



Department for
Communities and
Local Government



European Union
European Regional
Development Fund

2014 to 2020 European Structural and Investment Funds Growth Programme

Call for Proposals

European Regional Development Fund

Priority Axis 9: Technical Assistance – Smart Specialisation Capability

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| Managing Authority: | Department for Communities and Local Government |
| <i>Fund:</i> | <i>European Regional Development Fund</i> |
| Priority Axis: | Priority Axis 9: Technical Assistance - Smart Specialisation Capability |
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1. Call Context

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 enterprises, low carbon, skills, employment, and social inclusion.

The Funds are managed by the Department for Communities and Local Government for European Regional Development Fund, Department for Work and Pensions for European Social Fund and the Department for Environment Food and Rural Affairs for European Agricultural Fund for Rural Development. These Departments are the Managing Authorities for each Fund. In London, the Greater London Authority acts as the Intermediate Body for the European Regional Development Fund and European Social Fund programmes. Unless stated otherwise, the term “Managing Authority” will apply to all these organisations. The Managing Authorities work closely with local partners who provide:

- Practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets;
- Local intelligence to the Managing Authorities in the development of project calls (decided by the Managing Authorities) that reflect Operational Programme and local development needs as well as match funding opportunities;
- Advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local European Structural and Investment Funds Strategy to aid the Managing Authority’s assessments at outline and full application stage.

This call responds to the needs as defined in the Operational Programmes for European Regional Development Fund and European Social Fund and invites applications for projects which are looking to operate on both a local or national basis.

1.1 National Context

Smart Specialisation is a new innovation policy concept designed to promote the efficient and effective use of public investment in research. Its goal is to boost innovation across local areas by enabling areas to focus on their strengths.

The Development of a Smart Specialisation approach In England was an ex ante conditionality for the use of European Structural and Investment Funds to support activities in Priority Axis 1, research and innovation. Smart Specialisation supports,

complements and informs existing policies, structures and funding programmes. Within England policies for innovation are developed at the national level in partnership with businesses and research institutions based across the country. Local Enterprise Partnerships meanwhile bring together business and civic leaders to set economic strategy at the local level and are empowered to take the decisions that will allow their area to prosper and support innovation.

Collaborative leadership for innovation is therefore needed between both national and local levels as different aspects of the Smart Specialisation approach need to be delivered at each level.

At the national level measures to increase levels of private sector investment can be taken forward primarily through the taxation system.

Elements of Smart Specialisation can only best be delivered at the local level. These include:

- Strengthening of local innovation 'ecosystem(s)' and building local capabilities;
- Supporting local supply chains to invest and collaborate;
- Catalysing and leveraging the differing opportunities of social innovation; and
- Branding and positioning places as credible centres of smart specialisation.

Local Enterprise Partnership areas are all different to each other. Some are bigger in population than some Member States; others are relatively small, with fewer opportunities to invest in innovation. Some parts of England will be able to demonstrate significant existing strengths and new opportunities for growth in the context of the global economy. Other parts of England will have local opportunities and the Smart Specialisation concept can be applied in those places to a depth that reflects this different relative scale. To ensure that effective investment decisions are made in Local Enterprise Partnership areas, Managing Authorities, Local Enterprise Partnerships and other local partners need access to appropriate knowledge and expertise.

Important guiding principles for the selection of European Regional Development Fund projects within Priority Axis 1 by Managing Authorities with advice from Local Enterprise Partnerships and local partners, will include:

- A close fit with the policy priorities set out in 'Smart Specialisation in England; (www.gov.uk/government/publications/smart-specialisation-in-england);
- An understanding of how projects fit within evolving national innovation and research strategies, including how they help national research centres and capabilities, impact on local growth;
- A sound evidence base, developed by a partnership of businesses, the knowledge base and public sector organisations, covering the existing

strengths and future potential of sectors and technologies prioritised for support within a local area;

- Evidence that these partners have shown the collaborative leadership required to prioritise investments in a genuinely limited number of sectors and technologies, ensuring that investments are made with sufficient scale and depth to create significant impact on prioritised sectors and technologies;
- Priority will be given to investments supporting the use and development of the Eight Great Technologies, especially where these are utilised as key enabling technologies to build links and resilience between two or more related sectors; and
- Good arrangements are in place to monitor and evaluate the impact of investments and ongoing systems are in place to review future priorities.

