

2014 to 2020 European Structural and Investment Funds
Growth Programme

Call for Proposals
European Regional Development Fund and European
Social Fund

Priority Axis 8 (European Regional Development
Fund) and Priority Axis 1 (European Social Fund)
Community Led Local Development (CLLD)

Managing Authority:	Department for Communities and Local Government Department for Work and Pensions
Fund:	European Regional Development Fund European Social Fund
Priority Axis:	European Regional Development Fund Priority Axis 8: Promoting social inclusion and combating poverty and any discrimination European Social Fund Priority Axis 1: Inclusive Labour Markets
Call Reference:	OC25R15L0224
Local Enterprise Partnership Area:	North East
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Contents

- 1. Introduction 3
- 2. Call Context 4
- 3. Scope of the Call 9
 - 3.1. Scope 9
 - 3.2. Local Development Need 13
 - 3.3. Operational Programme Investment Priorities 17
- 4. Required Outputs under this Call 20
- 5. Application Process 23
- 6. General Information 25
 - 6.1. National Eligibility Rules 25
 - 6.2. Eligible Applicants 25
 - 6.3. Contribution Rate & Match Funding 26
 - 6.4. Project Timescales 26
 - 6.5. Cross Cutting Themes/Horizontal Principles 26
 - 6.6. Additionality, Duplication and Displacement 27
 - 6.7. State Aid & Revenue Generation 28
 - 6.8. Funding Agreement 28
 - 6.9. Procurement 28
- 7. Support 29
- 8. Key Documents 29
- 9. Document Checklist 29
- 10. Document Submission 30
- Appendix A: Extract from Annex 1 of the European Social Fund Regulation 31**

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:

- 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; and
- 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 for European Regional Development Fund and the Department for Work and Pensions for European Social Fund and invites applications in respect of the European Regional Development Fund and European Social Fund for England 2014 to 2020.

2. Call Context

The Department for Communities and Local Government and the Department for Work and Pensions (the Managing Authorities for European Regional Development Fund and European Social Fund) invite applications seeking European Regional Development Fund and European Social Fund support under:

- **European Regional Development Fund – Priority Axis 8: Promoting social inclusion and combating poverty and any discrimination.**
 - Investment Priority 9d¹: Undertaking investment in the context of Community Led Local Development strategies
- **European Social Fund – Priority Axis 1: Inclusive Labour Markets**
 - Investment Priority 1.5: Community Led Local Development

European Regional Development Fund and European Social Fund investment may support a single integrated Community Led Local Development Strategy in each Local Action Group area. However, it is important to note that support delivered under each fund will require a separate application to each Operational Programme.

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 8** Investment Priority 9d of the Operational Programme aims to further territorial cohesion by addressing concentrations of deprivation and disparities in economic performance at lower geographic levels, through the promotion of entrepreneurship and Small and Medium Enterprises (including social enterprise) development and capacity building within communities as a foundation for economic growth in deprived areas.

The **European Social Fund Operational Programme for England 2014-2020** sets out how the European Social Fund will focus on investment to increase labour market participation, promote social inclusion and develop the skills of the potential and existing workforce. **Priority Axis 1 - Investment priority 1.5** of the Operational Programme sets out how Community Led Local Development will allow for the targeting of activity on specific geographic areas facing multiple deprivation in pursuit of coherent, social, economic and sustainable growth; and add value to mainstream European Social Fund activity being delivered locally.

Any application for Community Led Local Development 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](#) and [European Social Fund Operational Programme](#) (specifically Investment Priority 1.5).

¹ Under the European Regional Development Fund Operational Programme for England 2014-2020 Community Led Local Development will be undertaken through Priority Axis 8 but it will address Thematic Objective 9 (Promoting social inclusion, combating and poverty and any discrimination), Investment Priority 9d (Undertaking Investment in the context of Community Led Local Development).

In addition, applications will be expected to meet identified local development needs (as expressed in the scope of this call) and as described in draft local area European Structural and Investment Funds Strategies. They must also ensure that activity set out in the application complements and adds value to other existing and anticipated European Social Fund/European Regional Development Fund and non-European Structural and Investment Funds funded activity in the area(s) covered by the application – and does not duplicate other such provision.

Applicants are advised to familiarise themselves with the detail of the European Regional Development Fund and European Social Fund Operational Programmes, local European Structural and Investment Funds Strategy and the relevant documentation listed in sections 5 through to 8 **prior to** submitting a Full Application. Applicants should also take account of the [Supplementary Guidance for Community Led Local Development](#) issued with this call and the specific guidance to assist completion of the Community Led Local Development application form. Further information, provided by the voluntary sector, for North East based partners is available at the following address - <http://www.vonne.org.uk/CLLD-nelep-area>

In responding to this call, applicants should also note the following:

The **European Regional Development Fund Operational Programme 2014-2020**, Priority Axis 8, Investment Priority 9d seeks to address market failures and barriers at local level that restrict the ability of deprived areas, small and medium sized enterprises and people located within the targeted areas to strengthen economic growth and achieve social inclusion and poverty reduction.

European Regional Development Fund will concentrate investment within targeted areas in order to address persistent spatial disparities and those multiple challenges experienced by communities characterised by high levels of deprivation, poor quality local infrastructure, limited access to amenities and low levels of social capital. The intention is to facilitate sustained and integrated multi-fund strategies in support of investment priorities identified by the communities themselves in a bottom-up approach.

