

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

<b>Managing Authority:</b>	<b>Department for Communities and Local Government</b>
<b>Fund:</b>	<b>European Regional Development Fund</b>
<b>Priority Axis:</b>	<b>Priority Axis 3: Enhancing the Competitiveness of Small and Medium Sized Enterprises</b>
<b>Call Reference:</b>	<b>OC05R15P 0278</b>
<b>Local Enterprise Partnership Area:</b>	<b>Cornwall and the Isles of Scilly</b>
<b>LEP Area Indicative Fund Allocation:</b>	<b>£2,000,000</b>
<b>Call Open:</b>	<b>10 December 2015</b>
<b>Call Closes:</b>	<b>23:59 12 February 2016</b>

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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:

- 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 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:**

- 3a**      Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.
  
- 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 [Cornwall and Isles of Scilly Local Enterprise Partnership](#) 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.

Government is working with Local Enterprise Partnership (LEPs) across England to establish a network of private sector-led Growth Hubs connecting businesses to the right support including access to local and Government funded support services. Applicants under this call will need to demonstrate how activity and delivery will be

co-ordinated and made accessible through the Growth Hub in the LEP area covered by this call. Applicants will also need to demonstrate how they will work locally with their Growth Hub and all business support provision provided by local public and private sector partners and not duplicate any existing services, including that provided by the Growth Hub. 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 [Cornwall and Isles of Scilly Local Enterprise Partnership Area European Structural and Investment Funds Strategy](#).

<p><b>Indicative Fund Allocation:</b></p>	<p>Indicatively, through this call the Managing Authority expects to allocate up to £2,000,000.</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>
<p><b>Minimum application level</b></p>	<p>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. Consequently projects with a total value of less than £650,000 will not be supported under this call..</p>
<p><b>Duration of project approvals</b></p>	<p>Projects should be for a maximum of three years, however the Managing Authority reserves the right to vary the maximum duration in exceptional circumstances.</p>
<p><b>Geographical Scope</b></p>	<p>All interventions are confined to activity and beneficiaries within England.</p> <p>Projects should predominantly support businesses based</p>

	within the Cornwall and Isles of Scilly Local Enterprise Partnership area.
<b>Specific call requirements</b>	<p>This call has been issued at the same time as a complementary call under the European Social Fund programme (Call Ref: OC05S15P0262). Priority will be given to applicants that submit linked applications across the two funds. See 'Local Priorities' section for further information.</p> <p>It is anticipated that an investment will be made in a single proposal and that this proposal should be linked to the separate European Social Fund Creative Industries call. This link could mean: the same applicant applying to both calls, the applicant to this European Regional Development Fund call being a named delivery partner in the European Social Fund call, or the establishment of a joint Steering Group (note: this is not an exclusive list of examples).</p>
<b>Call Deadlines</b>	For this specific call, applications will be assessed after the close of the single deadline. Applications received after the published call close date will not be considered. All applications will be assessed following closure of the call.

### 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><b>Local Economic Context :</b></p> <p>The Cornwall and Isles of Scilly European Structural and Investment Funds Strategy seeks to support high growth, high value sectors, and identifies the creative industries as one of these. The vision includes an ambition to grow the creative industries sector to provide high value jobs, promote learning and strengthen a strong sense of place.</p> <p>The Cornwall and Isles of Scilly European Structural and Investment Funds Strategy also specifies:</p> <ul style="list-style-type: none"> <li>• European Union Structural and Investment Funds will be used to deliver sustainable growth through innovation, increasing competitiveness, consolidating existing assets and capitalising on opportunities for competitive advantage presented by the region's natural and cultural resources;</li> <li>• Cornwall supports a density of creative businesses normally found only in</li> </ul>

urban environments. The 10,000 full-time employees working in the sector benefit from and contribute to the quality of amenity, quality of life and distinctiveness of Cornwall and the Isles of Scilly. Recent improvements in the digital infrastructure and higher education provision mean that the sector is well placed to improve the value and reach of its intellectual property, products and services;

- There is evidence of significant growth in the creative industries in the region. These include the more traditional visual arts, crafts, performing arts, literature and music, but also film, television and radio, digital media, architecture, design and designer fashion;
- Cornwall and Isles of Scilly business base is predominantly made up of micro, small and medium-sized enterprises, many of which do not meet the strict high-growth criteria set nationally for intensive business acceleration support. However, a significant proportion of these businesses demonstrate the potential to become high-growth. Therefore, European Structural and Investment Funds will focus on accelerating the productivity of both 'high-growth' and 'growth-potential' businesses. This activity will include support to increase the growth of those sectors and businesses characterised by high value added products and services.

