between people who share a protected characteristic and people who don’t.
* The need to foster good relations between people who share a protected characteristic and people who don’t.

**14. Summative Assessment.** Please refer to Project Summative Assessment Guidance (ESIF-GN-1-033) available [here](https://www.gov.uk/government/publications/evaluation-of-the-european-regional-development-fund-2014-to-2020) on GOV.UK.

1. “Managing Authority” means the European Regional Development Fund Managing Authority (Ministry of Housing, Communities and Local Government and its Growth Delivery Teams) and the London Intermediate Body (the Greater London Authority) [↑](#footnote-ref-2)