Key issues to be addressed through European Regional Development Fund Community Led Local Development include:

- Information failures at local level which restrict small and medium enterprise (including social enterprise) competitiveness and deter new small and medium enterprise formation by preventing access to networks, services and support needed to strengthen economic performance or entrepreneurship;
- Poor quality local / small scale infrastructure that is inadequate for market needs, the requirements of local small and medium enterprises / social enterprises and needs of local communities;
- Lack of amenities, community capacity/ social capital and low levels of enterprise, including social enterprise and the development of start-ups;
- Poor linkages between areas of deprivation and areas of high economic growth and jobs opportunities;

The European Social Fund Operational Programme 2014-2020 Priority Axis 1, Investment Priority 1.5 sets out how, through the use of Community Led Local Development, the European Social Fund will focus on investment to support inclusive labour markets and job creation by allowing for the targeting of areas of multiple deprivation in support of local economic growth.

European Social Fund funded activity is expected to be delivered through a multi-fund Community Led Local Development strategy which incorporates European Social Fund alongside the European Regional Development Fund programme.

However, the European Social Fund Managing Authority may consider applicants for a European Social Fund only Community Led Local Development Strategy. Within either option it is expected that through bottom-up, local community driven approaches European Social Fund Community Led Local Development activity will tackle a broad range of issues that present barriers to labour market participation.

These may include for example: caring responsibilities; debt; digital exclusion; drug and alcohol dependency; poor basic skills; as well as life skills; lack of motivation and confidence; family, parenting and relationship problems; health, mental health and well-being problems; homelessness; learning difficulties and disabilities; offending; isolation issues faced by individuals and where needed support for childcare.

All European Social Fund applicants will need to be aware of the requirement to collect and report data on all participants as per Annex 1 of European Social Fund Regulation (EU) No 1304/2013 (see **Appendix A**). This will be in addition to the requirement of reporting on output and result indicators referred to in section 4 of the call for proposals.

All Community Led Local Development activity under European Regional Development Fund and European Social Fund Operational Programmes must address specific locally identified needs in support of growth at community level. This will be required to focus on interventions that add value to local strategies which cannot adequately be met through mainstream European Structural and Investment Funds programme provision and are more tailored to local area characteristics and need, empowering people across the community and providing longer term sustainable outcomes.

Applicants should consider the Community Led Local Development Supplementary Guidance Note available at the following link [Supplementary Guidance for Community Led Local Development](#).

The assessment of Community Led Local Development will be undertaken through **one sequential process involving two stages** as follows:

- Stage 1 (Preparatory Stage);
- Stage 2 (Implementation Stage).

The Preparatory Stage will identify those Local Action Groups, Community Led Local Development Strategies and Accountable Bodies that will progress towards full Implementation Stage.

Programme resources will be available at both preparatory and implementation stages. The release of programme resources at both preparatory and implementation stages requires the completion of a Full Application at both Stage 1 and Stage 2.

This call triggers the Stage 1 Preparatory Stage and invites the completion of a Full Application for up to £40,000 total cost per Local Action Group area and Community Led Local Development Strategy. The £40,000 total cost is per Local Action Group and comprises both European Structural and Investment Funds resource **and** match funding. It is assumed that where applicants are seeking both European Social Fund and European Regional Development Fund the £40,000 will be split equally across both funding streams [£20,000 European Social Fund and match funding and £20,000 European Regional Development Fund and match funding].

Note that more than one Local Action Group may apply from within a single Local Enterprise Partnership area; though if more than one Local Action Group applicant identifies the same sub-area Community Led Local Development geography, only one can be supported. The Managing Authority will be responsible for making the decision as to which application will be supported. The Preparatory Stage should lead to the following Stage 1 outputs:

- A functioning **Local Action Group** for a targeted area;
- A draft **Community Led Local Development Strategy** for agreement by the Managing Authority. The guidance note for applicants on strategy development can be found at the following link [Guidance for Development of Community Led Local Development Strategies](#);
- Identification of a proposed **Accountable Body** able to apply for Stage 2 and lead the implementation of the agreed Community Led Local Development Strategy.

Where the Managing Authorities approve the proposed Community Led Local Development Strategy at Stage 1, the Accountable Body nominated in the agreed Community Led Local Development Strategy will automatically progress to Stage 2 and be invited by the Managing Authority to submit a Full Application for European Regional Development Fund/European Social Fund for implementation of the agreed Community Led Local Development Strategy.

In line with Regulatory requirements once a funding agreement for preparatory costs is reached, preparatory costs may be eligible for support regardless of whether a draft Community Led Local Development Strategy is agreed for implementation by the Managing Authority or not.