The creative industries are a recognised growth sector both in the UK and globally. Employment in the sector has increased by 83.5% from 1997-2013 compared to 10.6% within total UK employment as a whole. Exports of services by the UK creative industries increased by 34.2% between 2009 and 2013, and at £17.9bn accounted for 8.7% of total exports of services for the UK in 2013 ([DCMS, 2015](#)). This growth potential is also reflected in Cornwall and the Isles of Scilly. The second fastest growing sector since 1999 is 'arts, entertainment and recreation', which experienced a 26% increase in growth between 2011-2012 (Office for National Statistics).

A key characteristic of the creative industries is the high number of entrepreneurial workers that are drawn towards the sector. The 2011 Census indicates that 40% of people working in the sector in Cornwall and the Isles of Scilly are self-employed, with a high number of micro-businesses.

Creative businesses are inherently innovative. It is estimated in the UK that, in a 12 month period, 20% of creative companies are producing entirely new products compared to 9% of businesses in other sectors. Rapidly changing technology and the domination of self-employment and micro businesses requires the sector to be flexible and responsive to change, driving improvements in products and services and developing new business models.

Building on previous investments in infrastructure such as superfast broadband (which presents a significant advantage to creative businesses), Cornwall and the Isles of Scilly is well placed to further capitalise on this growing market. As with any potential growth sector, continued growth will only be sustained if the necessary skills (including digital skills) and capacity are in place at the right time.

Applicants are invited to demonstrate alignment with the [Cornwall and Isles of Scilly](#)

[European Structural and Investment Fund Strategy](#) and in particular Strategic Priority 2 'Growth for Business', which aims to increase productivity and competitiveness in existing businesses, and encourage and support new enterprise in Cornwall and the Isles of Scilly.

Applicants are also invited to refer to the Department for Culture, Media and Sport definition of the Creative Industries which identifies creative '[industry codes](#)'.

### **Local Priorities:**

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

- Small and medium-sized enterprise and start-up business support: a bespoke approach to business start-up support for creative industry practitioners/businesses in order to further develop this sector in terms of its size and significance (Investment Priority 3a, Promoting entrepreneurship);
- Product, service and process development in the Creative Sector: support for the further development of creative industry products, services and processes to drive business growth and create high value jobs (Investment Priority 3c, Supporting advanced capacities for products, services and development);
- Business and innovation support to drive economic growth/productivity (Investment Priority 3d, Supporting small and medium-sized enterprises to grow in regional, national and international markets and to engage in innovation processes)
  - Enabling creative businesses to exploit their innovation potential, leading to high value job creation through the generation and exploitation of intellectual property. This may include developing long-term partnerships with other sectors including Higher Education Institutions;
  - Enabling Cornwall and Isles of Scilly creative businesses to understand where their product or service fits within global markets in order to benefit from the increasing export potential of the sector and then to exploit the identified opportunities.

Projects should seek to ensure delivery throughout all of Cornwall and the Isles of Scilly.

Applicants are invited to exceed the sustainability requirements outlined in the Operational Programme by referencing the inclusion and environmental growth strategies outlined in the Cornwall and the Isles of Scilly European Structural and Investment Funds strategy:

- <http://inclusioncornwall.co.uk/strategy/>
- <https://www.cornwall.gov.uk/environment-and-planning/cornwall-and-isles-of-scilly-local-nature-partnership/cornwall-s-environmental-growth-strategy-public-consultation/>

