

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

Enhancing the Growth Potential for Small and Medium
Sized Manufacturers

Managing Authority:	Department for Communities and Local Government
Fund:	European Regional Development Fund
Priority Axis:	Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises
Call Reference:	OC00R15P 0158
Local Enterprise Partnership Area:	North East Hertfordshire South East LEP New Anglia Cornwall & Isles of Scilly Dorset
Call Open:	29 July 2015
Call Closes:	23:59, 11 September 2015

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1. Introduction

The 2014 to 2020 European Structural and Investment Funds bring the European Regional Development Fund, European Social Fund and part of the European Agricultural Fund for Rural Development together into a single European Union Structural and Investment Funds Growth Programme for England supporting the key growth priorities of innovation, research and development, support for Small and Medium sized Enterprises, low carbon, skills, employment, and social inclusion.

The 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:

1. Practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets;
2. Local intelligence to the Managing Authorities 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; and
3. Advice on local economic growth conditions and opportunities within the context of the Operational Programme and the local European Structural 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 for England 2014 to 2020.

2. Call Context

On behalf of the national Growth Programme Board, the Department for Communities and Local Government (the Managing Authority) invites applications seeking European Regional Development Fund support under:

Priority Axis 3 Enhancing the Competitiveness of Small and Medium Sized Enterprises

Investment Priorities:

- 3c** Supporting the creation and the extension of advanced capacities for products, services and development.

- 3d** Supporting the capacity of Small and Medium Sized Enterprises to grow in regional, national and international markets and to engage in innovation processes

The **European Regional Development Fund Operational Programme for England 2014 to 2020** sets out how the European Regional Development Fund will focus on investment to support economic growth and job creation. **Priority Axis 3** of the Operational Programme aims to improve the competitiveness of Small and Medium Sized Enterprises by increasing capacity and capability and promoting entrepreneurship.

Any application for funding will be required to clearly demonstrate that it meets the requirement of, and makes a meaningful contribution to, the delivery of the relevant Priority Axis of the [European Regional Development Fund Operational Programme](#).

In addition, applications will be expected to meet identified local development need, as expressed in the scope of this call and as set out in the relevant LEP Area (see attached Annexes) European Structural and Investment Funds Strategy.

Applicants are advised to familiarise themselves with the detail of the Operational Programme, local European Structural and Investment Funds Strategy and the relevant documentation listed in sections 5 through to 8 **prior to** submitting an Outline Application.

In responding to this call, applicants should also 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:

4. 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;
5. 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.

3. Scope of the Call

3.1 Scope

This call invites Outline Applications which support the delivery of **Priority Axis 3** of the European Regional Development Fund Operational Programme and responds to the local development need set out in the relevant **Local Enterprise Partnership European Structural and Investment Funds Strategy**.

<p>Indicative Fund Allocation:</p>	<p>Indicatively, through this call the Managing Authority expects to allocate up to £7,050,000</p> <p>The Managing Authority reserves the right to increase or decrease the indicative allocation, or support more or fewer projects subject to the volume and quality of proposals received.</p> <p>There is no indicative allocation of European Regional Development Fund funding between capital and revenue activity, both capital and revenue is eligible dependent on the nature of activities/Investment Priorities set out in the call.</p>
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Minimum application level	European Regional Development Fund investment is intended to make a significant impact on local growth. Applications are expected to demonstrate appropriate scale and impact. The Managing Authority does not intend to allocate less than £500,000 European Regional Development Fund to any single project.
Duration of project approvals	Projects should be for a maximum of three years, however the Managing Authority reserves the right to vary the maximum duration in exceptional circumstances.
Geographical Scope	All interventions are confined to activity and beneficiaries within England. Projects should predominantly support businesses based within the relevant (see Annex 2 A-C) Local Enterprise Partnership area.
Specific call requirements	Applications should cover at least one or more of the geographic annexes and its specific requirements as indicated in the attached Annex 2 A - C. The intention is to award multiple contracts.
Call Deadlines	For this specific call, applications will be assessed after the close of the single deadline on 11 September 2015. Applications received after the published call close date will not be considered.

3.2 Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 3 of the Operational Programme, one or more of the relevant Investment Priorities and meet the **local development need** expressed in the table below.

LOCAL DEVELOPMENT NEED
<p>Local Economic Context :</p> <p>This call supports small and medium sized enterprise manufacturing businesses (subject to sector eligibility) through enhancing and/or complementing existing manufacturing support provision.</p> <p>The United Kingdom manufacturing sector is diverse, comprising a wide-ranging number of different industries, technologies and activities. Alongside established industries such as food and drink, aerospace, pharmaceuticals, electronics and automotive, new industries are beginning to develop based around new emerging technologies. These include low carbon, industrial biotechnology, nano-technology,</p>

digital and advanced materials such as composites.

