



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 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises

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Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises
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1. Call Context

The 2014 to 2020 European Structural and Investment Funds bring the European Regional Development, 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. 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. These Departments are the Managing Authorities for each Fund. 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 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 3 of the European Regional Development Fund Operational Programme: Enhancing the Competitiveness of Small and Medium Sized Enterprises against the requirements set out in this call document.

1.1 National Context

The primary aim of Priority Axis 3 is to improve the competitiveness of Small and Medium Sized Enterprises by increasing the capacity and capability of Small and Medium Sized Enterprises and promoting entrepreneurship. The priority axis will support the Government’s commitment to support Small and Medium Sized

Enterprises and in doing so strengthen the pipeline of high growth business across England.¹

A range of Investment Priorities will focus European Regional Development Fund intervention to support entrepreneurship and increase the growth capacity of Small and Medium Sized Enterprises. These are:

Investment Priority 3a - *Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators. **Specific objective:** Increase entrepreneurship, particularly in areas with low levels of enterprise activity and amongst under-represented groups.*

There are disparities in rates of business start-ups, in some territories and amongst some groups. For instance, 37% of start-ups in 2013 were located in London and the South East, with only 23% within Northern Local Enterprise Partnership territories. Some groups are particularly under-represented in enterprise relative to their share of the overall population; for instance only 18% of enterprises are majority female led; and whilst minority ethnic groups make up 14% of the population of England, only 6.2% of enterprises are minority ethnic group led.²

Measured by the Total early stage Entrepreneurial Activity rate, excluding a jump in 2012, there has been a steady increase in the Total Entrepreneurial Activity for England. The UK and England are third highest in the G7, behind US and Canada but still just below average for the innovation driven economies as defined by the World Economic Forum's Global Competitiveness Report. In 2013 in England, the Total Entrepreneurial Activity rate was 7.5% and the average across the innovation driven economies was 7.9%. The goal will be to show, by the end of the programme, a higher increase in the Total Entrepreneurial Activity rate in England than for the average across innovation driven economies.

Investment Priority 3c - *Supporting the creation and the extension of advanced capacities for products, services and development. **Specific objective:** Increase the growth capacity of Small and Medium Sized Enterprises*

The support provided through this Investment Priority will help Small and Medium Sized Enterprises to develop their capacity. This will look at productivity drivers, including the technological and business infrastructure and finance that will be required to ensure that those Small and Medium Sized Enterprises with the potential to grow can do so. This will include strengthening supply chains to take better advantage of globalisation by attracting high growth and innovative Small and

1. High Growth businesses are defined as those with at least 10 employees and who have experienced growth at an annual average of 20% over a three year period.

2. According to 2013 BPE estimates with Small Business Survey data

Medium Sized Enterprises where they can introduce new high value added products or services. The objective is to improve their productivity and help them grow and create jobs.

Productivity in Small and Medium Sized Enterprises in England lags behind productivity in large enterprises. In 2011 Small and Medium Sized Enterprise GVA per employee in England was £43,600; and for large enterprise this was £51,000. There were also wide regional disparities across England with average Small and Medium Sized Enterprise GVA per employee ranging from £33,000 in the North East to £65,000 in London. Variation can also be seen across sectors, with Small and Medium Sized Enterprises in manufacturing on average 41.6% less productive than larger firms.

Investment Priority 3d - *Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes* **Specific objective:** *Increase growth capability of Small and Medium Sized Enterprises.*

Existing Small and Medium Sized Enterprises face a number of barriers which restrict their ability to achieve their growth ambitions. These include:

- Information and coordination failures which limit awareness, access and take-up of business support;
- High up-front costs and perceived difficulties in navigating legal, regulatory and cultural environments which constrain the number of Small and Medium Sized Enterprises entering new export markets; and
- Known market failures in the disproportionate costs of establishing and costing risks given the relatively small amounts of capital involved.

Actions to develop capacity of Small and Medium Sized Enterprises work alongside actions to develop capability of Small and Medium Sized Enterprises. Both will lead to an increase in jobs created in Small and Medium Sized Enterprises and in Small and Medium Sized Enterprise productivity.

1.2 Local Development Need

This call will focus on Investment Priority 3c. Where the expectation is that the outcome of this call will result in the award of a single contract, applicants may wish to bid individually, as part of a consortium or a partnership (in line with ERDF Eligibility Rules Guidance). Bids which deviate from this will be received, but should provide an explanation for this approach. See below for further details.

