



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 2: Enhancing Access to, Use and Quality of, ICT

Managing Authority:	Department for Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 2: Enhancing Access to, Use and Quality of, ICT
Call Reference:	OC36R15P 0007
Local Enterprise Partnership Area:	The Marches
Call Open:	20 th March 2015
Call Closes:	6 th May 2015

Contents

1. Call Context

1.1 National Context

1.2 Local Development Need

1.3 Scope of Activity

2. Call Requirements

3. Required Deliverables

4. General Information

4.1 Compliance and Eligibility

4.2 Intervention Rate & Match Funding

4.3 Applicants

4.4 Cross Cutting Themes/Horizontal Principles

4.5 State Aid & Revenue Generation

4.6 Funding Agreement

4.7 Procurement

5. Application Process & Prioritisation Methodology

6. Support

7. Key Documents

8. Document Checklist

9. Document Submission

10. Timescales

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

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 an 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 Fund Strategy to aid the Managing Authority’s assessments at outline and full application stage.

This call is issued by the Department for Communities and Local Government and invites outline applications in respect of the European Regional Development Fund. European Regional Development Fund is specifically focussed on investment to support economic growth and job creation. The call invites proposals in respect of Priority Axis 2 of the European Regional Development Fund Operational Programme; Enhancing Access to, Use and Quality of, information communication technologies against the requirements set out in this call document.

1.1. National Context

Small and medium enterprises are of crucial importance to the UK economy and information communication technologies and broadband can help enable small businesses to overcome barriers to entry and rapidly access new markets with niche products and services.

This call responds to the needs as defined in the European Regional Development Fund England Operational Programme 2014 to 2020 **Priority 2, Investment Priority 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'**, and The Marches European Structural and Investment Funds Strategy.

The [UK Broadband Impact Study \(November 2013\)](#) shows that superfast broadband offers potential for significant economic growth. Commercial roll-out of superfast broadband (>30mbps) is now largely completed but there remain gaps in the level of provision. Broadband projects currently in delivery will provide superfast coverage for 90 per cent of premises in England by 2016. This is based on commercial delivery by the private sector together with delivery through 40 publicly-funded programmes. However, even when these projects are complete, no Local Authority areas of England will have complete superfast broadband coverage and some will still have coverage of less than 90 per cent.

The Digital Agenda for Europe includes the following goals:

- The entire European Union to be covered by broadband above 30 Mbps by 2020;
- 50% of the European Union to subscribe to broadband above 100 Mbps by 2020.

There will therefore still be a shortfall against the Digital Agenda goals; regions will not all have the same levels of connectivity; and at the local level there will still be many areas with no superfast coverage at all. As a result, the areas left out will be at a competitive disadvantage with the rest of the country. Coverage of ultrafast broadband is also significantly lower.

The support provided through this specific objective will improve information communication technologies connections so they are no longer a barrier to growth for businesses and will help them to improve their productivity, growth and create jobs, in turn increasing the percentage of businesses which use superfast broadband. The resulting economic benefits are described in the [UK Broadband Impact Study \(November 2013\)](#). The aim is to increase coverage and enable more SMEs in particular to access superfast broadband.

1.2. Local Development Need

This call responds to the needs as defined in the Operational Programme Priority 2, Investment Priority 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'.

This call also responds to the needs as defined in [The Marches European Structural and Investment Funds Strategy](#). The strategy provides further information and additional background material.

Specifically, the aim is to fill the gaps in the coverage that has been achieved both commercially and via existing subsidised schemes.

1.3. Scope of Activity

This call aims to address the shortfalls above and is confined to applications which will extend coverage of superfast broadband (capable of delivering speeds of more than 30 Mbps) network infrastructure.

Under this Investment Priority European Regional Development Fund will support the Operational Programme objective of providing financial support for projects to extend availability of superfast broadband networks.

The application process is competitive. For this specific call, applications will be assessed after 6th May 2015.

This call does not include small and medium enterprise digital utilisation and demand stimulation activity, which may be the subject of future calls in the programme.