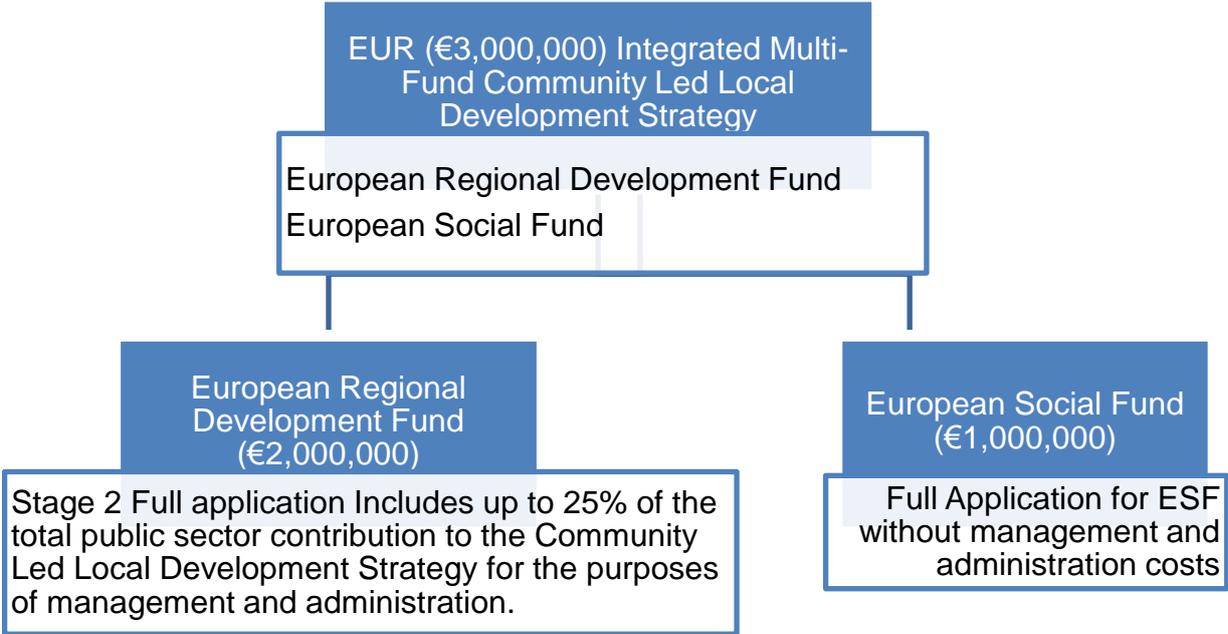
At the Preparatory Stage where integrated multi-fund Community Led Local Development strategies are anticipated, the £40,000 total cost must involve separate applications to both European Regional Development Fund and European Social Fund Operational Programmes, to cover the respective European Regional Development Fund and European Social Fund preparatory activities.

Applicants should note however, that at Stage 2 implementation stage the Common Provisions Regulation allows for a Lead Fund arrangement for management and administration where up to 25% of the proposed public sector budget associated with the implementation of the integrated Community Led Local Development strategy can be drawn from one of either European Regional Development Fund or European Social Fund

resource (that is, European Regional Development Fund can fund European Social Fund management and administration costs or vice versa). The management and administration costs are calculated against the total value of European Structural and Investment Fund funding and public match identified. Any non-public match cannot be included for the calculation of management and administration costs.

For example, where a Local Action Group chooses to pursue a €3,000,000 integrated Community Led Local Development Strategy drawing European Regional Development Fund resource of €2,000,000 and European Social Fund resource of €1,000,000 from the respective Operational Programmes, this will require separate but complementary applications for activity associated with European Regional Development Fund and European Social Fund.

However, in respect of the costs associated with management and administration of the total integrated Community Led Local Development Strategy (up to 25%), the entire costs of management and administration can be incorporated into only one of the two complementary applications. This is illustrated in diagram below:



3. Scope of the Call

3.1 Scope

This call invites Full Applications which support Community Led Local Development Stage 1 Preparatory Activity under **Priority Axis 8** of the European Regional Development Fund Operational Programme and Priority Axis 1 of the European Social Fund and which responds to the local development need set out in the [North East Local Enterprise Partnership Area European Structural and Investment Funds Strategy](#).

Applications that are successful under Stage 1 (Preparatory) will be invited to progress to submit a Full Application at Stage 2 (Implementation)

<p>Indicative Fund Allocation</p>	<p>This call triggers the Stage 1 Preparatory process that will lead ultimately to successful applicants (or the accountable body nominated in an agreed Community Led Local Development Strategy) submitting a Full Application for Stage 2 Implementation of an agreed Community Led Local Development Strategy.</p> <p>Through this call for Community Led Local Development Activity at programme level the Managing Authorities expect to indicatively allocate up to £37,260,000 European Regional Development Fund from Priority Axis 8 and £40,130,000 European Social Fund from Priority Axis 1 across Stage 1 and Stage 2. Applicants should note that under Stage 1 Preparatory Stage each individual Local Action Group is limited to preparatory costs of up to £40,000 total costs per individual Local Action Group area and potential Community Led Local Development Strategy.</p> <p>The Managing Authority will seek advice from each Local Enterprise Partnership area European Structural and Investment Funds partnership on the resource available for Community Led Local Development at each Local Enterprise Partnership area level. The Managing Authority will need to ensure that the local area allocations are consistent with the Category of Region breakdown set out within the respective Operational Programmes. 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>Applicants should note that the outcome of this first round of calls for Community Led Local Development will inform any decision by the Managing Authorities to potentially hold a further round of calls for additional Community Led Local Development from</p>
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	<p>2017. Any further round of calls for Community Led Local Development would be for new areas to use any resource not committed in this first round.</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>
Minimum level for Community Led Local Development Strategy budget	<p>Potential Applicants to Stage 1 can apply for up to £40,000 total costs towards preparatory costs per each individual Local Action Group and Community Led Local Development Strategy within a given Local Enterprise Partnership area.</p> <p>European Regional Development Fund and European Social Fund investment is intended to have a significant impact on local growth. Applications are expected to demonstrate appropriate scale and impact. The Managing Authorities have agreed with the European Commission that Community Led Local Development Strategies should aim to demonstrate critical mass comprising a minimum of €3,000,000 public sector contribution per Local Action Group. Partners should note for planning purposes that at current exchange rates this implies a minimum level Community Led Local Development Strategy of c. £2,130,000 public sector contribution (subject to changes in exchange rate). Note that this amount can include European Structural and Investment Funds and public sector match. Any non-public match identified by the prospective Local Action Group is excluded for this purpose.</p>
Duration of Community Led Local Development Strategy approvals	<p>Community Led Local Development Strategies should typically present proposals for a minimum of five years. The Managing Authorities reserve the right to agree the duration of the Local Action Group Community Led Local Development Strategy as part of the assessment process.</p>
Geographical Scope	<p>The Managing Authorities require applications for Community Led Local Development areas with a minimum population of 10,000 and a maximum population of 150,000.</p> <p>In More Developed and Transition categories of region Community Led Local Development will prioritise those areas identified as being in the 20% most deprived areas by reference to the Index of Multiple Deprivation (2010).</p> <p>Local area wards or Lower Super Output Areas not within the 20% most deprived may be considered for incorporation into the proposed Community Led Local Development area if the area is adjacent to the deprived area, where their incorporation links need with opportunity or presents a more coherent functional</p>