Economic growth in Oxfordshire is seeking to come via *growth through innovation*, prioritising the county's existing strengths in high tech and innovation driven

enterprises as the motor for growth, but with a parallel need to maintain and develop key service sectors and social enterprise.

Oxfordshire is one of the best-performing and innovative areas in England. It has significant strengths in six of the 'eight great technologies', and is one of the top 5 technology innovation ecosystems in the world. Oxfordshire has international leaders in advanced engineering and manufacturing and has the largest concentration of multi-million dollar science research facilities in Europe. However, Oxfordshire's academic and research economy, whilst very strong, is not translating through to services and products to the extent of its full potential; instead it relies on fragmented and informal collaborative networks, lacks start-up and on-going business support and facilities and suffers from poor accessibility between investment locations and university/knowledge hubs which generate economic activity and innovation. There are opportunities to build economic growth and wealth through building in the county's capabilities in the 'eight great technologies', improving the proximity of technology clusters, university research programmes and high-technology businesses to stimulate significant business spin-outs and growth opportunities and expand Oxfordshire's UK expertise.

Several world class concentrations of high tech industries are located in Oxfordshire. It is estimated that in 2011, high tech manufacturing accounted for around 4,000 employee jobs in Oxfordshire while high tech knowledge intensive services accounted for a further 16,000 jobs. Overall, these high tech sectors provided 6.2% of Oxfordshire's employee jobs; the comparable figure for England as a whole was around 5.1%³. Major firms such as BMW, Oxford Instruments, Sophos, Oxford BioMedica, Evotec, Prodrive, Williams F1, Nielsen Group, Unipart and Siemens Magnet Technology operate alongside hundreds of start-up and growing technology businesses in the area.

Strategically important sectors prominent in the Oxfordshire Local Enterprise Partnership area include:

- Life science focus underpinned by the renowned University/John Radcliffe Teaching Hospital research excellence;
- Satellite and data communication in partnership with the European Space Agency;
- Energy market security/resilience capitalising upon the Oxford Harwell and Science Vale offer; and
- Advanced engineering/automotive capacity working with leading companies such as Williams F1 and the Oxford Brookes Automotive/advanced Engineering faculty.

³ The Oxfordshire high technology cluster, Realising the growth potential, SQW (2013)

Oxfordshire also has a particularly strong and broadly based low carbon innovation ecosystem distributed throughout its area, which contributes over £1bn per year to the local economy and employs almost 9,000 people. It has unique resources to support the development of innovative businesses for energy resilience, sustainable development and high technology, including the Low Carbon Hub, over 500 Energy researchers across the two universities, and a low carbon network navigator, which are working to link the scientific and technical innovation arising in the county with business and growth opportunities as well as community involvement. Particularly notable are the community funded micro hydro schemes in operation or development on the Thames and micro generation from school and parsonage clusters, such as Osney Lock Hydro and the Low Carbon Hub's Solar Schools programme. In the last two years alone, more than £10 million has been invested in community energy projects in the County.

Oxfordshire shows high growth potential in alternative fuel motor vehicles, renewable energy and building technologies with world-class R&D capabilities, coupled with innovative, low carbon technology businesses such as Oxford PV, Yasa Automotive, Zeta Group, Pilio Software, Navetas and PV Crystallox; as well as a need to facilitate Oxfordshire's planned growth in a way that manages the environmental, social and economic impacts.

Other organisations and consortia driving economic growth such as Southern Oxfordshire LEADER programme (whose priorities include reviving the river Thames, local food, unlocking the potential of woodland and vibrant villages), the Earth Trust, Local Nature Partnership and the Oxford Universities are pioneering initiatives that range from enhancing countryside landscapes to regeneration, to the development of Negative Emission Technologies to enhance carbon sequestration. The Centre for Sustainable Healthcare has an international reputation for researching and promoting sustainable and low carbon approaches in the health and care sectors.

Oxfordshire is one of the UK's leading Hotspots for Social Enterprise (SE), recognised by Social Enterprise UK as the first county to achieve Social Enterprise "Place" status, and The Skoll World Forum on Social Entrepreneurship takes place here in April. 70,000 social enterprises in the UK contribute £18.5 Billion GVA to the economy and employ 970,000 people.

This burgeoning sector helps address social needs as well as fuel the economy. The current climate provides significant opportunity to support and accelerate its growth, enhanced by other key stakeholders that are recognising the importance and mobilising to engage. Oxford Brookes University, the University of Oxford and Student Hubs recently established the Oxfordshire Social Entrepreneurship Partnership (OSEP). Supported by private and public funding, it offers funding awards and a support programme to help establish and grow SE.