This project call responds to the needs as defined in England's European Regional Development Fund Operational Programme, in particular to support local and national actors in better understanding and applying the guiding principles set out above and in making better informed Smart Specialisation investment decisions for projects within Priority Axis 1: Research and Innovation.

Technical Assistance funding is available to specifically support the administration and delivery of the European Regional Development Fund Operational Programme, ensuring that the activities which fall within the scope of the European Regional Development Fund Programme are managed, monitored and evaluated in line with the Common Provision Regulation, European Regional Development Fund regulations and the Commission's delegated and implementing regulations.

The [Technical Assistance guidance](#) for European Regional Development Fund supports the achievements of the Technical Assistance outputs and results as set out in Priority Axis 9 of the [European Regional Development Fund Operational Programme](#).

Specification for Outline Proposals for Technical Assistance Projects

The regulatory framework for Technical Assistance is set out in both Article 59 of the Common Provisions Regulations (European Union No 1303/2013) and Commission Delegated Regulation 240/2014 (Chapter 6, Article 17).

The Operational and Delivery vehicle for European Regional Development Fund Technical Assistance is Priority Axis 9 of the European Regional Development Fund Operational Programme and the England European Regional Development Fund Technical Assistance Strategy.

The specific objectives to be addressed through this Technical Assistance call are:

1. To provide the 2014-2020 European Structural and Investment Funds Growth Programme Board Priority Axis 1 sub-committee with advice and assurance on proposed investments for Priority Axis 1 to ensure that plans from Local Enterprise Partnership areas represent an efficient use of European Structural and Investment Funds and avoid any undesirable duplication with national programmes and missed opportunities to collaborate.
2. To facilitate access to the programme and communicate the impact that the European Structural and Investment Funds have, including by providing robust support to the Priority Axis 1 sub-committee and high quality advice and information to local and national partners involved in the design and delivery of projects within Priority Axis 1.

Example activities

The examples set out below give an indication of the type of activities supporting Smart Specialisation and the Research and Innovation Priority Axis which the successful Applicant would need to deliver across all of England:

Development of knowledge and information

- Source, develop and share the data and evidence of local sectoral or technological comparative advantages necessary for the development of robust project proposals by potential European Structural and Investment Funds project applicants;
- Establish and maintain an online resource which brings together and provides access to robust evidence of strengths, weaknesses and the overall performance of the UK Research and Innovation infrastructure at both a national and local level;
- Promote and spread good practice in the design and development of projects which comply with the Smart Specialisation approach to Local Enterprise Partnerships and other local partners through, for example, one-to-one support, workshops and seminars;
- Actions to encourage adoption of a more rigorous Smart Specialisation approach, particularly in those local areas that might benefit from a more strategic approach to innovation leadership and management. This includes guiding Local Enterprise Partnerships and local partners on how to use data/evidence on comparative local advantages and performance of national programmes to inform or create local strategies for economic development.
- On-going analysis of how European Structural and Investment Funds investments support the aims of Smart Specialisation strategy, the Eight Great Technologies

www.policyexchange.org.uk/images/publications/eight%20great%20technolo

[gies.pdf](#)), the Industrial Strategy (www.gov.uk/government/collections/industrial-strategy-government-and-industry-in-partnership) and other national innovation related policies;

- Where appropriate providing the 2014-2020 European Structural and Investment Funds Growth Programme Board for England and its research and innovation sub-committee (and local Managing Authority teams) with advice on the technical strength of proposed projects to inform investment decisions.
- On-going analysis and reporting on progress of the England's Smart Specialisation Strategy. Assessment of the impacts of projects and of developing strengths to inform future investment decisions.