In 2013, manufacturing was the third largest sector in the United Kingdom economy, after business services and the wholesale/retail sector in terms of share of United Kingdom Gross Domestic Product. It generated some £148bn in gross value added, representing just over 10% of the United Kingdom economy. It also employed some 2.6 million people¹. However, it is recognised that faced with increased competition from emerging economies, United Kingdom manufacturers must continue to develop their productive capabilities in order to remain internationally competitive².

Growth Potential of Small and Medium sized Enterprise Manufacturers

Nationally, the principal policy context is based on the 2010 White Paper 'Local growth: realising every place's potential'³. As part of the Autumn Statement 2011, the government took a further step forward in the Growth Review by setting out a range of new measures to support business and encourage growth, which included Manufacturing Advisory Service support tailored to local economic circumstances.⁴

The Department for Business, Innovation and Skills' national Manufacturing Advisory Service was launched on 1 January 2012 and will run until 31 March 2017. The national service for all manufacturing businesses in England is delivered under a single common delivery model and aims to:

- deliver strategic and technical support to manufacturing small and medium sized enterprises tailored to suit the needs of individual businesses and address local sector needs;
- drive business growth by supporting manufacturers achieve real and quantifiable improvements in productivity and competitiveness;
- provide more strategic and in-depth interventions to manufacturing small and medium sized enterprises with the capacity and ambition to develop advanced manufacturing capabilities and compete internationally
- deliver supply chain interventions to strengthen and grow the domestic supplier base including local clusters in support of Industrial Strategy priorities

Since December 2014, Manufacturing Advisory Service, alongside Growth Accelerator and United Kingdom Trade and Investment support, has been brought together as an integrated service under the Business Growth Service brand. While Manufacturing Advisory Service and Growth Accelerator continue to have separate delivery contracts, they are being formally managed as a fully integrated service working closely with United Kingdom Trade and Investment contractors so that businesses approaching any part of the service can get a full assessment of their needs and direct referrals to whichever support is most appropriate.

Growth Hubs (please see Annex 1 for further details)

All applicants should articulate within their application how they are going to **work with and alongside** their local Growth Hubs to ensure: (i) local priorities and needs will be met; and (ii) the proactive referrals of Small and medium sized enterprises to

¹ Strengthening UK manufacturing supply chains: an action plan for government and industry, February 2015 (BIS/15/6)

² BIS Economics Paper No 10A: Manufacturing in the UK: An economic analysis of the sector, Dec 2010, BIS

³ Local growth: realising every place's potential 2010

⁴ Supporting Local Growth, December 2011

and from the Growth Hubs to enable on-going support of local Small and medium sized enterprises to maximise opportunities of growth.

Growth Hubs are locally-led partnerships that coordinate business, innovation and trade support within a Local Enterprise Partnership area and make it simple for businesses to access the support they need. They should bring together all of the local bodies involved in supporting businesses – and work with national bodies such as UK Trade & Investment, Innovate UK and the Business Growth Service – to ensure that national and local, public and private business support works together in the most streamlined and effective way possible, putting the business customer at the centre of the system.

Specifically, they raise awareness of national and local business support, provide a single access point for businesses and provide a diagnostic and signposting service to make sure that businesses know what is available and can access the right support for them. Growth Hubs will deliver against the following five key principles:

- a) developing strong, inclusive partnerships with local stakeholders;
- b) putting in place robust governance arrangements to oversee growth hub activity and ensuring alignment with the Local Enterprise Partnership’s strategic economic plan;
- c) ensuring plans for growth hubs are deliverable now and sustainable;
- d) joining up national and local business support and simplifying the local offer; and
- e) applying a common evaluation framework to identify what works and measure impact.

All growth hubs will be working with the Business Growth Service to enter into bespoke working agreements setting out how the growth hub and the Business Growth Service will work together to ensure ease of access for customers, including: two-way information sharing about services, joint working between teams/advisers (including through events/workshops), two-way data referrals (contingent on implementation of data sharing protocols) and other actions to enhance the experience of businesses with growth potential as required. These agreements are emerging but applicants to this call will also need to give consideration as to how to work effectively with Growth Hubs in their area.