	economic geography.
<p>Specific call requirements</p>	<p>In this first round of calls for Community Led Local Development preparatory activity the Managing Authorities will invite applications from those Local Enterprise Partnership areas where proposals for development of Local Actions Groups and the use of Community Led Local Development in local European Structural and Investment Fund strategies have been agreed by the Managing Authorities. These are as follows:</p> <ul style="list-style-type: none"> • Cornwall and Isles of Scilly Local Enterprise Partnership area • Greater Cambridge Greater Peterborough Enterprise Partnership area • Greater Lincolnshire Local Enterprise Partnership area • Humber Local Enterprise Partnership area • Leeds City Region area • North East Local Enterprise Partnership area • South East Local Enterprise Partnership area • South East Midlands Local Enterprise Partnership area • York, North Yorkshire and East Riding Enterprise Partnership area <p>It is important to note that it is possible for more than one Local Action Group to operate within a given Local Enterprise Partnership area subject to compliance with the population size requirements. The Growth Programme Community Led Local Action Group areas should not overlap geographically.</p> <p>The Managing Authorities further require that Community Led Local Development:</p> <ul style="list-style-type: none"> • Focus upon sub-Local Enterprise Partnership area geographies with a minimum population of 10,000 and a maximum population of 150,000; • Be ‘Bottom-up’ and led by Local Action Groups representing public, private and local socio-economic interests; • Be driven by local needs and potential as identified by the community through the Local Action Group; • Complement but not duplicate LEADER Local Action Group and European Maritime and Fisheries Fund Fisheries Local Action Group activity; • Does not duplicate other European Regional Development Fund and European Social Fund provision; • Be innovative at local level; • Contribute to outputs and deliverables identified in the relevant Priority Axes and Investment Priorities of the European Regional Development Fund and European Social Fund Operational Programmes.

<p>Call Deadlines</p>	<p>For this specific call, Stage 1 Preparatory cost applications will be assessed after the close of the single deadline.</p> <p>Once a Funding Agreement for the preparatory phase is agreed partners will have up to 6 months to develop the Local Action Group led Community Led Local Development Strategy. Community Led Local Development Strategies will be assessed on a rolling basis over this period to accommodate those areas able to progress more quickly or where agreement to 'fast-track' has been reached. Once Community Led Local Development Strategies have been approved the Accountable Body will be invited to submit a separate full application to cover the detailed Community Led Local Development implementation stage.</p>
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3.2 Local Development Need

Projects must deliver activity which directly contributes to the objectives of Priority Axis 8 of the European Regional Development Fund Operational Programme and Priority Axis 1 of the European Social Fund Operational Programme, the relevant Investment Priorities and the **local development need** expressed in the table below.

LOCAL DEVELOPMENT NEED

Local Economic Context:

With a population of almost 2 million and an economy generating more than £30bn each year, the North East Local Enterprise Partnership area represents an important element of the northern economy. In the last growth cycle, the economy performed strongly to close the gap with other areas with over 67,000 jobs created between 1998 and 2008, increasing employment by 10%. Employment growth has recently returned reaching the same level as 2007 in mid-2014. Employment growth also represented a more diversified economy with employment growth exceeding similar areas in financial, professional and business services and similar strong performance in creative, digital and software and tourism. The North East Local Enterprise Partnership area economy remains however a manufacturing centre of excellence with strong export performance and significant growth in productivity. This strength is reflected in the areas of smart specialisation identified representing:

- Passenger vehicle manufacture
- Subsea and offshore technology
- Lifesciences and health
- Creative, digital, software and technology based services.

This growth was underpinned by strong improvements in skills performance with significant reductions in those with no skills and similar positive trends in higher level skills although these still remain below the national average (28.4% compared to 35% at Level 4). These positive trends demonstrate further scope for optimism; however challenges remain with further efforts required to close the employment and productivity gaps as set out in the Strategic Economic Review which recognised the need for 'more and better jobs' in the North East.

Key national statistics as at March 2015 show that the North East is lagging behind in all economic activity indicators. The North East has an economic activity rate of 74.9% compared to a national average of 77.4%. Similarly, levels of unemployment and self – employment are below the national average (7.6% compared to a national average of 6% for unemployment and 7.4% compared to 10.1% for self-employment). Rates for economic activity due to long term sickness show an even greater disparity with 28.5% in the North East compared to 21.6% national average.

The North East region has only 85% of the national disposable household income levels and 28% of children live in households below the national average income level. From

these statistics there are clearly major challenges for the area if it is to meet its economic growth targets, and for all communities to participate in this. Similarly, although there are pockets of relative prosperity within all 7 North East Local Enterprise Partnership local authority areas, overall levels of deprivation (as set out in the 2010 Index of Multiple Deprivation) remain, with the authorities ranging from 40th to 135th (out of 326) of the most deprived local authorities nationally, with all but two in the worst performing 25%.

Added value of Community Led Local Development

North East Local Enterprise Partnership and its local partners welcome the opportunity to support social inclusion and work to support people to enable them to actively contribute to the local economy. This can be most effectively delivered within local communities facing high levels of deprivation, poverty and exclusion if it is delivered as part of a bottom-up approach with a locally owned development strategy at its core. This approach will not only drive change within the Community Led Local Development area but should also influence the direction and scope of elements of the wider programme which directly impact on the Community Led Local Development area.