Co-ordination and synergies

- Ensure that potential European Structural and Investment Funds applicants have access to information on partnering opportunities within their field both in the local area and nationally. This might include brokerage and facilitation of potential collaborations, a diary of relevant events, a directory of centres and individuals with expertise in areas of interest to potential Smart Specialisation project partners;
- Development of networks, bringing together experts in particular fields or technologies from across England to minimise the risk of duplication of projects in different Local Enterprise Partnership areas and ensure efficient use of the available European Structural and Investment Funds;
- Working with key partners (such as the Enterprise Europe Network, Horizon 2020 National Contact Points and Knowledge Transfer Networks) to actively support the alignment of ESI Funds projects and strategies with other funding opportunities including Horizon 2020 and other local growth funding, to create synergies;
- Support Local Enterprise Partnerships and their local universities, local Catapult Centres and other elements of the research and innovation infrastructure to build effective partnerships for the development of evidence-based proposals which utilise these research and innovation assets;
- Work to encourage collaboration between Local Enterprise Partnership area programmes, the local research base, and 'best of class' universities and Catapult Centres outside the immediate Local Enterprise Partnership geography in a way that builds local innovation and
- Identify ways to encourage take up of European Structural and Investment Funds by small and medium enterprises while considering links with Horizon 2020 and other opportunities.

Promote and Publicise Funds in relation to the Smart Specialisation agenda from a national perspective

Publicity is an integral part of the programming strategy and the Managing Authorities will ensure that opportunities and benefits of the European Structural and Investment Funds are communicated to the wider public through the development of a communication strategy. To help deliver this strategy Technical Assistance can be used to support Programme information and publicity and in relation to Smart Specialisation this will be through:

- Establishing and maintaining channels for communication on Smart Specialisation issues and publicity including new or enhanced websites, bespoke newsletters, case studies of good practice, and information to support the creation of innovative collaborations across and within Local Enterprise Partnership areas;
- Working and co-ordinating with other advice sources, such as the Enterprise Europe Networks, Horizon2020 National Contact Points and the Knowledge Transfer Networks to ensure that knowledge and understanding of the opportunities presented by European Structural and Investment Funds and the potential for synergies with other national and European programmes, such as Horizon2020, are communicated to all potential beneficiaries; and
- Use of promotional events such as seminars, conferences and road shows to support the dissemination of good practice in Smart Specialisation, publicise partnering opportunities and showcase European Regional Development Fund achievements.

This project call is ideally looking for one project to deliver all of the above activities. The project will initially be funded for a maximum of three years.

The Technical Assistance budget will contribute up to a maximum of 50% of the eligible project cost.

2. Call Overview

All applications are competitive. For this specific call, applications will be processed on receipt.

- Proposals can only contain activities which are eligible for European Regional Development Fund support;
- Proposals should fall within the scope of the European Regional Development Fund guidance;
- Projects will initially be considered for a maximum of three years;
- Projects can cover either an entire Local Enterprise Partnership area, multiple LEP areas or ideally operate on a national basis;

- European Structural and Investment Funds Technical Assistance cannot be used to duplicate existing activities; and
- European Structural and Investment Funds can only be used to achieve additional activity. Applicants must be able to demonstrate that what they are proposing is additional to what would already have occurred.

3. Required Outputs and Results

Projects will be expected to contractually deliver against agreed outputs and results for activities which contribute to the successful delivery of the European Regional Development Fund Operational Programme. The outputs and results can be viewed in the [Technical Assistance Guidance](#).

Applicants will need to be able to demonstrate how they will deliver the targets committed to within the proposal. Applicants will also need to ensure robust systems are in place to capture and record the targets. Target performance will be measured using data collected from funded projects. All projects will be required to collect this data and report progress on a claim by claim basis.

There must be a fully evidenced audit trail for all contracted targets.

4. General Information

Essential information to support the drafting of an application and delivery of a successful European Regional Development Fund funded project is available at the [European Growth Funding](#) website pages.