As mentioned above Oxfordshire is also significantly rural in nature, and is home to a significant agricultural sector – nearly three quarters of the county is farmland,

with over 1,600 farms, grazing livestock (33%), growing cereals (30%) and general cropping (20%). This delivers an agricultural GVA of £91 million each year, from a total output of £236 million with profitability in its own right of £72 million⁴. With 63% of the farmed area under agri-environmental schemes, farming in the county is important in its own right, but also as a location for meeting and overcoming long term environmental issues.

Many businesses are located outside the towns and cities, mostly Small and Medium Sized Enterprises, including agricultural processing, a wide diversity of small engineering, service, craft, tourism and leisure companies. There are home based micro businesses, and workers working from home for some or all of the time. This pattern adds strength and diversity to the Oxfordshire business base. Businesses located in rural areas have historically however often been disadvantaged in their access to facilities and services which are routinely available in urban areas, as well as being poorly connected to transport and communication links. Despite this, evidence is growing that some micro businesses located in rural areas have characteristics enabling them to buck the trend of recession⁵. These include an ability to diversify, exploit niche markets and intimate local market knowledge, and maximise the benefits of attractive locations such as those found throughout Oxfordshire. But over the coming years the threat to such businesses has the *potential* to grow, for example through the exclusion of some areas – including a number of business parks – from the roll out of superfast broadband, from lack of access to networks, and from the concentration of investment in infrastructure and transport improvements in the knowledge spine.

During 2014 Oxfordshire launched the Oxfordshire Business Support brand, an initiative bringing together under a single umbrella a wide range of existing and planned services and infrastructure for business across the county.

This call will use the European Regional Development Fund to support, complement and enhance Oxfordshire Business Support, and applicants will need to demonstrate an ability and enthusiasm to work with Oxfordshire Business Support as it evolves. It is a priority to have a unified and integrated business support system and European Regional Development Fund monies will be used to help achieve this goal. This call is intended to fund services related to specific parts of the service offer needed by the County. It is likely that there will be further calls in due course to add further elements to Oxfordshire Business Support. Oxfordshire's economic strategy⁶ is founded on growth through innovation. In this context, bidders are actively encouraged to put

⁴ NFU response to European Structural and Investment Funds consultation / Defra

⁵ Rural micro-businesses: what makes some thrive in a challenging economic climate? Commission for Rural Communities 2013

⁶ Oxfordshire's Strategic Economic plan can be found on the Oxfordshire Local Enterprise Partnership website:

[http://www.oxfordshirelep.org.uk/cms/sites/lep/files/folders/Strategic%20Economic%20Plan/Oxfordshire%20Local Enterprise Partnership_SEP_summary.pdf](http://www.oxfordshirelep.org.uk/cms/sites/lep/files/folders/Strategic%20Economic%20Plan/Oxfordshire%20Local%20Enterprise%20Partnership_SEP_summary.pdf)

forward new and innovative ways in which the activities set out in the call may be designed and delivered.

Details of the local European Structural and Investment Funds Strategy can be found at <http://www.oxfordshirelep.org.uk/cms/>

1.3 Scope of Activity

In responding to this call, applicants should note the following.

The Business Growth Service provides specialist advice to businesses with the right level of ambition, capability and capacity to improve and grow. The service brings together the help available through Growth Accelerator, Manufacturing Advisory Service, Designing Demand and IP Audits. The Service forms part of an integrated package of support that seamlessly connects businesses to Export advice which is provided by UK Trade & Investment through contracts for International Trade Services and UK Export Finance.

Government is working with partners across England to establish a series of business-led Growth Hubs which will include access to trade, investment and business growth services. The Hubs will provide good links and referral arrangements for national growth programmes, especially those in the Business Growth Service

Applicants under this call will need to:

- demonstrate that the proposed project does not duplicate the Business Growth Service, demonstrating in particular how operations will complement and align with the Business Growth Service to deliver additional outcomes. This will be particularly important in cases where projects seek to provide related services e.g. business advice, consultancy, mentoring and peer-to-peer support and leadership and management coaching/advice to growth potential Small and Medium sized Enterprises or supply chain development;
- demonstrate how activity and delivery will be integrated with the business-led, single point of access Growth Hub in the area covered by this call and work locally with all business support provision provided by local public and private sector partners. Where relevant, further detail on Growth Hubs is set out below and in the Annex at the end of this document.