North East Local Enterprise Partnership and its local partners expect the following benefits to be realised through its approach to Community Led Local Development:

- Allowing access to detailed knowledge of very local challenges to be addressed
- Enabling mobilisation of local resources and best use of local assets – people, property, skills and existing monies
- A well developed and comprehensive Local Development Strategy (LDS) which results in the delivery of a coherent cluster of projects which add value to each other.
- Piloting of approaches at a relatively small scale which can be scaled up and used more widely to connect communities to address social and economic challenges.
- Encouraging a sense of ownership and commitment to the projects and strategy, and builds capacity within communities which can aid sustainability beyond the life of the project.

The North East Local Enterprise Partnership Area

The North East Local Enterprise Partnership European Structural and Investment Fund Strategy reflects the needs of the local economy specific to particular parts of the North East Local Enterprise Partnership area. For European Structural and Investment Fund purposes the North East Local Enterprise Partnership area includes two categories of region:

- More Developed – Tyne and Wear, Northumberland
- Transition - Durham

Proposals are sought for preparatory funding for the formation of Local Actions Groups (LAGs), preparation of Local Development Strategies and identification of accountable bodies for Community Led Local Development areas which are wholly within the more developed or transitional areas. The maximum total costs for this work are £40,000 per proposed Local Action Group area, with both European Regional Development Fund and European Social Fund funding available to contribute towards this in accordance with the

agreed intervention rates

Northumberland and Tyne and Wear – More Developed

The **indicative** grant allocations which will be available to be shared across successful Local Actions Groups formed as a result of the preparatory work are anticipated to be as follows:

- ERDF c£3,600,000
- ESF c £7,000,000

The priority areas for investment are located in the local authority boundaries of Northumberland, North Tyneside, South Tyneside, Newcastle, Gateshead and Sunderland. Applicants should focus on the areas within these Local Authority boundaries which have the highest levels of Lower Super Output areas identified as being in the 20% most deprived areas by reference to the Index of Multiple Deprivation (IMD) (2010).

In order to achieve the required critical mass each Community Led Local Development strategy should describe a minimum of 3,000,000 euro (currently equates to £2,160,000 at exchange rate of 0.72 £ to Euro) public sector funding.

Transitional Area - Durham

The **indicative** grant allocations available for successful Local Action Groups formed as a result of the preparatory work are anticipated to be as follows:

- ERDF c£2,000,000
- ESF c£1,800,000

Successful Local Action group areas should cover those areas that are within the most deprived 20% of the overall Index of Multiple Deprivation 2010 statistics.

Community Led Local Development Local Action Group areas must not overlap geographically with the existing 4 LEADER areas within the rural areas Northumberland and Durham.

It is expected that all Community Led Local Development areas being proposed will be supported from a multi-fund approach using a combination of European Regional Development Fund and European Social Fund. This should allow Local Action Groups to address a larger number of issues in an integrated manner.

Local Priorities:

Proposals should demonstrate alignment with local development need and priorities including:

- The North East Structural and Investment Fund Strategy which supports investment in Community Led Local Development programmes across the North East Local Enterprise Partnership area to support the Thematic Objective of Social Inclusion.

- The North East Local Enterprise Partnership Strategic Economic Plan
- Economic and community development strategies within the relevant Local Authority Areas
- The North East Local Enterprise Partnership Inclusive Growth report
To achieve the benefits North East Local Enterprise Partnership and its partners require from Community Led Local Development, applicants for Community Led Local Development preparatory funding are required to:
- Identify the geographic area being proposed ensuring maximum coverage of the most deprived populations as identified within the Index of Multiple Deprivation 2010 statistics and which reflect the population requirements of Community Led Local Development (i.e. between 10,000 – 150,000 total population)
- Clearly identify and articulate what the specific issues and barriers to social inclusion and economic growth are within the proposed area.
- Explain why the Community Led Local Development approach is the most appropriate delivery approach to solve these problems.
- How this approach will add value to mainstream provision which includes the main European Regional Development Fund and European Social Fund programme, Big Lottery Opt-In and other Opt-Ins such as Skills Funding Agency.
- Explain how the applicant for Community Led Local Development preparatory funds has the capacity to develop a strong partnership to enable the Local Action Group and Local Development Strategy to be developed and an appropriate Accountable Body agreed.

In areas where preparatory funding is approved, Local Development Strategies are expected to set out plans which will involve local communities, businesses and key local assets in the development of initiatives in a range of themes (potential examples listed below):

- Locally relevant economic growth activity.
- The identification and tackling of specific local barriers to employment and skills.
- Social integration initiatives.
- New/ improved Community Hubs delivering community and business benefits.
- Stronger linkages into the wider economy both at a Local Authority, City Region and North East Local Enterprise Partnership level by the strengthening of local supply chains, business networking, and wider interventions from partners to tackle specific economic issues (potentially around widening employment prospects for particular disadvantaged and marginalised groups).
- Interventions which support entrepreneurship and enterprise including pre-start activity, in a holistic manner which links businesses to local accommodation and support.
- Support for new forms of enterprise (including social enterprise).
- Interventions which focus on connecting businesses and fostering good relationships with local residents to raise their awareness of local career opportunities, engaging those furthest from the labour market, including younger people and raising the aspirations of people aged 50+.
- Deliver learning, skills and employability activity to build re-engagement of those who would not access this provision through other areas of the European Structural and Investment Fund Programme, mainstream provision or

employment. The proposed interventions should reach and engage with people who are not already oriented towards learning and skills, do not usually approach employment support or skills development offers and provide the necessary stepping stones to make this kind of participation achievable for more residents.