Manufacturing Knowledge Base Institutions and Networks, including the High Value Manufacturing Catapult

Where appropriate, all applicants should articulate within their application how they are going to **work with and alongside** national and local manufacturing knowledge base institutions and networks, including the High Value Manufacturing Catapult Centres to ensure the provision of effective referral routes that enable small and medium sized manufacturers to identify and access the most appropriate and tailored support to develop and adopt advanced manufacturing capabilities that maximise opportunities of growth.

Local Priorities:

Proposals should demonstrate alignment with local development need and priorities

including:

Specific Local Enterprises Partnership area priorities as provided at Annex 2 A-C. It is expected that applications will cover a minimum of one of these annexes.

3.3 Operational Programme Investment Priorities

Applications must specify the activities to be delivered and are expected to directly contribute to **one or more** of the following Investment Priorities:

Investment Priority	3c –Supporting the creation and extension of advanced capacities for products, services and development.
Specific Objectives	Increase the growth capacity of small and medium sized enterprises.
Indicative Actions	<p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none">• 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;• Grant finance for business to invest for product, process and service improvements; and• Provision of independent access to finance advice <p>Activities will target domestic and foreign-owned Small and Medium Sized Enterprises, including social enterprises.</p> <p>Specifically for this call, activities should also cover advice and support to develop and adopt advanced manufacturing capabilities and processes such as additive layer</p>

	manufacturing, automation and robotics.
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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 Objectives	Increase the growth capability of Small and Medium Sized Enterprises.
Indicative Actions	<p>The support provided through this specific objective will help businesses to develop their internal capability in order to improve their productivity, grow and create jobs:</p> <p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Provision of efficient local referral routes to ensure that small and medium sized enterprises are able to identify and access the most appropriate and tailored support for their specific growth needs; • Support small and medium sized enterprises to develop focused growth strategies and update or introduce new business models which will drive business performance; • Attracting new business investments to England (e.g. supporting business investment in manufacturing capabilities, including reshoring etc); • Advice and support for small and medium sized enterprises to enter, establish and expand in new domestic markets; • Advice and support for businesses to become investment ready; • Provision of advice, consultancy, mentoring and peer-to-peer support to indigenous businesses and inward investors (small and medium sized enterprises from outside the European Union who will move to England); • Leadership and management coaching where connected to the development and implementation of a business growth plan; • Support “meet the buyer” type events to enable small and medium sized enterprises to enter, establish and expand in new domestic markets;

	<ul style="list-style-type: none"> • Targeted grant schemes to support productive investment; and • Provision of advice and consultancy on access to finance. <p>Activities will target domestic and foreign-owned Small and Medium Sized Enterprises, including Social Enterprises</p>
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4 Required Outputs under this Call

Projects must deliver against the Priority Axis 3 outputs and results of the European Regional Development Fund 2014 to 2020 Operational Programme. For projects coming forward under this call the expected outputs and results are:

ID	Output Indicator
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
C6	Private investment matching public support to enterprises (grants)
C8	Employment increase in supported enterprises
C28	Number of enterprises supported to introduce new to the market products
C29	Number of enterprises supported to introduce new to the firm products

Applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund, will achieve the deliverables committed to within the proposal. The application should clearly state the methodology used to determine the levels of outputs proposed.

All operations will be required to report regularly on progress toward achievement of targets. This will need to include both quantitative and qualitative data relevant to the appropriate geographical areas. Applicants will need to explain how they will collect and record this information to maintain a fully evidenced audit trail. It should be noted that if an operation fails to deliver contracted deliverables, a performance penalty may apply.

5 Application Process & Prioritisation Methodology

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

1. Outline Application and, if successful
2. Full Application.

Acceptance of an Outline Application to progress to full application stage does not in any way indicate or constitute an offer of European Regional Development Fund grant.

Applicants must fully complete the [Outline Application](#) which will be assessed by the Managing Authority against the national [Selection Criteria](#).

Outline Applications will be assessed in two stages, Gateway assessment and Core assessment.

Gateway assessment considers:

- applicant eligibility;
- activity and expenditure eligibility; and
- fit with the National Operational Programme and the local development need set out in section 2.

Proposals that fail the Gateway assessment will be rejected. Proposals which pass the Gateway assessment will then be assessed against the Core assessment criteria:

- Strategic Fit
- Value for money
- Management and control
- Deliverability
- Compliance
 - Procurement
 - State Aid
 - Publicity requirements
- Cross cutting themes
 - Environmental sustainability
 - Equal Opportunities

Having assessed projects against these criteria the relevant Local Economic Partnership area European Structural and Investment Fund Sub-Committee will advise the Managing Authority on the alignment to local economic growth conditions and opportunities within the context of the Operational Programme and local

European Structural and Investment Fund Strategy to aid the Managing Authority's assessments (at outline and full application stage).