2. Call Requirements

For operations submitted for this call, please note:

- An *indicative* budget of £2,600,000 has been allocated to this call. This is intended as a guide and may be reviewed;
- Applications should be for a minimum of £500,000 European Regional Development Fund grant;
- Proposals should only contain activities which are eligible for European Regional Development Fund;
- The intention is to award a single funding agreement;
- Applicants will need to have eligible match funding for the balance of costs which must be from a source other than the European Union. The Commission makes a distinction between areas where no broadband infrastructure exists or is unlikely to be developed in the near term (white areas), areas where only one broadband network operator is present (grey areas) and areas where at least two or more broadband network providers are present (black areas). European Regional Development Fund investment must contribute to the delivery of superfast broadband in white areas;
- Activities must address market failure. European Regional Development Fund can only be used to achieve additional activity or bring forward activity more quickly, and Applicants must be able to demonstrate that what they are proposing is additional to what would have occurred anyway;
- Operations must cover The Marches where there is **no or limited access** to superfast broadband;

- Operations must focus only on activities that support European Regional Development Fund eligible small and medium enterprises. European Regional Development Fund ineligible sectors are excluded;
- European Regional Development Fund cannot be used to support installation or development of the core network;
- Eligible expenditure will be the minimum required to provide the network that has the capability to connect from eligible small and medium enterprises to core Points of Presence within the intervention area;
- European Regional Development Fund is a 'gap-funder'. European Regional Development Fund investment is therefore limited to the minimum amount required to ensure the operation can proceed;
- Applications should demonstrate demarcation with initiatives funded through the European Agricultural Fund for Rural Development;
- All procurement must be undertaken in line with European Union regulations;
- Applicants must demonstrate compliance with State Aid law; and
- Operations must be completed no later than 31st December 2018 (subject to review).

3. Required Deliverables

Operations will be expected to achieve the following Programme Deliverables. The definitions of which can be accessed at the [European Regional Development Fund Operational Programme](#).

ID	Indicator
P1	Additional businesses with broadband access of at least 30Mbps

Applicants will be required to demonstrate how they will achieve the deliverables within their proposal along with any methodology that will be used to record achievement. Applicants will also need to ensure robust systems are in place, and be able to describe them, to capture and record the targets and to report quantitative and qualitative performance across the Local Enterprise Partnership areas of The Marches. All operations will be required to collect data and report progress against

the deliverables with each claim. Where an operation underperforms against their deliverables they may be subject to a performance penalty.

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

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

European Regional Development Fund is the funding which is used where no other funding can be obtained (the funder of last resort). The maximum European Regional Development Fund contribution rate for the operation in more developed areas is 50% and for transition areas, Shropshire, 60%. This means European Regional Development Fund can contribute up to 50% of the total eligible project costs in more developed areas subject to State Aid regulations and up to 60% of the total eligible project costs in the transition area subject to State Aid regulations. The level of European Regional Development Fund awarded will be the minimum in order for the project to proceed. The remaining 40% or 50% or more must come from other eligible sources.

European Regional Development Fund is not paid in advance and expenditure must be defrayed prior to the submission of any claims. Applicants may be asked to demonstrate how they are able to cash flow the operation.

4.3. Applicants

Applicants must be legally constituted at the point of signing a Funding Agreement, and be able to enter into a legally binding Funding Agreement. The Applicant will be the organisation that, if the application is successful, enters into a contract for European Regional Development Fund and therefore carries the liability for ensuring that the terms of the European Regional Development Fund Funding Agreement are met by them and to all delivery partners. If there is more than one organisation applying for the funds, a lead organisation must be selected to become the Applicant. It is this organisation that carries the responsibility and liability for carrying out a compliant project.

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

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.

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."

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 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.

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.

The Managing Authority will seek advice from partners when considering applications to ensure its assessment is informed by local economic growth conditions and opportunities within the context of Operational Programmes and the local European Structural and Investment Funds Strategy. This will include the relevant Local Enterprise Partnership area European Structural and Investment Funds Committee and other partners deemed relevant to the application.

The assessment and any prioritisation will be undertaken using only the information supplied as part of the application process. The Managing Authority cannot accept further detail outside this process.

Non-public sector Applicants who are successful at the Outline Application stage may be subject to due financial diligence checks by the Managing Authority, prior to submission of a Full Application. Applicants will be required to submit accounts, and to clarify financial or other organisational information. New Applicant organisations may be required to provide details of a guarantor.

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 WM.ERDFenquiries@communities.gsi.gov.uk.

7. Key Documents

- Outline Application Form;
- Outline Application Form Guidance;
- Local Enterprise Partnership area's European Structural and Investment Funds Strategy;
- 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

Launch of Call advertised on gov.uk.	20 th March 2015
Deadline for submission of Outline Application	6 th May 2015

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

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

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.