4.1. Compliance and Eligibility

When developing an application, Applicants should refer to [guidance](#) on eligible Applicants, activities and costs. These are for guidance only and Applicants should take their own specialist advice if in doubt. It is the responsibility of the Applicant to ensure that the rules and guidance are adhered to both at application stage and following approval.

European Structural and Investment Funds are governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation listed in the 'key documents' section prior to submitting an Outline application. If successful, Applicants will enter into the standard Funding Agreement and must abide by the standard terms and conditions contained therein. Applicants are therefore strongly advised to read these terms and conditions to ensure that they would be able to enter into such an agreement prior to responding to the call. Once a Funding Agreement has been issued it should be signed and returned within a short timescale.

4.2. Intervention Rate & Match Funding

The Technical Assistance budget will contribute up to a maximum of 50% of eligible project costs. Match funding from the Department for Business Innovation and Skills may be available for projects looking to operate on a national basis subject to the project proposal meeting the criteria set out in this call specification. For projects looking to operate within or across one or more Local Enterprise Partnership area (but not the whole of England) match funding will need to be provided by the applicant and any delivery partners own resources or from a range of organisations.

4.3. Applicants

Public and voluntary sector bodies who are legally constituted and able to enter into a legally binding contract can apply for Technical Assistance funding. Applicant organisations include, but are not limited to:

- Local Authorities;
- Statutory and non-statutory publicly funded organisations/bodies;
- Universities;
- Voluntary / community organisations;
- Registered charities; and
- Not for profit organisations.

Individuals are not eligible to apply for European Regional Development Fund Technical Assistance.

It is not envisaged that private sector Applicants would be eligible to apply for Technical Assistance on the basis that no profit can be made from the fund.

The Managing Authority will consider the Applicant's track record, both positive and negative. If the Applicant has been involved in the delivery of previous European grants and any irregularities with this (these) grant(s) have been identified, the Managing Authority will look into these and expect to see how and what steps have been taken to ensure that these have been addressed to mitigate the risk of further irregularities in the future. It is acknowledged that some organisations will be new to European Structural and Investment Funds funding and will not have a track record.

4.4. Cross Cutting Themes/Horizontal Principles

All applications received under this call should demonstrate how the Cross Cutting Themes have been addressed in the project design and development. Cross cutting themes for European Regional Development Fund are 'equality and anti-discrimination' and 'sustainable development'. Further information is available in the [European Regional Development Fund Operational Programme](#).

4.5. State Aid & Revenue Generation

ESIF Call Template PA9
ESIF-Form-2-007, Version 4
Date published 24 June 2015

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

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

Where the Applicant does not perceive that there is any State Aid, it should state whether or not it considers Articles 61 and 65(8) of regulation 1303/2013 to apply. This revenue should be taken into account in calculating eligible expenditure. Article 61 refers to monitoring revenues generated after completion of the project, and Article 65(8) how to deal with differences in the forecast and actual revenues at the end of the operation. The details of this will be tested at the full application stage.

4.6. Funding Agreement

The Funding Agreement is a standard, non-negotiable and legally binding document. Any successful Applicant will be subject to the terms and conditions contained within this agreement. Applicants are strongly advised to seek their own advice to ensure that they would be able to enter into and abide by the terms of the Funding Agreement.

Failure to meet any of the conditions of the agreement or the commitments within the application will result in claw back of funding.

Applicants should be aware that additional provisions and securities may be included within the Funding Agreement to protect the investment. These will be further discussed if relevant following the Full Application stage.

4.7. Procurement

All costs delivered by the Grant Recipient (the Applicant) and/or delivery partners must be delivered on an actual cost basis. Other costs must be procured in line with European Union regulations. The most common error identified during audit has been failure to comply with relevant procurement regulations and crucially to

¹ Article 107(1) of the Treaty on the Functioning of the European Union provides that: "Save as otherwise provided in the Treaties, any aid granted by a Member State or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market."

maintain a full audit trail to prove that they have complied with the relevant regulation. Robust and transparent procurement is required to ensure that Grant Recipients:

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

It is recommended that Applicants seek their own legal advice pertaining to their procurement and requirements to publicise any tendering opportunities.