Please note that the Managing Authority's decision is final and there are no appeals. If you wish to complain about the calls and application process, please follow the procedure set out at <https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/complaints-procedure>

6 General Information

6.1 National Eligibility Rules

When developing an application, Applicants must refer to the [National Eligibility Rules](#) setting out the requirements of the 2014-2020 European Regional Development Fund Programme. It is the responsibility of the Applicant to ensure that the Rules are adhered to both at application stage and following approval. Failure to do so can lead to financial penalties leading to recovery of up to 100% of grant. Applicants are strongly advised to seek specialist advice if in doubt on any requirement.

European Regional Development Fund eligibility rules apply to **all** project spend within the eligible costs, including match funding.

The European Regional Development Fund is governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation, (Section 8 Key Document refers) prior to submitting an Outline Application. If successful, Applicants will enter into a 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 are 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 30 days, unless otherwise agreed with the Managing Authority.

6.2 Eligible Applicants

Section 4 of the [National Eligibility Rules](#) sets out who is eligible to apply.

Applicants must be legally constituted at the point of signing a Funding Agreement. If the application is approved the Applicant organisation will enter into a legally binding Funding Agreement and therefore will carry the liability for ensuring that the terms and conditions of the Funding Agreement are met.

If there is more than one organisation applying for the funds, a lead organisation must be selected to become the Applicant with the remaining organisation(s) acting as Delivery Partner(s). In this situation the Applicant would be responsible and liable for the Delivery Partner(s) and ensuring the project is operating compliantly.

During the application process the Managing Authority will consider the Applicant's track record, both positive and negative. If the Applicant has been involved in the delivery of previous European grants and any irregularities have been identified, the Managing Authority will expect to see how and what steps have been taken to ensure that the risk of further irregularities in the future is mitigated. It is acknowledged that some organisations will be new to European Structural and Investment Funds funding and will not have a track record.

6.3 Intervention Rate & Match Funding

European Regional Development Fund is normally expected to intervene where no other funding can be obtained (i.e. the funder of last resort). The level of European Regional Development Fund awarded will be the minimum in order for the project to proceed.

The maximum Contribution Rate is up to: 50% (in more developed regions); 60% (in transition regions); and 80% (in less developed regions), of the total eligible project costs subject to State Aid regulations.

The remaining 50% (for more developed regions), 40% (for transition regions), 20% (for less developed regions) or more must come from other eligible sources as specified under section 6 of the National Eligibility Rules. Applicants will need to demonstrate that they have eligible match funding in place for the balance of costs. Other European Union funds cannot be used as a source of match funding.

European Regional Development Fund investment is limited by State Aid regulations and where the award of European Regional Development Fund would constitute State Aid the European Regional Development Fund grant rate may fall below the 50%, 60% or 80% maximum.

European Regional Development Fund is paid quarterly in arrears and expenditure must be defrayed prior to the submission of any Grant claims. Applicants may be asked to demonstrate how they are able to cash flow the operation.

6.4 Project Timescales

European Regional Development Fund funding will normally be approved for three years, however the Managing Authority reserves the right to extend the contract term in exceptional circumstances.

Projects approved through this call are expected to:

- Submit a detailed and complete full application within three months of formal selection at outline stage. Projects which fail to meet this deadline may be deselected,
- Commence delivery (defraying European Regional Development Fund eligible costs) within three months of formal approval. Projects which fail to meet this deadline may be deselected, and
- Be completed by June 2023.

6.5 Capital Projects

Applicants seeking European Regional Development Fund to support a capital project (i.e. land and/or property) will need to meet Building Research Establishment Environmental Assessment Method or Civil Engineering Environmental Quality Assessment 'Excellent' for new builds and 'Very Good' for refurbishments. Applicants will need to provide evidence of how they will achieve the rating required (unless otherwise agreed with the Managing Authority).

Applicants will need to demonstrate that they have the rights and permissions to undertake the project and must provide:

1. Proof of current interest in the land and/or property, which includes evidence of the freehold ownership or any lease arrangements that may be in place; and
2. Evidence of the approval of any planning permission, or in certain circumstances a clear statement on the process for securing such consents and any risks to the project.

Royal Institute of British Architects Stage D costs must be supplied with the Full Application and be certified by an independent Quantity Surveyor and Land/Property contributions certified by a Real Estate Valuation expert who are current and chartered members of the Royal Institute of Chartered Surveyors/ Chartered Institute of Builders or equivalent body.

Successful Applicants will be required to provide security to the Managing Authority in the form of a Legal Charge and/or Deed of Covenant over the land and/or property. Applicants will be responsible for registering the charge at their own cost.