- Developing pilot projects around jobs, skills and growth and anti-poverty measures which have the potential to be mainstreamed as part of the wider European Structural and Investment Fund Programme
- Integrated actions which may include elements of training, including financial inclusion and debt management, employment and business support, especially through the development of social enterprises which are not emphasised elsewhere in the European Structural and Investment Fund Programme, to ensure that target beneficiaries are able to access the support offered through the main European Structural and Investment Fund Programme albeit with longer-term intensive support. The primary focus should be engagement of the most disadvantaged communities delivered in a co-ordinated manner to move marginalised residents to a stage where they are able to progress to future European Structural and Investment Fund funded provision.
- Community Led Local Development activity must not duplicate that already being delivered, planned by partners and or outlined to be delivered in the North East Local Enterprise Partnership region European Structural and Investment Fund strategy. In particular, the applicant is expected to work closely with partners (e.g. Skills Funding Agency) to ensure the local Community Led Local Development strategy ensures that resources are used effectively and to avoid any duplication. It is of equal importance that Community Led Local Development Local Action groups also work closely with other delivery providers to ensure the opportunities which arise from the mainstream programme concerning progression routes are maximised.

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:

European Regional Development Fund

Investment Priority	9d Undertaking investment in the context of Community Led Local Economic Development strategies
Specific Objectives	To build capacity within communities as a foundation for economic growth

Indicative Actions	<p>Under this investment priority indicative actions to be supported by the European Regional Development Fund may include:</p> <ul style="list-style-type: none"> • Facilitation and capacity building activity in targeted areas which seeks to mobilise community resources and build upon local assets to mitigate the risk of social exclusion and act as a foundation for economic growth; • Provision of small scale community hub facilities to support Small and Medium Enterprises including social enterprise) in targeted areas; • Activity that seeks to promote entrepreneurship and self-employment in deprived areas and targeted communities; • Tailored business support activity, mentoring, coaching, information, advice and guidance; • Small equipment grants; • Provision of business space; • Support for clustering, networking, cooperation or local supply chain development / collaboration; • Investments to better connect deprived neighbourhoods and areas of need with adjacent areas of opportunity and employment growth; • Support to embed and apply innovation in a local context (e.g. new products/services/ ways of working) that builds on community assets in pursuit of jobs and growth; • Support for new forms of enterprise (including the social economy and social enterprise); • Preparatory support, such as training actions for local stakeholders, studies of the areas concerned; costs related to the design of Community Led Local Development strategies, including consultancy costs for actions related to consultation of stakeholders for the purposes of preparing the strategy; administration costs (operating and personnel costs) of an organisation that applies for preparatory support during the preparation phase.
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European Social Fund

Investment Priority	1.5 Community Led Local Development
Specific Objectives	To deliver additional, localised support to people in particularly deprived areas, so that they move towards or

	into employment.
Indicative Actions	<p>Under this investment priority indicative actions to be supported by European Social Fund may include but are not limited to:</p> <ul style="list-style-type: none"> • Stimulating local economies to deliver jobs and growth, including innovative activity to tackle multiple deprivation and specific local barriers to accessing employment and skills faced by groups and individuals farthest from the labour market; • Providing individual pathways to integration and re-entry into employment, for example through developing links between disadvantaged groups and local employers, the social economy, social enterprises and intermediaries able to provide information, advice and guidance on employment and self-employment options; • Improving the integration of marginalised families and communities; • Combating discriminations in local areas that are based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation; • Reducing employment barriers linked to social and economic isolation, for example by addressing health and transport issues and increasing access to information and sources of advice on issues such as debt and money management; • Improving low level skills amongst young people Not in Education, Employment or Training and adults, including communication, Information and Communications Technology and digital skills; • facilitating community participation and engagement, including community leadership and peer support programmes; • stimulating local economies to deliver jobs and growth in areas often affected by industrial decline - e.g. ex-mining communities; • support for the development of community and social capacity building, including social enterprise and through investment in developing high growth start-ups; • stimulating local level collaboration amongst citizens, small businesses and other local economic bodies; • addressing poor linkages between areas of deprivation with nearby areas of high economic growth and job opportunities.

4. Required Outputs under this Call

The outcome of the Stage 1 Preparatory phase will result in the following:

- the activation of a Local Action Group;
- the development of a Community Led Local Development Strategy; and
- the identification of an Accountable Body.

Community Led Local Development Strategies must ultimately deliver against Priority Axis 8 outputs and results of the European Regional Development Fund 2014 to 2020 Operational Programme and Priority Axis 1 outputs and results set out in the European Social Fund 2014-2020 Operational Programme. For Community Led Local Development strategies to be developed under this call and then implemented following Stage 2 agreement the expected outputs and results are:

European Regional Development Fund

ID	Output Indicator
C1	Number of enterprises receiving support
C5	Number of new enterprises supported
C8	Employment increase in supported enterprises
P2	Public or commercial buildings built or renovated
P11	Number of potential entrepreneurs assisted to be enterprise ready

European Social Fund

Indicator	Measurement unit	Category of region	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
Participants	Number	Transition	7,000	3,800	3,200
Unemployed, including long-term unemployed	Number	Transition	4,900		
Inactive	Number	Transition	1,800		
Participants who are over 50	Number	Transition	1,200		
Participants from ethnic minorities	Number	Transition	770		
Participants with disabilities	Number	Transition	1,600		
Participants	Number	More Developed	32,000	17,500	14,500
Unemployed, including long-term unemployed	Number	More Developed	22,400		
Inactive	Number	More Developed	8,000		
Participants who are over 50	Number	More Developed	5,800		
Participants from ethnic minorities	Number	More Developed	7,400		
Participants with disabilities	Number	More Developed	7,400		

* The full tables are available to view in the [European Social Fund Operational Programme](#). Columns 4-6 in the table above state total values (as set out in the ESF Operational Programme) for participants across all the local Transition and More Developed areas that are expected to implement Community Led Local Development Activity – and not just the one LEP area as covered by this call.