The Managing Authority is not able to give legal advice on procurement. It is the responsibility of the Applicant to ensure the project is compliant in this respect.

5. Application Process & Prioritisation Methodology

There are two stages to the European Regional Development Fund application process; Outline Application and if successful, Full Application. Applicants must fully complete the Outline Application via LOGASnet (section 9 refers). Guidance is available on the [European Growth Funding](#) website pages. Applications will be subject to a Gateway Assessment undertaken by the Managing Authority under the following criteria:

- Applicant eligibility;
- Activity and expenditure eligibility; and
- The fit with the European Regional Development Fund Operational Programme and the call.
- Fit with the Technical Assistance guidance; and
- The call.

Proposals that pass the Gateway Assessment will move into the Core Assessment which consists of the following:

- Strategic fit;
- Value for money;
- Management & control;
- Deliverability;
- Procurement / tendering; and
- State Aid compliance.

Applications in relation to this call will ideally cover the whole of England therefore the Technical Assistance Advisory group will be asked to provide an opinion to aid its

assessment. The Technical Assistance Advisory group will liaise with all of the Growth Delivery Teams to ensure that the proposal is not duplicating existing activities and adds value. The PA1 sub-committee of the Growth Programme Board (Programme Monitoring Committee) may also be asked for an opinion. If the Managing Authority decides to invite the Applicant to submit a full application, this will be formally appraised by the Managing Authority and if successful a formal offer of grant will be made.

6. Support

Please note that this is a competitive call and to preserve impartiality we are unable to enter into correspondence with Applicants over their Outline application. Details of where guidance can be found are contained throughout this calls document. In exceptional circumstances, if there are issues with accessing this guidance, please contact sharon.shattock@communities.gsi.gov.uk in relation to Technical Assistance projects and Aphrodite.Korou@bis.gsi.gov.uk in relation to innovation policy and Smart Specialisation.

7. Key Documents

- Outline Application Form;
- Outline Application Form Guidance;
- Technical Assistance Guidance;
- Local Enterprise Partnership area's European Structural and Investment Funds Strategy;
- Guide to Research and Innovation Strategies for Smart Specialisations (RIS 3)
- [Smart Specialisation in England](#);
- [Encouraging a British Invention Revolution: Sir Andrew Witty's Review of Universities and Growth](#);
- Eligibility Guidance; and
- Target Definitions.

8. Document Checklist

Failure to provide the following documentation will result in the application being rejected

Outline Stage:

- Fully completed Outline Application;
- Financial Tables;
- Outputs, Results and Indicators Tables; and
- Three years financial accounts (if private or voluntary and community sector).

9. Document Submission

Completed Outline Applications must be submitted via the [LOGASnet system](#).

Please note that Applicants will require a user ID and password in order to access the LOGASnet system. Details on how to register on the system can be found on the GOV.UK website [European Growth Funding](#) website pages.

Please allow up to 10 days to receive your login details.

10. Timescales

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| 20 th March 2015 | Launch of Call advertised on GOV.UK |
| 30 th June 2015 | Deadline for submission of Outline Application. |
| 24 th March – 31 st August. | Managing Authority appraisal and approval process is undertaken on receipt of outline application. |
| 1 st September 2015 | Latest date by which the project has to have started. |

Outline Application forms not received by the 30th June 2015 will not be assessed. Outline Applications which are not fully completed will be excluded.

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

11. Formal Agreement of the European Regional Development Fund Operational Programme

The information and references in the call are based on the latest version of the [European Regional Development Fund Operational Programme](#) and are correct at the time of publishing. The Operational Programme may be subject to further

amendment during its final negotiations with the European Commission, and subsequent calls will reflect any changes, to the extent that they may affect the terms of calls, that are made. In relation to the present call, the Managing Authority will take the possibility of relevant changes to the Programme into account when assessing outline and full applications, and where such changes occur will notify Applicants of any issues that arise, and propose a method of dealing with them.