6.6 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](#).

6.7 Additionality, Duplication and Displacement

Additionality is a core principle of European Regional Development Funding. Applicants must be able to demonstrate that the activity paid for out of European Regional Development Funding adds value to new or existing activity. Projects need to demonstrate that without the support of European Regional Development Funding the activity would not have taken place.

European Regional Development Funding cannot support activities that duplicate existing provision/services within the region.

Applications need to identify and evidence the beneficiaries will use the service and demonstrate that the project does not displace other activity available in the market place.

6.8 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.⁵ 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. 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. This revenue should be taken into account in calculating eligible expenditure. The details of this will be tested at the full application stage.

⁵ 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."

6.9 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 relevant advice to ensure that they would be able to enter into and abide by the terms of the Funding Agreement.

Applicants are advised that additional provisions and securities may be included within the Funding Agreement to protect the investment. Detailed advice will be given if appropriate at the Full Application stage.

Failure to meet any of the conditions of the Funding Agreement or the commitments within the application will result in claw back of the Grant (which may include interest).

6.10 Procurement

All costs claimed by the Applicant (Grant Recipient and/or Delivery Partner(s)) must be recovered on an actual cost basis. Other costs must be procured in line with National (including [Public Procurement Regulation 2015](#)) and European Union regulations. Procurement will be subject to audit and verification and any irregularity will result in financial penalty of up to 100% of the grant paid. Robust and transparent procurement is required to ensure that Grant Recipients:

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

It is **strongly recommended** that Applicants seek and follow legal advice in respect of procurement requirements. Procurement irregularities remain the most substantive cause of error and clawback of grant.

7 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: NW.ERDFenquiries@communities.gsi.gov.uk.

8 Key Documents

- (i) European Regional Development Fund Operational Programme;
- (ii) Outline Application Form;
- (iii) Outline Application Form Guidance;
- (iv) Local Enterprise Partnership area's European Structural and Investment Funds Strategy;
- (v) Eligibility Guidance;
- (vi) Target Definitions; and
- (vii) Funding Agreement (Revenue and/or Capital).

9 Document Checklist

Incomplete applications will be rejected. Please ensure the following information (documents) are submitted.

Outline Stage:

- Fully completed Outline Application;
- Financial Tables; and
- Outputs, Results and Indicators Tables.

10 Document Submission

Completed Outline Applications must be submitted via **email** to the address in Section 7.

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 Funding Agreement.

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

ANNEX 1

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 European Regional Development Fund 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 European Regional Development Fund-funded support only to eligible Small and Medium Enterprises under European Regional Development Fund Priority Axis 3. Local Enterprise Partnerships and other partners in some localities have therefore sought clarification as to whether the 2014-20 European Regional Development Fund 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

The Department for Communities and Local Government has therefore worked with the Department for Business, Innovation and Skills to produce this Annex on growth hub activities and how they may be supported by European Regional Development Fund.

European Regional Development Fund objectives

Where growth hub activity is eligible for European Regional Development Fund support, it will be supported under Priority Axis 3 of the European Regional Development Fund Operational Programme which is designed to improve the competitiveness of Small and Medium Enterprises by increasing the capacity and capability of Small and Medium Enterprises and promoting entrepreneurship

Eligibility of growth hub activities for European Regional Development Fund support

Local Enterprise Partnerships and other partners are asked to note:

1. European Regional Development Fund 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. European Regional Development Fund, 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, European Regional Development Fund can support core functions (and revenue costs) of growth hubs, where they directly contribute to Operational Programme activity and outputs.
4. Any European Regional Development Fund support under Priority Axis 3 is limited to European Regional Development Fund-eligible sectors, Small and Medium Enterprises (not large companies) and potential entrepreneurs. This means that a universal offer for *all* businesses cannot be funded by European Regional Development Fund – 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 Value For Money), rather than standalone information, diagnosis, brokerage.
6. Growth hub staff directly associated with the delivery of European Regional Development Fund project activity are eligible for European Regional Development Fund support, e.g. staff costs for posts directly related to the European Regional Development Fund project in terms of project delivery, management, co-ordination and monitoring; and posts directly related to referrals, signposting and diagnosis of needs of Small and Medium Enterprises and potential entrepreneurs eligible for support from European Regional Development Fund.
7. Growth hub marketing collateral, website content and tools where developed specifically for the purpose of helping to deliver European Regional Development Fund 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 information, diagnosis, brokerage, for eligible Small and Medium Enterprises and outputs

under European Regional Development Fund 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, Human Resources, legal, procurement support, governance and partnership development time (also see 7 and 8 above), Information Technology, shared premises costs and other associated costs.