This call responds to the needs as defined in the European Regional Development Fund England Operational Programme and under Priority Axis 3, Investment Priority 3c and the Oxfordshire European Structural and Investment Funds Strategy sections 2.2, 2.5 and 3.2. A single project with a budget of around £500,000 European Regional Development Fund is envisaged.

1.3.2 Investment Priority 3c - *Supporting the creation and the extension of advanced capacities for products, services and development. **Specific objective:** Increase the growth capacity of Small and Medium Sized Enterprises.*

Scope of activity:

Under this Investment Priority indicative actions to be supported by European Regional Development Fund may include:

- Provision of advice to develop new business models or higher quality products, processes or services;
- Advice and support for businesses to implement productivity improvements including through the provision of resource efficiency advice;
- Advice to improve business processes and workforce development;
- Advice and support for supply chain interventions to strengthen and grow the domestic supplier base;
- Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaborative projects;
- Provision of independent access to finance advice.

Activities will target domestic and foreign-owned Small and Medium Sized Enterprises, including social enterprises.

Local Context:

Actions under this Investment Priority will form part of the Oxfordshire Business Support system, with European Regional Development Fund support used to enhance and extend the services already on offer or under development. Initiatives are being sought which demonstrate a good understanding of the particular issues experienced by Small and Medium Sized Enterprises in an area such as Oxfordshire and offer support services able to make a clear difference to their ability to grow through adoption of advanced capacities for products, goods and services. These may include *inter alia*:

- Provision of highly specialised and expert advice, training and consultancy, going beyond generic business advice to address the specific needs of particular sectors, markets and localities. This might include for example issues around intellectual property; investment and financial planning for new production in dynamic and volatile markets; HR strategies where highly specialist skills are needed to adopt new capacities; locating specialised premises or infrastructure; compliance with standards or regulatory regimes; development of new business or production models needed by new products or services;

- Support for Small and Medium Sized Enterprises in similar or complimentary markets or sectors to network and develop mutual and peer support, for example joint investments in productive capacity; consortium building; joint or shared research and development; access to facilities in research institutions;
- Helping Small and Medium Sized Enterprises develop the capacity to participate in high value supply chains particularly where larger Oxfordshire or Greater Thames Valley enterprises source elsewhere but could be supplied locally;
- Increasing the reach of Small and Medium Sized Enterprise productive capacity and innovation support services into the county's rural and less accessible areas, including both increasing accessibility and offering support and advice to overcome barriers capacity development arising from location or lack of infrastructure; and
- Targeting sectors and services with the highest growth potential including those not currently reached by specific sector programmes.

2. Call Requirements

All Applications are competitive.

- An *indicative* budget of £500,000 European Regional Development Fund has been allocated to this call. This is intended as a guide and may be reviewed;
- Proposals should only contain activities which are eligible for European Regional Development Fund;
- Applicants will need to have eligible match funding for the balance of costs which must be from a source other than the European Union;
- All procurement must demonstrate compliance with European Union regulations;
- Applicants must demonstrate compliance with State Aid law; and
- All expenditure and activities will be subject to rigorous audit and non-compliance may lead to financial penalty.

European Regional Development Fund cannot be used to duplicate existing activities or activities that do not address market failure. European Regional Development Fund can only be used to achieve additional activity or bring forward activity more quickly. Applicants must be able to demonstrate that proposals are additional to activity that would have occurred anyway or enables activity to be brought forward

and delivered more quickly than otherwise would be the case in response to opportunity or demand.

The proposed project must not duplicate or undermine existing business support services operating nationally or locally.

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](#). The targets are indicative and subject to final confirmation.

Investment Priority 3c

ID	Indicator
C1	Number of enterprises receiving support
C8	Employment increase in supported enterprises

Applicants will need to be able to demonstrate how they will achieve the deliverables committed to within their proposal along with any methodology used to record it. 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 qualitative and quantitative performance across the relevant Local Enterprise Partnership areas. 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

The European Regional Development Fund 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 is 50%. This means the European Regional Development Fund can contribute **up to** 50% of the total eligible project costs 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 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.⁷ 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.

⁷ 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."

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 OP 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: SE.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.	27 th March 2015
Deadline for submission of Outline Application	29 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.

ANNEX

2014-20 ERDF FUNDING FOR GROWTH HUB ACTIVITIES

Growth hubs will ensure that support for business is simpler, more joined up and easier to access. Some will also provide targeted support to businesses tailored to local needs e.g. priority sectors, groups. In the new 2014-20 ERDF Programme period, some growth hubs will have a physical presence in the local area for businesses to seek advice, support and to network whilst others will offer a virtual service.