European Social Fund Results Indicators						
European Social Fund Priority axis: 1 - Inclusive Labour Markets						
Investment priority: 1.5 [TO 9vi] – Community Led Local Development Strategies						
Common result indicators for which a target value has been set and programme-specific result indicators corresponding to the specific objective (by investment priority and category of region)						
Indicator	Measurement unit for indicator	Category of region	Common output indicator used as basis for target setting	Total Baseline Value	Measurement unit for baseline and target	Target value (2023)
Participants in education or training on leaving	Percentage	Transition	all participants	not available	Ratio (%)	19%
Participants in education or training on leaving	Percentage	More developed	all participants	not available	Ratio (%)	19%
Unemployed participants in employment, including self-employment on leaving	Percentage	Transition	unemployed, including long term unemployed	16%	Ratio (%)	16%
Unemployed participants in employment, including self-employment on leaving	Percentage	More developed	unemployed, including long term unemployed	16%	Ratio (%)	16%
Inactive participants into employment, or jobsearch on leaving	Percentage	Transition	inactive participants	29%	Ratio (%)	29%
Inactive participants into employment, or jobsearch on leaving	Percentage	More developed	inactive participants	29%	Ratio (%)	29% monitoring data

*The full table is available to view in the [European Social Fund Operational Programme](#).

At Stage 2 Implementation applicants will need to demonstrate how the eligible activity, funded by the European Regional Development Fund and the European Social Fund, will achieve the deliverables committed to within the Community Led Local Development Strategy. The Community Led Local Development Strategy 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 information to maintain a fully evidenced audit trail. It should be noted that if an operation at Stage 2 Implementation fails to deliver contracted deliverables, a performance penalty may apply.

5. Application Process

The application process for Community Led Local Development involves a derogation from mainstream business processes for the European Regional Development Fund and European Social Fund programmes and is described in the Supplementary Guidance on Community Led Local Development note. There are two key stages:

- Stage 1 Preparatory stage
- Stage 2 Implementation Stage

Only those applicants successful at Stage 1 progress to Stage 2 Implementation.

Applications made under Community Led Local Development will not require an Outline Application Stage. However, a Full Application is required at both stages 1 and 2. This is to ensure that programme resources are available to support both Preparatory and Implementation Stages.

For the European Regional Development Fund and European Social Fund the Full Application for Stage 1 and guidance on its completion for Community Led Local Development is available at [Full Application Guidance for Community Led Local Development](#).

Further information on Community Led Local Development is available in Supplementary Guidance for Community Led Local Development; and Guidance on the Development of Community Led Local Development Strategies available on the [European Growth Funding Programme Guidance website pages](#).

European Regional Development Fund applications should be returned to the relevant Growth Delivery Team by the deadline set out in this Call document.

European Social Fund applications should be submitted to the European Social Fund Applications mailbox: 2014-2020.ESFAPPLICATIONS@DWP.GSI.GOV.UK by the deadline set out in this call document.

Under Stage 1 applications will undergo a preliminary assessment by the Managing Authorities using the following criteria:

- Applicant eligibility
- Activity and expenditure eligibility
- Fit with the Call document and the Supplementary Guidance on Community Led Local Development documents published in support of this call
- Fit with the Operational Programme(s)

All applications will also be assessed against the gateway and core criteria, as published here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/430594/ERDF_and_ESF_Selection_Criteria_200315_Published.pdf

Proposals that pass the preliminary assessment will progress under Stage 1 to develop:

- A Local Action Group
- Accountable Body
- Community Led Local Development Strategy

Further details on the criteria against which the proposed Local Action Group, Accountable Body and the Community Led Local Development Strategy will be assessed are set out in the Supplementary Guidance documents accompanying this Call.

The Managing Authorities will seek advice from partners when considering applications to ensure their assessment is informed by local economic growth conditions and opportunities within the context of Operational Programmes and the local European Structural and Investment Fund 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 Authorities cannot accept further detail outside this process.

Non-public sector Applicants who are successful at the stage 1 (Preparatory Stage); may be subject to due financial diligence checks by the Managing Authorities, prior to stage 2 (Implementation Stage). 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.

Please note that the Managing Authority's decision is final and there are no appeals.

6. General Information

6.1 National Eligibility Rules

When developing an application, Applicants must refer to the [National Eligibility Rules](#) and European Regional Development Fund and European Social Fund Guidance setting out the requirements of the 2014-2020 European Regional Development Fund and European Social Fund Programmes. 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 and European Social Fund eligibility rules apply to **all** project spend within the eligible costs, including match funding.

The European Regional Development Fund and European Social Fund are governed by European regulations and national rules. Applicants are advised to familiarise themselves with the relevant documentation. If successful, Applicants will enter into a Funding Agreement in respect of each programme 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 Contribution Rate & Match Funding

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

The maximum Contribution Rate is determined by the Category of Region and is subject to State Aid regulations. Interventions are as follows:

- Maximum of 50% in More Developed.
- Maximum of 60% in Transition.
- Maximum of 80% in Less Developed.

It is important to note that for European Regional Development Fund the use of a dedicated Priority Axis for Community Led Local Development in the Operational Programme allows the intervention rate to be increased by 10%.