European Regional Development Fund 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 European Regional Development Fund project delivery and eligible European Regional Development Fund Small and Medium Enterprises e.g. integration of Business Growth Service (BGS).
- c. Support for research or other development activity for the growth hub and/or Local Enterprise Partnership, including annual review of growth hub performance.
- d. General growth hub website maintenance and tools development unrelated to the delivery of the European Regional Development Fund 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 Business, Innovation and Skills grant offer letters for 2015-16 funding. Your Business, Innovation and Skills Business Local Manager will engage with and support each Local Enterprise Partnership and broader partnership in this process.

Annex 2 A – Enhancing the Growth Potential of small and medium sized enterprise Manufacturers, East of England

<p>Local Enterprise Partnership Areas</p>	<p>Hertfordshire New Anglia South East Local Enterprise Partnership</p>
<p>Local Strategies</p>	<p>Hertfordshire: http://mediafiles.thedms.co.uk/Publication/BH-Herts/cms/pdf/Hertfordshire%20EUSIF%20Strategy%20V2-5%20Final.pdf</p> <p>New Anglia: http://www.newanglia.co.uk/wp-content/uploads/2014/01/New-Anglia- -EU-Investment-Strategy-January-2014-Final-version-for-Government-310114.pdf</p> <p>South East Local Enterprise Partnership: http://www.southeastlep.com/images/uploads/resources/se-lep-sif-january-submission.pdf</p>
<p>Notional Allocation</p>	<p>Up to £3,700,000 European Regional Development Fund - For applications relating to this Annex, it is anticipated that the total European Regional Development Fund investment will follow the distribution below:</p> <ul style="list-style-type: none"> • Hertfordshire: £500,000 • New Anglia: £1,200,000 • South East Local Enterprise Partnership: £2,000,000
<p>Duration</p>	<p>Up to 3 years</p>
<p>Local Enterprise Partnership area priorities</p> <p>Hertfordshire: Applications covering the Hertfordshire area should explain:</p> <ol style="list-style-type: none"> 1. How operations will complement and align with the Business Growth Service /national Manufacturing Advisory Service provision to deliver additional outcomes including improving advanced manufacturing capabilities, introducing to new market opportunities etc., whilst adding value to the existing Business Growth Services provision and ensuring that the proposed approach meet the needs of Hertfordshire small and medium sized enterprises; 	

2. How provision and delivery will work alongside the Hertfordshire Growth Hub provision in the area;
3. How provision will align with local priorities and sectors (with strict regard to European Regional Development Fund eligibility criteria) i.e. Advanced Manufacturing; Life sciences; Digital Technology (including creative Film and Media), converging medical technologies and how they will provide delivery of additional specialist, sector and market specific consultancy support to target businesses. As a minimum this should lead to a 30% increase above 2014 baseline in take up of the core Manufacturing Advisory Service.
4. In addition, how provision will support a:
 - 50% increase in the number of Small Medium Enterprises signing up to supply chain related activities with a focus on the aforementioned priority sectors;
 - 50% increase in the number of Small Medium Enterprises signing up to process improvement related activities with a focus on the aforementioned priority sectors.
5. How provision will provide additional support for Small Medium Enterprises who have previously engaged with the service in order to implement growth plans (anticipated to be around 10% of budget).
6. How provision could establish and facilitate an independent manufacturing forum to support the manufacturing sector through self-generated initiatives (to include at least four Growth Community type events).
7. Innovative approaches to identified gaps in the current core provision.

New Anglia

Applications covering the New Anglia area should explain:

1. How operations will complement and align with the Business Growth Service /national Manufacturing Advisory Service provision to deliver additional outcomes including improving advanced manufacturing capabilities (in particular locally to several AME clusters, including automotive, civil and military aviation and pharmaceuticals), introducing to new market opportunities etc., whilst adding value to the existing Business Growth Services provision;
2. How they will deliver focused activity for the local area's priority sectors (with strict regard to European Regional Development Fund eligibility criteria). The Local Enterprise Partnership's high impact growth sectors (though not at the exclusion of others) include the following:
 - Advanced manufacturing/engineering

- Energy (including low carbon)
 - ICT and Digital Creative
 - Life Sciences
 - Food and Agri-Tech
3. How they will integrate their activity within the local business support landscape and commit to collaborating and working with local partners in order to add value and ensure joined up delivery. Projects will need to understand the tapestry of business support that exists in the New Anglia area, including the New Anglia Growth Hub (see below) and Enterprise Zone;
 4. How delivery will work alongside and with the New Anglia Growth Hub;
 5. Consideration of additionality through the delivery of the following elements:
 - A focus on quality of support as well as reaching additional businesses;
 - Increasing the number and reach of business advisors and account managers;
 - A focus on locally determined high growth sectors and growth locations;
 - Ability to focus on more 'difficult to reach' companies;
 - Introduce new or enhanced grant funding to support core provision;
 - Greater bespoke support to the client's individual needs; and
 6. Opportunity for 'service readiness' capacity and capability building.