Although growth hubs are open to all businesses, regardless of size or sector, they will be able to offer ERDF-funded support only to eligible SMEs under ERDF Priority Axis 3. LEPs and other partners in some localities have therefore sought clarification as to whether the 2014-20 ERDF Programme for England can be used to fund the following activities:

- Signposting and diagnostic activity (e.g. salary costs associated with to face-to-face business advisers, telephone support services)
- Facilitation of peer to peer networking events
- Growth hub marketing activity
- Website development/ maintenance and/or enhancements/development of new on-line tools
- Back office, administration
- Management of the growth hub

DCLG has therefore worked with BIS to produce this Annex on growth hub activities and how they may be supported by ERDF.

ERDF objectives

Where growth hub activity is eligible for ERDF support, it will be supported under Priority Axis 3 of the ERDF Operational Programme which is designed to improve the competitiveness of SMEs by increasing the capacity and capability of SMEs and promoting entrepreneurship. Its investment priorities and specific objectives are:

*Investment Priority 3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators. **Specific objective:** Increase entrepreneurship, particularly in areas with low levels of enterprise activity and amongst under-represented groups.*

*Investment Priority 3c - Supporting the creation and the extension of advanced capacities for products, services and development. **Specific objective:** Increase the growth capacity of small and medium sized enterprises.*

Investment Priority 3d - *Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes.* **Specific objective:** *Increase growth capability of small and medium sized enterprises.*

Eligibility of growth hub activities for ERDF support

LEPs and other partners are asked to note:

1. ERDF requires minimum match funding of between 20% and 50%, depending on where in England the growth hub is located. As a result, a robust match funding package needs to be in place for a project to proceed.
2. ERDF, the match funding and associated outputs must be accounted for and auditable, so transparent reporting systems for both funding and impacts will need to be in place.
3. As a general principle, ERDF can support core functions (and revenue costs) of growth hubs, where they directly contribute to Operational Programme activity and outputs.
4. Any ERDF support under Priority Axis 3 is limited to ERDF-eligible sectors, SMEs (not large companies) and potential entrepreneurs. This means that a universal offer for *all* businesses cannot be funded by ERDF – we can only fund those parts that provide support to eligible potential entrepreneurs or enterprises.
5. Delivery of information, diagnosis, brokerage (IDB) is permitted, however, integrated delivery *with* further support, advice or grant is preferred (for reasons of practicality, deliverability and VFM), rather than standalone IDB.
6. Growth hub staff directly associated with the delivery of ERDF project activity are eligible for ERDF support, e.g. staff costs for posts directly related to the ERDF project in terms of project delivery, management, co-ordination and monitoring; and posts directly related to referrals, signposting and diagnosis of needs of SMEs and potential entrepreneurs eligible for support from ERDF.
7. Growth hub marketing collateral, website content and tools where developed specifically for the purpose of helping to deliver ERDF Operational Programme activity and outputs may be supported.
8. Partnership development between Growth Hubs and organisations/institutions involved in providing business support that involves agreeing appropriate referral mechanisms that are clearly linked to signposting and IDB for eligible SMEs and outputs under ERDF Priority Axis 3 may be supported.
9. 15% flat rate overheads are available (based on 15% of direct staff costs) and cover eligible overheads and back office costs – for example, indirect staff costs such as receptionists, HR, legal, procurement support,

governance and partnership development time (also see 7 and 8 above), IT, shared premises costs and other associated costs.

ERDF will **not** be able to support generalised local growth hub activity that does not deliver support to eligible individuals or enterprises, such as:

- a. Support for strategy development (including sector strategies).
- b. Support to simplify the business support landscape (e.g. mapping), except where this relates to the development of referrals and protocols linked to ERDF project delivery and eligible ERDF SMEs e.g. integration of Business Growth Service (BGS).
- c. Support for research or other development activity for the growth hub and/or LEP, including annual review of growth hub performance.
- d. General growth hub website maintenance and tools development unrelated to the delivery of the ERDF Operational Programme.
- e. Support for general growth hub partnership activity and governance.

Inevitably, this will result in some functions (or parts thereof) of each growth hub that must be funded from other sources, such as private contributions or other public funds, in line with the sustainability principle set out in the BIS grant offer letters for 2015-16 funding. Your BIS Local Manager will engage with and support each LEP and broader partnership in this process.