### 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:

<b>Investment Priority</b>	<b>3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.</b>
<b>Specific Objectives</b>	Increase entrepreneurship, particularly in areas with low levels of enterprise activity and amongst under-represented groups.
<b>Indicative Actions</b>	<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"> <li>• Targeted engagement, outreach and mentoring to strengthen entrepreneurial and enterprise culture</li> <li>• Provision of advice and support for entrepreneurship and self-employment in particular amongst under-represented groups by developing entrepreneurial skills and attitudes with a focus on increasing the number of business start-ups</li> <li>• Provision of advice and support for new business start-ups to survive and grow</li> <li>• Outreach, coaching, mentoring, networking and consultancy support to promote business start-up, survival and growth</li> <li>• Grants to support productive investment</li> </ul> <p>Operations will support individuals with ambitions to start up a business, and Small and Medium Sized Enterprises in the early stage of operation. These include social enterprises and those wishing to set up social enterprises.</p>

<b>Investment</b>	<b>3c – Supporting the creation and extension of</b>
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<b>Priority</b>	<b>advanced capacities for products, services and development.</b>
<b>Specific Objectives</b>	Increase the growth capacity of small and medium sized enterprises.
<b>Indicative Actions</b>	<p>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> <li>• Provision of advice to develop new business models or higher quality products, processes or services</li> <li>• Advice to improve business processes and workforce development</li> <li>• Advice and support for supply chain interventions to strengthen and grow the domestic supplier base</li> <li>• Provision of advice, consultancy support, mentoring, peer to peer support, and support for collaborative projects</li> <li>• Grant finance for business to invest for product, process and service improvements</li> <li>• Provision of independent access to finance advice.</li> </ul>

<b>Investment Priority</b>	<b>3d – Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes</b>
<b>Specific Objectives</b>	Increase the growth capability of Small and Medium Sized Enterprises.
<b>Indicative Actions</b>	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>Under this investment priority indicative actions to be supported by European Regional Development Fund may include:</p> <ul style="list-style-type: none"> <li>• Support Small and Medium Sized Enterprises to develop focused growth strategies and update or introduce new business models which will drive business performance</li> <li>• Advice and support for Small and Medium Sized Enterprises to enter, establish and expand in new domestic and international markets.</li> <li>• Leadership and management coaching where connected to the development and implementation of a business growth plan</li> <li>• Support events, trade fairs and missions to enable Small and Medium Sized Enterprises to enter, establish and expand in new domestic and international markets</li> <li>• Targeted grant schemes to support productive investment</li> </ul>
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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
C2	Number of enterprises receiving grants
C4	Number of enterprises receiving non-financial support
C5	Number of new enterprises supported
C6	Private investment matching public support to enterprises (grants)
C7	Private investment matching public support to enterprises (non-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
P11	Number of potential entrepreneurs assisted to be enterprise ready

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;

- (i) Outline Application and, if successful
- (ii) 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. Contribution 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 80% of the total eligible project costs subject to State Aid regulations.

The remaining 20% 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 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:

- 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
- 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.<sup>1</sup> Grant funding to any economic undertaking which is State

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<sup>1</sup> 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."

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.

## **6.9. 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: [SW.ERDFenquiries@communities.gsi.gov.uk](mailto:SW.ERDFenquiries@communities.gsi.gov.uk).

## 8. Key Documents

- European Regional Development Fund Operational Programme;
- Outline Application Form;
- Outline 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).

## 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

## **2014-20 ERDF FUNDING FOR GROWTH HUB ACTIVITIES**

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

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

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

DCLG has therefore worked with The Department for Business, Innovation and Skills (BIS) to produce this Annex on growth hub activities and how they may be supported by ERDF.

### **ERDF objectives**

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

### **Eligibility of growth hub activities for ERDF support**

LEPs and other partners are asked to note:

1. ERDF requires minimum match funding of between 20% and 50%, depending on where in England the growth hub is located. As a result, a robust match funding package needs to be in place for a project to proceed.
2. ERDF, the match funding and associated outputs must be accounted for and auditable, so transparent reporting systems for both funding and impacts will need to be in place.

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

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

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

Inevitably, this will result in some functions (or parts thereof) of each growth hub that must be funded from other sources, such as private contributions or other public funds, in line with the sustainability principle set out in the BIS grant offer letters for

2015-16 funding. Your BIS Local Manager will engage with and support each LEP and broader partnership in this process.