South East Local Enterprise Partnership:

Applications covering the South East area should explain:

1. How operations will complement and align with the Business Growth Service /national Manufacturing Advisory Service provision to deliver additional outcomes including improving advanced manufacturing capabilities, introducing to new market opportunities etc., whilst adding value to the existing Business Growth Services provision;
2. How delivery will work alongside and with the South East Growth Hub (in particular how they will link/integrate with services and marketing within the Growth Hub);
3. How they will integrate their activity within the local business support landscape (including local initiatives aimed at boosting manufacturing growth) and commit to collaborating and working with local partners in order to add value and ensure joined up delivery in the South East, including where appropriate co-location. In addition, how they will involve appropriate local partners and stakeholders across the South East Local Enterprise Partnership area, taking into account its specific geography and distributed responsibilities for economic development.
4. How they will ensure the availability of specialist, targeted and tailored support

for the advanced manufacturing sector, not simply replicate generic, non-specialist advice and guidance. In particular, attention to key growth risk points should be addressed (expansion, securing external investment, increasing fixed overheads, managing cash flow etc.). Applicants should detail how they will assist businesses to change the way they operate, make innovative improvements, stimulate business thinking and help businesses to enhance existing products, services and processes, as well as develop new ones, and to enter new markets.

5. How local delivery will provide in-depth interventions to small and medium sized enterprise clients – this may be through by dedicated manufacturing advisors with a local presence (over and above the level available through national provision) and co-located where possible with the Growth Hub.
6. How provision will be promoted and leads generated to ensure high visibility of the service throughout the South East Local Enterprise Partnership area, along with monitoring of performance to ensure continuous improvement in delivery and achievement of South East Local Enterprise Partnership’s goal in this area and contribution to the area’s economic strategy.
7. How they will be available to eligible businesses across the whole of the South East Local Enterprise Partnership area, clearly explaining how the project would meet local need, and ensure that there is an understanding of the local landscape in terms of priority sectors.
8. How they will support clusters of advanced and high growth potential manufacturing companies to collaborate and promote mutual benefits for example in networking, marketing, joint investments and strategic planning.
9. How they will promote supply chain development and enhancement, in particular to help South East Local Enterprise Partnership area based Small Medium Enterprises to join advanced manufacturing supply chains, and with sectoral focus on growth areas, collaboration, opportunity identification and research.
10. How they will demonstrate strong partnership working with universities and research institutions in the South East Local Enterprise Partnership area, particularly in relation to development and exploitation of advanced manufacturing opportunities.
11. How they will work with labour market and skills supply side interventions, including European Social Fund, to add the skills and expertise element needed for the growth and development of advanced and high growth potential manufacturing companies (which would be complementary to the proposed European Regional Development Fund project, whilst respecting the European Regional Development Fund eligibility rules).

Annex 2 B– Enhancing the Growth Potential of small and medium sized enterprise Manufacturers, North East

Local Enterprise Partnership Areas	North East
Local Strategies	http://nelep.co.uk/funding/european-funding/
Notional Allocation	<p>Up to £2,600,000 European Regional Development Fund - For applications relating to this Annex, it is anticipated that the total European Regional Development Fund investment will follow the distribution below::</p> <ul style="list-style-type: none"> North East: £2,600,000* <p><i>*Applicants should note the two categories of region within the North East Local Enterprise Partnership area, with Northumberland and Tyne and Wear a ‘more developed’ region and County Durham a ‘transition’ region. Within the local European Structural and Investment Fund Strategy activities are weighed approximately 60:40 in relation to more developed/transition regions, representing approximately £1,560,000/ £1,040,000 respectively for this call. Applications covering both categories of region should apportion costs and outputs, noting the relevant contribution rates</i></p>
Duration	Up to 3 years
<p>Local Enterprise Partnership area priorities</p> <p>Applications covering the North East area should explain:</p> <ol style="list-style-type: none"> How they will develop an innovative response which targets activities at local priorities and offers solutions to local development need and how they will support business improvement projects which add value to the existing Business Growth Service programme and which achieve integration with the North East Growth Hub, helping to create additional jobs, improved GVA and which achieve alignment of provision across the Local Enterprise Partnership area which How they will deliver a truly collaborative and joined up solution(s). How they will either use tried and tested models or pilot new interventions to deliver an enhanced level of Manufacturing Advisory Support to improve the competitiveness of Small Medium Enterprise businesses. Types and extent of 	

activities to boost productivity could embrace supply chain management, procurement systems and processes, design, financial management, leadership and change management etc. and are likely to include activities which facilitate peer-to-peer relationships and mentoring as preferred approaches. Activities should also demonstrate how they will apply best practice principles and how best practice will be shared across the Local Enterprise Partnership area.