Therefore in respect of the European Regional Development Fund element only, the respective intervention rates are as follows:

- Maximum of 60% in More Developed.
- Maximum of 70% in Transition.
- Maximum of 90% in Less Developed.

The remaining funds must come from other eligible sources as specified under section 6 of the European Regional Development Fund National Eligibility Rules and Section 5 of the European Social Funds 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 and European Social Fund investment is limited by State Aid regulations and where the award of European Structural and Investment Fund resource would constitute State Aid the European Structural and Investment Funds Fund grant rate may fall below the maximum rates identified above.

European Regional Development Fund and European Social Fund claims for eligible expenditure are 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

Strategies for Community Led Local Development should typically set out plans for a minimum of five years activity. However the Managing Authority reserves the right to extend the contract term in exceptional circumstances. Following Agreement at Stage 1 Preparatory Stage, applicants must submit a draft proposed Community Led Local Development Strategy within six months of the agreement of the Funding Agreement.

6.5 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'; and for the European Social Fund are 'gender equality and equal opportunities' and 'sustainable development'.

For European Social Fund, the project applicants will be required to deliver their services in-line with the Public Sector Equality Duty (as defined in the Equality Act 2010). All projects must have a gender and equal opportunities policy and implementation plan which will be submitted at full application stage and in-line with Managing Authority guidance. Project applicants will also be required to answer a number of European Social Fund specific equality questions which will be set out in both the full application form and the related guidance.

For European Social Fund, all projects will also be required to submit a sustainable development policy and implementation plan (in-line with guidance produced by the Managing Authority).

The European Social Fund programme particularly welcomes projects that have an environmental focus that can meet the strategic fit at local and programme level whilst also adding value by:

- supporting environmental sustainability; and/ or
- complementing the environmental thematic objectives of other programmes such as European Regional Development Fund; and/or
- using the environment as a resource to help motivate disadvantaged people

Further information is available in the [European Regional Development Fund Operational Programme](#) and the [European Social Fund Operational Programme](#).

6.6 Additionality, Duplication and Displacement

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

Neither European Regional Development nor European Social Funding can support activities that duplicate existing provision/services within the programme area.

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.

6.7 State Aid & Revenue Generation

Applicants must ensure that projects comply with the law on State Aid.² 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.

6.8 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).

6.9 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

² Article 107(1) of the Treaty on the Functioning of the European Union provides that: "Save as otherwise provided in the Treaties, any aid granted by a Member State or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market."

- Maintain 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 Full 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: for European Regional Development Fund queries; and for European Social Fund queries ESF.2014-2020@dwp.gsi.gov.uk

8. Key Documents

- European Regional Development Fund Operational Programme;
- European Social Fund Operational Programme;
- Full Application Form;
- Community Led Local Development Completion of Application Form Guidance;
- Local Enterprise Partnership area's European Structural and Investment Funds Strategy;
- Eligibility Guidance;
- Target Definitions; and
- Funding Agreement (Revenue and/or Capital).
- Supplementary Guidance for Community Led Local Development
- Guidance for Community Led Local Development Strategies.

9. Document Checklist

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

Preparatory Phase:

- Fully completed Full Application;

- Financial Tables.

10. Document Submission

Completed Stage 1 preparatory phase applications for European Regional Development Fund must be submitted by email to the relevant Growth Delivery Team, for European Social Fund applications must be submitted via email to 2014-2020.ESFAPPLICATIONS@DWP.GSI.GOV.UK by the deadline set out in this call document.

Completed Stage 1 Preparatory Phase Applications must be submitted via **email** to the relevant address in Section 5.

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 Application form will be notified on the [European Growth Funding](#) website pages.

Appendix A – Extract from Annex 1 of the European Social Fund regulation

Common output and result indicators for European Social Fund investments

(1) Common output indicators for participants

"Participants" refers to persons benefiting directly from a European Social Fund intervention who can be identified and asked for their characteristics, and for whom specific expenditure is earmarked. Other persons shall not be classified as participants. **All data shall be broken down by gender.**

The common output indicators for participants are:

unemployed, including long-term unemployed
long-term unemployed
Inactive
Inactive, not in education or training
employed, including self-employed
below 25 years of age
above 54 years of age
above 54 years of age who are unemployed, including long-term unemployed, or inactive not in education or training
with primary (ISCED 1) or lower secondary education (ISCED 2)
with upper secondary (ISCED 3) or post-secondary education (ISCED 4)
with tertiary education (ISCED 5 to 8)
participants who live in jobless households
participants who live in jobless households with dependent children
participants who live in a single adult household with dependent children
ethnic minorities
Participants with disabilities
other disadvantaged
homeless or affected by housing exclusion
from rural areas

(2) Common output indicators for entities are:

number of projects fully or partially implemented by social partners or nongovernmental organisations
number of projects dedicated at sustainable participation and progress of women in employment
number of projects targeting public administrations or public services at national, regional or local level
number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)

(3) Common immediate result indicators for participants are:

inactive participants engaged in job searching upon leaving
participants in education/training upon leaving
participants gaining a qualification upon leaving
participants in employment, including self-employment, upon leaving
disadvantaged participants engaged in job searching, education/ training, gaining a qualification, in employment, including self-employment, upon leaving

(4) Common longer-term result indicators* for participants are:

participants in employment, including self-employment, six months after leaving
participants with an improved labour market situation six months after leaving
participants above 54 years of age in employment, including self-employment, six months after leaving
disadvantaged participants in employment, including self-employment, six months after leaving

* Data for the longer term result indicators indicated in box (iv) above will be gathered via a 6 month follow-up 'cohort' survey that will be run by a contractor appointed by the Department for Work and Pension's European Social Fund Evaluation Team.