3. How they will stimulate demand for business services which boost productivity and competitiveness and strengthen supply chains, particularly in key sectors (with strict regard to European Regional Development Fund eligibility criteria).
4. How they will contribute to 'more and better jobs' across the North East Local Enterprise Partnership area economy, particularly how Gross Value Added and employment will be increased through activities which support new and existing businesses to boost productivity.
5. How they will increase the productivity of the Local Enterprise Partnership area's economy through a focus on higher value added sectors where the North East has a competitive advantage. These are the smart specialisation sectors (passenger vehicle manufacture; subsea, marine and related advanced manufacturing; life sciences and health; creative, digital, software and technology-based services [with strict regard to European Regional Development Fund eligibility criteria]) and other sectors where growth potential is identified (engineering and manufacturing; business and professional services; low carbon and renewable technologies and logistics).
6. How they will enhance productivity gains through innovation business support and business growth through engagement with more productive innovation processes.
7. How they will facilitate the growth of rural based Small Medium Enterprise manufacturers.
8. How activities will support capacity and equipment improvements leading to productivity gains. This could include capacity building and/or capex support.
9. How they will work alongside and align with the North East Growth Hub (in particular consideration on how they potentially could link to the range of Growth Hub functions such as dynamic context, on line communities, digital market place etc);
10. How operations will complement and align with the Business Growth Service

/national Manufacturing Advisory Service provision to deliver additional outcomes including improving advanced manufacturing capabilities, introducing to new market opportunities etc., whilst adding value to the existing Business Growth Services provision;

11. How they will work with and/or support existing manufacturing networks and institutions and demonstrate strong partnership working to enhance growth through higher productivity capabilities, organisational development and innovation processes.

12. How activities will complement and enhance sector-related Local Growth Fund investments.

13. How they will complement and align with other European Regional Development Fund funding calls to enhance the competitiveness of Small Medium Enterprises that may impact on this activity, including business support, capacity building and innovation activities.

14. How they will underpin productivity activities with robust data analysis which supports the development of capacity and capability.

15. How they will identify, address / overcome issues of specific concern within a Transition Area.

4. How they will engage with local businesses; this includes demonstrating reach to businesses which have yet to engage with mainstream provision;
5. How they will develop advanced manufacturing capabilities by providing strategic guidance and in-depth interventions as well as supporting businesses to achieve real outcomes in terms of improvements in productivity, growth, innovation and competitiveness;
6. How they will identify areas for collaboration and consolidation of support between sectors and other business support providers to reduce duplication and enhance the service for the businesses. This includes demonstrating how they will work with and/or support existing manufacturing networks and institutions such as Colleges and Universities, and how delivery will complement and align with other local and national support available to businesses;
7. How the provision will link to and support businesses to access skills provision and support delivered through European Social Fund and mainstream support;
8. How consideration to the lessons learnt through the Convergence Programme at <http://www.erdconvergence.org.uk/userfiles/files/CloSERDF2007-2013EvaluationBusinessSupportthematicreport.pdf> has been taken into account; and
9. How they intend to reach all geographical areas of Cornwall & the Isles of Scilly, bearing in mind the rural and peripheral nature of the County as well as the needs of the Isles of Scilly.

Dorset:

Applications covering the Dorset area should explain:

1. How operations will complement and align with the Business Growth Service /national Manufacturing Advisory Service provision to deliver additional outcomes including improving advanced manufacturing capabilities, introducing to new market opportunities etc., whilst adding value to the existing Business Growth Services provision;
2. How they will increase manufacturing outputs companies in Dorset's five key sectors (creative and digital; advanced and marine engineering; financial and business services; environmental goods and services; food and drink [with strict regard to European Regional Development Fund eligibility criteria]) as a priority whilst providing for businesses in non-priority sectors as well;
3. How from a geographical perspective, they intend to operate across the entire Dorset Local Enterprise Partnership area; and
4. How activities will complement and align with those of the Growth Hub.